

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4893S.01I
 Bill No.: SJR 96
 Subject: Constitutional Amendments; Taxation and Revenue - General
 Type: Original
 Date: February 10, 2026

Bill Summary: This proposal prohibits the taxation of unrealized gains.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0 or (More than \$9,000,000)		
Total Estimated Net Effect on General Revenue	\$0 or (More than \$9,000,000)	\$0	\$0

*The potential fiscal impact of “(More than \$9,000,000)” 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 2027	FY 2028	FY 2029
Blind Pension Fund (1621)*	\$0	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight assumes the above unknown loss of revenue to the Blind Pension Fund could exceed \$250,000.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

SJR- Prohibiting Taxation of Unrealized Gains

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this proposal would prohibit the taxation of unrealized capital gains prior to an asset being sold. B&P notes that property taxes are the only tax in Missouri levied on unrealized capital gains. All property is assessed (and taxed) based on their fair market value in a given tax year. This proposal would instead limit property taxes to the sales price of an asset until that asset is sold again.

B&P is unsure how this provision would be implemented as very few counties require a certificate of value for every sale of real property. B&P is unaware of any county that requires a certificate of value of personal property, however, the majority of personal property typically depreciates each year. B&P assumes that this proposal would not generally impact personal property.

In addition to local property tax levies, the Blind Pension Trust Fund levies a statewide tax of \$0.03 per \$100 on all property in Missouri. This proposal would be up for voter approval in November 2026. If voter approved, B&P estimates that this proposal would take effect January 1, 2027. B&P notes that property taxes are due December 31st of a tax year. Therefore, while this proposal will affect tax year 2027 revenue impacts would not begin until FY28.

B&P estimates that this provision will result in a significant negative impact on the Blind Pension Trust Fund and local property tax districts. B&P defers to county assessors on issues with the implementation of this proposal.

This proposal requires voter approval; therefore, it will not impact TSR or the calculation under Article X, Section 18(e).

However, this proposal will likely result in a significant loss to the Blind Pension Trust Fund.

Officials from the **Department of Revenue (DOR)** assume this is a constitutional amendment that would go to the voters in November 2026. If adopted, the amendment would not allow tax to be imposed on unrealized gain. DOR notes that the Department of Revenue generally does not assess an income tax on unrealized gain.

Missouri has rolling compliance with the federal government tax laws. This proposal appears to want to preempt a situation where the federal government decides to tax unrealized gain. Since Missouri does not currently tax unrealized gain and this proposal would prohibit it from occurring in the future, this proposal is not expected to have a fiscal impact.

DOR notes that this may prohibit the imposition of real or personal property tax based on the increase in assessed valuation of property. This is because property is generally an asset and increase in the value of property, constitute gains on such asset. DOR defers to the State Tax Commission for a fiscal impact.

Officials from the **State Tax Commission (STC)** have reviewed this proposal and determined that this joint resolution, if passed, would allow the legislature to limit any increases in assessed value. This will have a negative effect on school districts, fire districts, and ambulance districts, and could lead to disparity between taxpayers.

In response to similar legislation, SJR 68 (2026), **STC** noted that freezing the assessed values of homes until they are sold will lead to inequity and disparity, making the state tax commission's job of equalizing assessments both within counties and across county lines nearly impossible. The bill will have a negative effect on some property taxpayers by shifting the burden to more recently purchased properties.

In response to similar legislation, SJR 68 (2026), officials from the **Adair County SB 40 DD Board** assumed a reduction in funding from personal and/or real property taxes would have a direct and significant impact on the essential supports provided by the Adair County SB40 Developmental Disability Board. SB40 funding enables the board's local system to assess community needs and sustain a coordinated network of services that currently support approximately 465 individuals with intellectual and developmental disabilities and their families across Adair County.

