

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (24-SJR 26)**

Subject

Senate Joint Resolution No. 26. (Received June 1, 2023)

Date

June 21, 2023

Description

This proposal would amend Article X of the Constitution of Missouri.

The amendment is to be voted on in November 2024.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Health and Senior Services**, the **Department of Commerce and Insurance**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Missouri Department of the National Guard**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Malta Bend R-V School District**, **Mehlville School District**, **Wellsville-Middletown R-1 School District**, **State Technical College of Missouri**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, **University of Central Missouri**, **Harris-Stowe State University**, **Lincoln University**, **Missouri State University**, **Missouri Southern State University**, **Missouri Western State University**, **Northwest Missouri State University**, **Southeast Missouri State University**, **Truman State University**, and the **Missouri State Tax Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated no impact.

Officials from the **Department of Economic Development** indicated no fiscal impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated they have reviewed SJR 26 and determined there is no fiscal impact to their agency.

Officials from the **Department of Higher Education and Workforce Development** indicated no impact to their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no impact on their department.

Officials from the **Department of Commerce and Insurance** indicated this resolution, if passed, will have no anticipated cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated they anticipated no fiscal impact for the Senate Joint Resolution No. 26 proposing to amend Article X.

Officials from the **Department of Revenue** indicated they note this is a property tax bill. Property tax is handled by the County Assessors and State Tax Commission. Their department defers to them for the fiscal impact.

Officials from the **Department of Public Safety - Office of the Director** indicated no impact for their department, Director's office.

Officials from the **Missouri Department of the National Guard** indicated no fiscal impact to their department.

Officials from the **Department of Social Services** indicated the estimated lost revenue to the Blind Pension Fund of \$0 in fiscal year (FY) 2024, up to \$397,715 in FY 2025, and up to \$397,715 in FY 2026.

Section A. Section 6, article X of the Missouri Constitution is amended to exempt from taxation all real and personal property used primarily for child care provided to children outside of their home.

Blind Pension is funded from 0.03% of each \$100 assessed valuation of taxable property.

Property Tax income for the BP fund in FY 2022 was \$39,771,524 or approximately \$39.8 million (rounded up). The amount collected from real and personal property used primarily for child care provided to children outside of their home is unknown. To determine the impact of this legislation, FSD made the assumption that up to 1% of all property is used to provide childcare. 1% of the property tax revenue collected for the BP fund is \$397,715 ($\$39,771,524 * .01 = \$397,715.24$, rounded down).

Therefore, the impact to the BP fund is up to \$397,715 beginning in SFY 25.

Officials from the **Governor's office** indicated this proposal relating to property taxes and child care centers does not financially impact their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated this senate joint resolution would have no fiscal impact for their department.

Officials from the **Department of Transportation** indicated no fiscal impact expected for their department or the Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal relating to property taxes and child care centers does not financially impact their office.

Per section 209.130, RSMo, an annual tax of three cents (\$.03) on each one hundred dollar (\$100) valuation of taxable property goes to fund the State of Missouri's Blind Pension Fund. The Blind Pension Fund pays monthly pension payments to individuals who are blind as provided by law. A reduction in overall taxable property could result in reduced proceeds to the Blind Pension Fund.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated 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, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum 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 \$10 million based on the cost of the 2022 primary and general election reimbursements.

Their 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 fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

For the FY22 petitions cycle, their office estimates publication costs at \$70,000 per page. This amount is subject to change based on number of petitions received, length of those petitions and rates charged by newspaper publishers.

Their 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.

Officials from the **Office of the State Public Defender** indicated SJR 26 should have no fiscal impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Clay County** indicated after conferring with the Assessor, they conservatively estimate a real estate assessed value for child care locations of \$7,934,774. They also estimate an assessed personal property value of \$209,051. Using last year's certified assessed valuation totals, this imputes 0.1% of total county assessed value at \$5,758,018,600.

Accordingly, they conservatively estimate the fiscal impact of this SJR #26, if passed by the voters, to be (~\$720,856.06) in lost revenue due to the exemption. They derived this figure based on the Collector's annual settlement number for distributions on collections of 2022 tax bills at \$509,675,837.18. Of note, this would be for ALL taxing jurisdictions in

Clay County (including the State of Missouri's property tax levy portion \$2,443.15), not just the county itself.

The county's collection commission of 1.6% on that amount is (~\$11,533.70) in lost revenue to just the county. For the county itself, they also conservatively estimate only (~\$7,712.20) in lost revenue from the county's general and road & bridge combined levies of just \$0.0947 per \$100 assessed value. For the county's portion of its \$1.59 surtax, or 9.6%, it's another (~\$7,637.46) in lost revenue. The levies and surtax amounts are in the \$720,856.06 total in the previous paragraph. Combined is (\$26,883.36).

Officials from **Greene County** indicated it has been determined, that there will be an impact to the total tax collected for the County of Greene if SJR 26 becomes law.

The estimated total tax impact would be around \$1,392,049 less tax collected annually.

Officials from the **City of Kansas City** indicated the proposed amendment would have a negative fiscal impact on Kansas City in an indeterminate amount.

Officials from **Metropolitan Community College** indicated there would be a fiscal impact to their college for the part about Childcare, but at this time that information is unknown.

Officials from **University of Missouri** indicated there is no impact on their university from this resolution.

Officials from the **Missouri State Tax Commission** indicated SJR 26 will not have a fiscal impact on the State Tax Commission. It will reduce the amount of taxes collected by the political subdivisions but the commission does not have enough information on how many childcare facilities would qualify for the exemption or the amount of their assessment.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County, the City of Cape Girardeau, the City of Columbia, the City of Jefferson, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Raymore, the City of St. Joseph, the City of St. Louis, the City of Springfield, the City of Union, the City of Wentzville, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and Truman State University.**

Fiscal Note Summary

State governmental entities estimate the state's Blind Pension Fund could have annual lost revenue of up to \$400,000. Local governments expect an unknown fiscal impact.