

MISSOURI STATE AUDITOR'S OFFICE

FISCAL NOTE (26-047)

Subject

Initiative Petition from Richard von Glahn regarding a proposed constitutional amendment to Article I. (Received May 15, 2025)

Date

June 04, 2025

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2026.

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 Commerce and Insurance**, the **Department of Conservation**, the **Department of Corrections**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Higher Education and Workforce Development**, the **Department of Labor and Industrial Relations**, the **Department of Mental Health**, the **Department of National Guard**, the **Department of Natural Resources**, the **Department of Public Safety**, the **Department of Revenue**, the **Department of Social Services**, the **Department of Transportation**, the **Governor's Office**, the **Missouri House of Representatives**, the **Missouri Senate**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Office of the State Public Defender**, the **Secretary of State's Office**, the **State Treasurer's Office**, **Adair County**, **Andrew County**, **Atchison County**, **Audrain County**, **Barry County**, **Barton County**, **Bates County**, **Benton County**, **Bollinger County**, **Boone County**, **Buchanan County**, **Butler County**, **Caldwell County**, **Callaway County**, **Camden County**, **Cape Girardeau County**, **Carroll County**, **Carter County**, **Cass County**, **Cedar County**, **Chariton County**, **Christian County**, **Clark County**, **Clay County**, **Clinton County**, **Cole County**, **Cooper County**, **Crawford County**, **Dade County**, **Dallas County**, **Daviess County**, **DeKalb County**, **Dent County**, **Douglas County**, **Dunklin County**, **Franklin County**, **Gasconade County**, **Gentry County**, **Greene County**, **Grundy County**, **Harrison County**, **Henry County**, **Hickory County**, **Holt County**, **Howard County**, **Howell County**, **Iron County**, **Jackson County**, **Jasper County**, **Jefferson County**, **Johnson County**, **Knox County**, **Laclede County**, **Lafayette County**, **Lawrence County**, **Lewis County**, **Lincoln County**, **Linn County**, **Livingston County**, **Macon County**, **Madison County**, **Maries County**, **Marion County**, **McDonald County**, **Mercer County**, **Miller County**, **Mississippi County**, **Moniteau County**, **Monroe County**, **Montgomery County**, **Morgan County**, **New Madrid County**, **Newton County**, **Nodaway County**, **Oregon County**, **Osage County**, **Ozark County**, **Pemiscot County**, **Perry County**, **Pettis County**, **Phelps County**, **Pike County**, **Platte County**, **Polk County**, **Pulaski County**, **Putnam County**, **Ralls County**, **Randolph County**, **Ray County**, **Reynolds County**, **Ripley County**, **Saline County**, **Schuyler County**, **Scotland County**, **Scott County**, **Shannon County**, **Shelby County**, **St. Charles County**, **St. Clair County**, **St. Francois County**, **St. Louis County**, **Ste. Genevieve County**, **Stoddard County**, **Stone County**, **Sullivan County**, **Taney County**, **Texas County**, **Vernon County**, **Warren County**, **Washington County**, **Wayne County**, **Webster County**, **Worth County**, **Wright County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson City**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Mexico**, the **City of Raymore**, the **City of Springfield**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal School District #60**, **Jennings School District**, **Malta Bend R-V School District**, **Mehlville School District**, **Wellsville-Middletown R-1 School District**, **Harris-Stowe State University**, **Lincoln University**, **Metropolitan Community College**, **Missouri Southern State University**, **Missouri State University**, **Missouri Western State University**, **Northwest Missouri State University**, **Southeast Missouri State University**, **St. Louis Community College**, **State Technical College of Missouri**, **Truman State University**, **University of Central Missouri**, **University of Missouri**, the **Board of Election Commissioners City of St. Louis**, the **Clay County Board of Election Commissioners**, the **Jackson County Election Board**, the **Kansas City Board of Election Commissioners**, the **Platte County Board of Elections**, the **St.**

Charles County Election Authority, the St. Louis County Board of Elections, the Children's Trust Fund of Missouri, the Kansas City Board of Police Commissioners, the Lieutenant Governor's Office, the Metropolitan Police Department - City of St. Louis, the Metropolitan Zoological Park and Museum District, the Missouri Bar Association, the Missouri Ethics Commission, the Missouri Gaming Commission, the Missouri Joint Municipal Electric Utility Commission, the Missouri Lottery, the Missouri Municipal League, the Missouri Office of Prosecution Services, the Missouri State Tax Commission, the Missouri Veterans Commission, the Municipal League of Metro St. Louis, and the State Auditor's Office.