Officials from the **Office of the Secretary of State (SOS)** 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 a special election has been estimated to be \$9 million based on the cost of past 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 FY27 publication cycle, the SOS estimates publication costs at \$515,000 per ballot measure. This amount is an average and will be subject to change based on the number of petitions received, length of those petitions, and rates charged by newspaper publishers. In a year where many lengthy measures must be published, the Secretary of State's Office may need to budget up to \$10,000,000 to ensure sufficient funding is available to meet its constitutional obligations for the election cycle.

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, they reserve the right to request funding to meet the cost of their 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 2027. 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. Per the SOS, the cost is estimated at \$9 million based on past costs as well as the anticipation of significant increases in future election-related expenses. 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 2027.

Oversight assumes this resolution, if approved by the voters, prohibits any taxes from being imposed on any unrealized gains accrued on any asset prior to the sale of such asset. This could have a significant impact on property tax revenues to the Blind Pension Fund and local political subdivisions **if** assessed value increases are considered "unrealized gains" and taxes are limited to sales price.

Oversight assumes there is likely a minimal impact on personal property tax revenues as most vehicles depreciate over time.

Oversight notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property ($(\text{Total Assessed Value}/100) \times .03$). Because this proposal limits the assessed value portion of this equation, the Blind Pension Fund will experience a decrease in revenue relative to what it would have received under current law. (pending voter approval).

Oversight notes property tax revenues are designed to be relatively revenue neutral from year to year. The tax rate is adjusted relative to the assessed value to produce roughly the same revenue

from the prior year with an allowance for growth. Therefore, this proposal may result in a higher tax rate relative to current law.

Oversight notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum or are at a fixed rate. For these taxing entities, any decrease in the assessed values would not be offset by a higher tax rate (relative to current law), rather it would result in an actual loss of revenue.

Oversight assumes there could be an unknown cost to county assessors to implement this proposal. Oversight will show an unknown cost to counties for implementation (pending voter approval).

In response to similar legislation, SJR 68 (2026), officials from the **Department of Social Services** and **Department of Elementary and Secondary Education** both assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **Department of Commerce and Insurance**, **City of Kansas City**, **Platte County Board of Elections**, and **St. Louis City Board of Elections** assume the proposal will have no fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to similar legislation, SJR 68 (2025), officials from **St. Louis City Assessor**, **Branson Police Department**, and the **St. Louis County Police Department** each assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these respective organizations.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Transfer Out</u> – SOS - Reimbursement of local election authority election costs if a special election is called by the Governor p.5	\$0 or (More than \$9,000,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (More than \$9,000,000)	\$0	\$0
BLIND PENSION FUND (1621)			
<u>Revenue Loss</u> - assessed value increases considered “unrealized gains” exempt from property tax, if approved by voters p.5	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION FUND (1621)	\$0	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - Local Election Authorities Reimbursement of election costs by the State for a special election p.5-6	\$0 or More than \$9,000,000	\$0	\$0
<u>Costs</u> - Local Election Authorities Cost of a special election if called for by the Governor p.5-6	\$0 or (More than \$9,000,000)	\$0	\$0
<u>Revenue Loss</u> - Assessed value increases considered “unrealized gains” exempt from property tax, if approved by voters p.5-6	\$0	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<u>Cost - County Assessors – To implement changes in assessment, if approved by voters p.5-6</u>	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This constitutional amendment, if approved by the voters, prohibits any taxes from being imposed on any unrealized gains accrued on any asset prior to the sale of such asset.

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

Department of Commerce and Insurance
 Office of Administration – Budget & Planning
 Department of Revenue
 Department of Elementary and Secondary Education
 Department of Social Services
 Department of Commerce and Insurance
 State Tax Commission
 City of Kansas City
 Platte County Board of Elections
 St. Louis City Board of Election

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St. Louis City Assessor
Branson Police Department
St. Louis County Police Department



Julie Morff
Director
February 10, 2026



Jessica Harris
Assistant Director
February 10, 2026