

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3136S.01I
Bill No.: SJR 62
Subject: Constitutional Amendments; Taxation and Revenue - Property
Type: Original
Date: March 4, 2025

Bill Summary: This proposal modifies provisions relating to property taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	\$0 or (More than \$8,000,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$8,000,000)	\$0	\$0

*The potential fiscal impact of “(More than \$8,000,000)” would be realized only if a special election were called by the Governor to submit this joint resolution to voters.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0*	\$0	\$0

*Transfer out and transfer in net to zero if the Governor calls a special election.

FISCAL ANALYSIS

ASSUMPTION

Officials from **Office of the Secretary of State** assume, each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be \$8 million based on the cost of the 2022 primary and general election reimbursements.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

For the FY26 petitions cycle, the SOS estimates publication costs at \$60,000 per page. This amount is subject to change based on number of petitions received, length of those petitions and rates charged by newspaper publishers.

The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, the SOS reserves the right to request funding to meet the cost of the publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Oversight has reflected, in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2026. This reflects the decision made by the Joint Committee on Legislative Research that the cost of the elections should be shown in the fiscal note. The next scheduled statewide general election is in November 2026 (FY 2027). It is assumed the subject within this proposal could be on this ballot; however, it could also be on a special election called for by the Governor (a

different date). Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2026.

Officials from the **State Tax Commission** assume the proposed SJR has an unknown fiscal impact. The SJR provides the authority in the state constitution to limit residential property assessment increases, however does not define the rate of limitation. Assessment growth limitations may impact negatively the revenue for school districts, counties, cities and other taxing jurisdiction who are supported by property taxes.

Officials from **Office of Administration - Budget and Planning (B&P)** assume this proposal will not impact:

- TSR
- The calculation under Article X, Section 18(e)
- B&P

Officials from the **Department of Social Services** assume the proposal will have no fiscal impact on their organization.

Officials from the **County Employees' Retirement Fund (CERF)** assume if the voters adopt SJR 62, and legislation is passed to allow limits on the increase in real property tax liabilities, it would likely result in reductions in contribution revenue to CERF of an unknown amount annually. A certain portion of the moneys that are used to fund the County Employees' Retirement Fund are tied to the collection of property taxes. Data is not available to quantify how the adoption of SJR 62 and future passage of legislation to allow limits on the increase in real property tax liabilities would impact contribution revenue but CERF assumes there would be a negative impact.

Officials from the **Callaway County SB 40 Board** assume a reduction in funding from personal or real property taxes would significantly impact critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to essential services. Senate Bill 40 organizations, such as Callaway County Special Services (CCSS), assess local needs and maintain a strong network of services for over 201 individuals with IDD and their families.

These services, funded by property taxes, include employment opportunities, inclusive community programs, and vital family resources. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the broader community. However, SJR 62, which would limit property tax increases, could slow revenue growth, restricting CCSS's ability to expand services, adjust for inflation, or invest in new initiatives. This could lead to funding shortfalls, forcing difficult decisions about service availability.

The broader implications for individuals, families, and the community must be carefully considered before altering funding mechanisms. If property tax reductions are pursued, a sustainable alternative must be established to ensure Senate Bill 40 organizations can continue

supporting individuals with IDD while preserving the essential community benefits these services provide.

Oversight assumes, upon voter approval, this proposal would allow assessed values of residential property to be limited by law. However, this proposal itself does not place a limit on assessed values (it would take additional action by governing bodies); therefore, Oversight assumes there is no direct fiscal impact to the Blind Pension Fund or local political subdivisions as a result of this joint resolution. Oversight will address fiscal impacts to political subdivisions in fiscal notes for such enabling legislation.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Transfer Out</u> - SOS - reimbursement of local election authority election costs if a special election is called by the Governor	\$0 or (More than \$8,000,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (More than \$8,000,000)	\$0	\$0

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - Local Election Authorities - reimbursement of election costs by the State for a special election	\$0 or More than \$8,000,000	\$0	\$0
<u>Costs</u> - Local Election Authorities - cost of a special election if called for by the Governor	\$0 or (More than \$8,000,000)	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	\$0	\$0

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

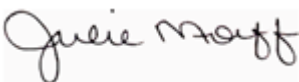
FISCAL DESCRIPTION

This constitutional amendment, if approved by the voters, provides that the amount by which the tax liability actually owed on real property may increase over the tax liability owed on such property during the previous year may be limited by law. Any limits authorized pursuant to this amendment may include limits on the actual tax liability owed or limits on increases made to the assessed value of such property.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

State Tax Commission
Office of Administration - Budget and Planning
Department of Social Services
Office of the Secretary of State
County Employees' Retirement Fund (CERF)
Callaway County SB 40 Board



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Director
March 4, 2025



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