Kara Corches, Missouri Chamber of Commerce and Industry, identified as an opponent of the proposal, provided information to the State Auditor's office.

Assumptions

Officials from the **Attorney General's Office** indicated no fiscal impact.

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

Officials from the **Department of Commerce and Insurance** indicated no fiscal impact.

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

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

Officials from the **Department of Elementary and Secondary Education** indicated no fiscal impact.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact.

Officials from the **Department of Higher Education and Workforce Development** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated:

Department officials indicated no fiscal impact. In response to questions, they provided the following information:

We are assuming the prior fiscal note is referring to the response for IP 2024-38. However, we would point out that in that note, we also stated a zero direct impact. We did have an additional impact of up to 2 regulatory auditors and 1 additional AOSA at the time IF we were to be an enforcing entity. Similarly, the only impact we would incur as a result of the Constitutional Amendment at issue here is if we were tasked with enforcement.

As Division of Labor Standards is not currently investigating complaints, we do not have an exact estimate of the number of cases we would be processing. Also, this IP has exemptions which are not present under the current earned paid sick time provisions, meaning the size of the pool of possible complainants is different. The exemptions are almost identical to those found in the Missouri Minimum Wage law. In FY 2024, DLS Wage and Hour received 1,453 minimum wage complaints, which were processed by a staff of 4 regulatory auditors. If DLS were to receive earned paid sick time complaints in a comparable volume to minimum wage, we would need up to 4 additional regulatory auditors and an additional AOSA to manage the caseload.

So, the direct impact is still \$0, but if we were to enforce the provisions of the amendment, we would need 0 to 4 additional regulatory auditors and 1 AOSA.

IF the agency is going to enforce the provisions (as it is a 'may' in the language), more resources will be needed to investigate cases and ascertain compliance with the law. The exact number of complaints we will receive is unknown, but it is estimated that UP TO 4 investigators and an AOSA would be needed, since it's the same pool of employees that are able to file minimum wage complaints. Therefore, there is an impact of 0 to 4 regulatory auditors and 1 AOSA needed, all depending on whether or not the agency decides to enforce the provisions or not.

Officials from the **Department of Mental Health** indicated no fiscal impact.

Officials from the **Department of National Guard** indicated no fiscal impact.

Officials from the **Department of Natural Resources** indicated no fiscal impact.

Officials from the **Department of Public Safety** indicated no fiscal impact.

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

Officials from the **Department of Social Services** indicated no fiscal impact.

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

Officials from the **Governor's Office** indicated no fiscal impact.

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

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

Officials from the **Office of Administration** indicated no fiscal impact.

Officials from the **Office of State Courts Administrator** provided the response on the following page.

In response to follow up questions to clarify the impact mentioned they indicated the following:

Initiative Petition 26-047, Article I, Section 37, 7. Right of Action has the potential to create additional cost for the Judiciary, but there is no way to quantify that currently.

Agency officials did not respond to additional follow up questions to further clarify the information submitted in the second response. *

In reference to Initiative Petition 26-047 a proposed constitutional amendment to Article I, (2026-047), there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Analyst: Candice Lamb
Date: May 22, 2025
Agency: Office of State Courts Administrator
Approved By: Richard Morrissey
Telephone: 526-8316

Officials from the **Office of the State Public Defender** indicated 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 \$8 million based on the cost of the 2024 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 FY24 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, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

If you have any questions, please contact Scott Pauley 573-526-0703.

Officials from the **State Treasurer's Office** indicated no fiscal impact.

Officials from **Carter County** indicated no fiscal impact.

Officials from **Clay County** indicated no fiscal impact.

Officials from **Greene County** indicated no fiscal impact.

Officials from **Macon County** indicated no fiscal impact.

Officials from **Madison County** indicated no fiscal impact.

Officials from **Pike County** indicated no fiscal impact.

Officials from **Schuyler County** indicated no fiscal impact.

Officials from **Scotland County** indicated no fiscal impact.

Officials from **St. Clair County** indicated no fiscal impact.

Officials from **St. Louis County** indicated no fiscal impact.

Officials from **Wayne County** indicated no fiscal impact.

