

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5081H.01I  
 Bill No.: HJR 116  
 Subject: Constitutional Amendments; Education, Elementary and Secondary; Taxation and Revenue - Property; Taxation and Revenue - General; Kansas City  
 Type: Original  
 Date: January 30, 2024

Bill Summary: This joint resolution proposes an amendment to the Constitution of Missouri relating to property tax.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0 or (More than \$8,000,000)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (More than \$8,000,000)</b>	<b>\$0</b>	<b>\$0</b>

\*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.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

\*The potential fiscal impact to local election authorities (reimbursed by the state) in FY 2025 would be realized only if a special election were called by the Governor to submit this joint resolution to voters.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from **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 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 FY25 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 2025. 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 2024 (FY 2025). 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 2025.

Officials from the **State Tax Commission** assume this proposal has an unknown fiscal impact. The HJR proposes a limitation on the operating levy of the Kansas City School District (KCPS) to the 2022 rate, the operating levy shall be placed on the ballot before December 31 2025, the proposed act would have an unknown fiscal impact.

**Oversight** notes from information published by the KCPS, on April 7, 1998, the Missouri Constitution Article X, Section 11(g) was adopted permitting the school board of any district whose 1995 operating levy was established by a federal court, to establish a levy that is lower than the court-ordered approved levy. The KCPS court-ordered levy was \$4.96. Starting FY1999 and as part of desegregation resolution to continue to support the district’s operations, KCPS levy was set at \$4.9599. KCPS tax levy has been \$4.9599 for the past 25 years. This amount has been used to fund all operating, capital projects and debt service payments.

Per KCPS, the below table shows the assessed valuation history:

<b>Fiscal Year</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Tax Year</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>\$ Change</b>	<b>% Change</b>
<b><u>Real Property</u></b>					
<b>Residential</b>	1,852,795,966	1,880,925,720	2,539,413,458	658,487,738	35.01%
<b>Agricultural</b>	52,147	50,302	53,910	3,608	7.17%
<b>Commercial</b>	1,413,987,761	1,405,692,961	1,818,863,428	413,170,467	29.39%
<b>Total Real Property</b>	3,266,835,874	3,286,668,983	4,358,330,796	1,071,661,813	32.61%
<b>Personal Property</b>	739,566,465	877,387,223	888,028,850	10,641,627	1.21%
<b>Total Assessed Valuation</b>	4,006,402,339	4,164,056,206	5,246,359,646	1,082,303,440	25.99%

**Oversight** notes upon voter approval, this proposed Constitutional amendment would remove the exemption after the effective date of an operating levy equal to the rate at which such school district would receive the same amount of property tax revenue from its operating levy that such school district received in the 2022 tax year. The proposal shall be placed on a ballot to be considered by the voters of such school district before December 31, 2025. Oversight assumes the collection rate is projected to decrease if this joint resolution is passed. Therefore, Oversight will reflect a \$0 to unknown loss in revenue to the KCPS.

Officials from the **Missouri Senate, Office of Administration-Budget & Planning, Department of Revenue,** and the **Missouri House of Representatives** each assume no fiscal impact from the joint resolution.

Officials from the **Jackson County Board of Elections, Kansas City Board of Elections, Platte County Board of Elections, St. Louis City Board of Elections, St. Charles County Election Authority, and St. Louis County Board of Elections** each assume the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE</b>			
<u>Transfer Out</u> - SOS - reimbursement of local election authority election costs <b>if</b> a special election is called by the Governor	\$0 or (More than <u>\$8,000,000</u> )	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or (More than <u>\$8,000,000</u>)</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

\*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.

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Loss</u> – KCPS - removal of the operating levy tax exemption	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Transfer In</u> - Local Election Authorities - reimbursement of election costs by the State for a special election	\$0 or More than <u>\$8,000,000</u>	\$0	\$0
<u>Costs</u> - Local Election Authorities - cost of a special election <b>if</b> called for by the Governor	\$0 or (More than <u>\$8,000,000</u> )	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Currently, Missouri's Constitution requires rollbacks in property tax levies in certain situations. However, the Kansas City Public Schools are exempt from this provision in the Constitution.

Upon voter approval, this proposed Constitutional amendment would remove the exemption after the effective date of an operating levy equal to the rate at which such school district would receive the same amount of property tax revenue from its operating levy that such school district received in the 2022 tax year.

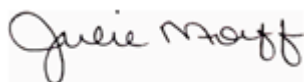
Additionally, this resolution requires that an operating levy ballot measure for the Kansas City Public Schools must be placed on a ballot to be considered by the voters of the district before December 31, 2025.

This resolution provides ballot language for the proposed amendment.

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

Office of the Secretary of State  
Missouri House of Representatives  
Missouri Senate  
Office of Administration-Budget & Planning  
Department of Revenue  
Jackson County Board of Elections  
Kansas City Board of Elections  
Platte County Board of Elections  
St. Louis City Board of Elections  
St. Louis County Board of Elections  
St. Charles County Election Authority



Julie Morff  
Director  
January 30, 2024



Ross Strobe  
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January 30, 2024