Officials from the **City of Kansas City** indicated no fiscal impact.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from **St. Louis Community College** indicated no fiscal impact.

Officials from **University of Missouri** indicated no fiscal impact.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal impact.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **St. Louis County Board of Elections** indicated no fiscal impact.

Officials from the **Children's Trust Fund of Missouri** indicated no fiscal impact.

Officials from the **Kansas City Board of Police Commissioners** indicated no fiscal impact.

Officials from the **Lieutenant Governor's Office** indicated no fiscal impact.

Officials from the **Missouri Ethics Commission** indicated no fiscal impact.

Officials from the **Missouri Gaming Commission** indicated no fiscal impact.

Officials from the **Missouri Lottery** indicated no fiscal impact.

Officials from the **Missouri State Tax Commission** indicated no fiscal impact.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact.

Officials from the **State Auditor's Office** indicated no fiscal impact.

Kara Corches, Missouri Chamber of Commerce and Industry, identified as an opponent of the proposal, provided the following information: *

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STATE AUDITORS OFFICE



MISSOURI CHAMBER
OF COMMERCE AND INDUSTRY

mochamber.com

May 30, 2025

The Honorable Scott Fitzpatrick
Missouri State Auditor
State Auditor's Office
301 West High St., Rm. 880
Jefferson City, MO 65101

Re: Petition 2026-047

Dear Auditor Fitzpatrick,

On behalf of the Missouri Chamber of Commerce and Industry, I am submitting the following economic impact analysis regarding the proposed sick leave provisions in Initiative Petition 2026-047. We hope this information will assist in informing the fiscal note process.

Together with the Missouri Chamber Federation, the Missouri Chamber of Commerce and Industry represents more than 75,000 employers. Empowered by a deep passion for our cause and a strong network of professionals, the Missouri Chamber brings together members from all corners of the state to make Missouri a better place to live and work.

Tax Collection Impacts

According to our Annual CEO Survey, 37% of Missouri employers indicated they would hire fewer employees to offset the cost burden associated with Proposition A. Based on historical fiscal year collection data, we estimate this would have a substantial effect on Missouri's tax base.

Looking at FY 2024 as a baseline:

- **Individual Income Tax** collections are projected at approximately **\$9.4 billion**, based on a 6.2% decline in the first quarter.
- **Corporate Income Tax** collections are expected to total around **\$970 million**, based on an 8.5% decline in the December report.

- **Sales and Use Tax** collections are anticipated to be roughly **\$4.8 billion**, following a 1.5% year-over-year decline.

If 37% of employers curtail hiring or reduce workforce size to manage the compliance costs of this measure, we estimate a corresponding **5–10% reduction in Missouri’s taxable base**. Applying a conservative **7.5% reduction** across major tax categories, the state could see an annual loss of approximately **\$1.13 billion** in tax revenue.

Estimated annual losses include:

- **Individual Income Tax:** ~\$705 million
- **Corporate Income Tax:** ~\$72.7 million
- **Sales and Use Tax:** ~\$360 million
- **Total Estimated Loss: \$1.137 billion**

Unemployment Insurance Trust Fund Impact

Nearly half of employers with 10 or fewer employees report that Proposition A would discourage them from expanding their workforce. Among larger firms, 36% of those with more than 100 employees also anticipate hiring fewer workers.

The Missouri Unemployment Insurance Trust Fund is already below the recommended solvency threshold, as documented in the 2024 Solvency Report. Reduced job creation, or even net job losses, would increase strain on the fund through:

- Declining employer contributions, and
- Increased benefit payouts due to layoffs or delayed hiring.

Historically, Missouri has had to borrow federal funds to maintain solvency in every one of the past five economic downturns—more than any other state.

Cost of Legal Exposure

Proposition A creates new causes of action, allowing employees to sue for injunctive relief, actual damages, liquidated damages (2x actual damages), and attorneys' fees. These claims would be subject to a three-year statute of limitations—longer than many existing employment laws—and courts may impose additional equitable relief. These new liabilities introduce significant uncertainty and potential cost for Missouri employers.

Local Control and Regulatory Consistency

Currently, Missouri preempts local mandates on paid leave and minimum wage, ensuring consistency across jurisdictions. This initiative would upend that framework, allowing municipalities to create differing requirements. The resulting patchwork of regulations would:

- Create administrative burdens,
- Drive up compliance costs, and
- Potentially incentivize employers to relocate operations to other states with uniform regulations.

Job losses could be especially pronounced in urban centers where stricter local mandates are more likely.

According to a 2022 University of Missouri study, a paid sick leave policy similar to the one proposed could cost employers an estimated **\$680 million annually**.

Manufacturing Sector Impacts

Manufacturing is the largest contributor within Missouri's goods-producing sector, accounting for **\$41.4 billion**, or 11.9% of the state's real GDP (adjusted for inflation).

Research from the American Economic Association suggests that a 10% increase in minimum wage leads to a **14% reduction in business investment** in the following year. Applying that model, Missouri's manufacturing output could decrease from **\$41.4 billion to \$35.6 billion**, dropping its GDP share from 11.9% to 10.2%—a loss of **\$5.8 billion** in economic output.

Missouri's real GDP was **\$348.5 billion** in 2023, with a growth rate of 2.6%. If this growth continues, GDP would reach an estimated **\$386.2 billion** by 2027. With Proposition A in place, we estimate a GDP shortfall of nearly **\$20 billion**, reducing projected GDP to **\$364.8 billion** in 2027.

Thank you for your consideration of this analysis. Please do not hesitate to contact our office if you need additional information or clarification.

Sincerely,



Kara Corches

President & CEO, Missouri Chamber of Commerce and Industry

The State Auditor's office did not receive a response from the **Department of Economic Development, Adair County, Andrew County, Atchison County, Audrain County, Barry County, Barton County, Bates County, Benton County, Bollinger County, Boone County, Buchanan County, Butler County, Caldwell County, Callaway County, Camden County, Cape Girardeau County, Carroll County, Cass County, Cedar County, Chariton County, Christian County, Clark County, Clinton County, Cole County, Cooper County, Crawford County, Dade County, Dallas County, Daviess County, DeKalb County, Dent County, Douglas County, Dunklin County, Franklin County, Gasconade County, Gentry County, Grundy County, Harrison County, Henry County, Hickory County, Holt County, Howard County, Howell County, Iron County, Jackson County, Jasper County, Jefferson County, Johnson County, Knox County, Laclede County, Lafayette County, Lawrence County, Lewis County, Lincoln County, Linn County, Livingston County, Maries County, Marion County, McDonald County, Mercer County, Miller County, Mississippi County, Moniteau County, Monroe County, Montgomery County, Morgan County, New Madrid County, Newton County, Nodaway County, Oregon County, Osage County, Ozark County, Pemiscot County, Perry County, Pettis County, Phelps County, Platte County, Polk County, Pulaski County, Putnam County, Ralls County, Randolph County, Ray County, Reynolds County, Ripley County, Saline County, Scott County, Shannon County, Shelby County, St. Charles County, St. Francois County, Ste. Genevieve County, Stoddard County, Stone County, Sullivan County, Taney County, Texas County, Vernon County, Warren County, Washington County, Webster County, Worth County, Wright County, the City of Cape Girardeau, the City of Columbia, the City of Jefferson City, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Raymore, the City of Springfield, the City of St. Joseph, the City of St. Louis, the City of Union, the City of Wentzville, the City of West Plains, Cape Girardeau 63 School District, Hannibal School District #60, Jennings School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, State Technical College of Missouri, Truman State University, University of Central Missouri, the Board of Election Commissioners City of St. Louis, the Clay County Board of Election Commissioners, the Jackson County Election Board, the St. Charles County Election Authority, the Metropolitan Police Department - City of St. Louis, the Metropolitan Zoological Park and Museum District, the Missouri Bar Association, the Missouri Joint Municipal Electric Utility Commission, the Missouri Municipal League, the Missouri Office of Prosecution Services, and the Municipal League of Metro St. Louis.**

*** Explanation of Exclusion of Fiscal Note Information From the Fiscal Note Summary**

The State Auditor's Office is excluding the response from the Office of State Courts Administrator. The information provided does not include enough detail to properly evaluate it.

The State Auditor's Office is excluding the specific annual lost revenue amounts presented by the Missouri Chamber of Commerce and Industry because it is unclear what workforce reductions could occur if this proposal passed. The potential lost revenue will be reflected as unknown.

Fiscal Note Summary

State and local governmental entities estimate no costs or savings. State and local government tax revenue could decrease by an unknown annual amount depending on business decisions.