

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0751H.011
 Bill No.: HJR 27
 Subject: Saint Louis City; Saint Louis County; Political Subdivisions
 Type: Original
 Date: April 29, 2025

Bill Summary: This proposal proposes a constitutional amendment relating to the consolidation of St. Louis County and St. Louis City.

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 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0 or (More than \$8,000,000)	\$0 or Unknown	\$0 or Unknown

* **Oversight** notes 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. All other impacts to state funds would be realized only if the joint resolution is approved by voters. Oversight will show an unknown revenue gain to General Revenue from the phase-out of the earnings tax (which will no longer be deducted from income taxes). Oversight assumes this impact could exceed \$250,000.

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 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)

* Potential costs and state reimbursements net to zero in FY 2026 if a special election is called.

* Without additional information, Oversight cannot estimate the impact on local political subdivisions. Therefore, Oversight will show an unknown savings to an unknown cost to implement this resolution **if** passed by voters. Oversight assumes the impact will be substantial.

FISCAL ANALYSIS

ASSUMPTION

§§34, 35, 36, 37, 38, 39 & 40 of Article VI of the Missouri Constitution – Consolidation of St. Louis County and St. Louis City

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 **Office of Administration – Facilities Management Design & Construction (FMDC)** state at this time, it is believed that any additional staff time and resources can be absorbed by FMDC. However, if there are multiple pieces of legislation passed where FMDC has responded that the costs can be absorbed, FMDC would need to reevaluate to see if additional staff and associated expenses would then be required.

Officials from the **Department of Revenue (DOR)** assume this proposal would allow for the merger of St. Louis City and St. Louis County. This proposal would require during the transition period to not allow the city or county to submit to the voters the question of renewing the St. Louis City earnings tax. Additionally, this proposal would phase out the earnings tax.

When citizens pay the earnings tax and they itemize their MO individual income tax return, they are allowed a deduction of the local tax paid. Therefore, any reduction in the amount paid to St. Louis would result in increased revenue to the general revenue fund.

DOR is not able to predict if St. Louis City and County would want to merge or how the earnings tax will be phased out. DOR notes this would impact general revenue only if the earnings tax is changed. DOR would not have an administrative impact from this proposal.

Officials from the **Sheriffs' Retirement System** assume an unknown impact at this time for the proposal.

Officials from the **St. Louis County Board of Elections**, the **County Employees Retirement Fund**, the **Office of the State Auditor** and the **State Tax Commission** each 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.

Oversight assumes this petition prohibits the metropolitan city or any municipal district from submitting questions to voters of any tax levied prior to the effective date of this resolution during the transition period. The St. Louis City earnings and payroll tax is up for reauthorization in 2026. Further this resolution states any tax on payroll expenses initially levied prior the effective date of this resolution shall be reduced by one-twentieth of one percent annually until such tax is eliminated. Therefore, this could phase out the earnings tax beginning in FY 2027. However, Oversight assumes this prohibition is temporary and a new earnings and payroll tax could be authorized.

Oversight notes based on information provided by DOR in response to another proposal, HB 499 (2025), the City of St. Louis collected \$173,595,000 in individual earnings tax and \$107,431,000 in business earnings/payroll taxes.

Oversight will show an unknown revenue gain to General Revenue from the phase-out of the earnings tax (which will no longer be deducted from income taxes). Oversight assumes this impact could exceed \$250,000.

Oversight received limited responses from local political subdivisions regarding this proposal. However, Oversight notes this resolution is similar to an initiative petition (2020-54) submitted in 2019 regarding a proposed constitutional amendment to Article VI. Oversight reviewed the responses in the [fiscal note](#) published by the Office of the State Auditor.

Based on those responses, **Oversight** notes individual municipalities in St. Louis County anticipated a reduction in revenues and a corresponding reduction in public services. The City of St. Louis anticipated operational savings but also a loss of the earnings and payroll tax. Additionally, Oversight assumes the Metropolitan City of St. Louis would potentially be able to levy new taxes and St. Louis County shall reduce property tax levied to yield revenues no greater than half of the amount generated in the prior year. Without additional information, Oversight cannot estimate the impact on local political subdivisions. Therefore, Oversight will show an unknown savings to an unknown cost to implement this resolution **if** passed by voters.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Revenue Gain</u> – no longer deducting earnings tax if passed by voters	\$0	\$0 or Unknown	\$0 or Unknown
<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)	Unknown	Unknown

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss/Gain</u> – from implementing the provisions in this resolution if passed by voters	\$0	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)
<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	<u>\$0 or Unknown to (Unknown)</u>	<u>\$0 or Unknown to (Unknown)</u>

* Without additional information, Oversight cannot estimate the impact on local political subdivision. Therefore, Oversight will show an unknown savings to an unknown cost to implement this resolution **if** passed by voters.

FISCAL IMPACT – Small Business

There will be an impact to small businesses if the voters enact this proposal.

FISCAL DESCRIPTION

Currently, St. Louis City and St. Louis County function independently from one another. Upon voter approval, this Constitutional amendment merges the county and city.

The territory of St. Louis County will be extended to embrace the territory of the City of St. Louis. St. Louis County, so expanded, will continue its corporate existence as a new political subdivision, hereafter known as the "Metropolitan City" of St. Louis.

Nothing concerning the consolidation will impair any existing obligation, contract or debt of either the city or the county. Continuation or change of employment and collective bargaining agreements are specified in the resolution. Retirement and pension benefits, if earned before the

effective date of the resolution, remain unchanged. The members of the board of trustees or similar governing body for any retirement fund or pension system created before the effective date of this resolution will continue to hold office until a successor is appointed.

Geographic designations in the Constitution or State law based on the territorial boundaries of St. Louis City or County continue to apply. Any city, town, or village located partially within the territory of the Metropolitan City of St. Louis will detach that part of its territory located within the City and that territory which is annexed by the Metropolitan City. Any municipal district with territory outside the Metropolitan City may continue providing services within its existing territory.

The seat of government of the Metropolitan City is located within the St. Louis City. The Metropolitan City will be a metropolitan city form of government, hereby created, and possesses all the powers and privileges of both a Constitutional charter county and a Constitutional charter city. The Metropolitan City will be governed by a charter. The initial charter is the charter of St. Louis County, as it currently exists. Any amendment to the charter submitted by ordinance requires an affirmative vote of two-thirds of the voters voting thereon for approval.

Unless otherwise provided by the charter after the "transition period", defined as the period between the effective date of this resolution and January first of the fifth year after the effective date of the resolution, there will be no elective officers of the Metropolitan City other than the Mayor, the Metropolitan Council members, the Assessor, and the Prosecuting Attorney. Elective officers must be qualified voters of the Metropolitan City and possess any additional qualification provided by the Metropolitan City's charter. Except as otherwise provided in this resolution, elective officers of the Metropolitan City are nominated and elected in the manner provided in the election laws for State and county officers. Terms of office, vacancy, and salary of elected officers are provided in the resolution.

The "Metropolitan Council", as defined in the bill consists of 33 members, as specified in the bill. Before April first of the third year after the effective date of this resolution, the Mayor and Transition Mayor will jointly appoint members of the faculty of universities located within the Metropolitan City to prepare a plan to divide the Metropolitan City into districts from which members of the Metropolitan Council are elected. Members must not have partisan affiliation. Districts will be compact, contiguous, contain as nearly equal population as possible, and respect boundaries of municipal districts and communities of interest wherever practicable. Before September third of the third year after the effective date of this resolution, the plan must be submitted for adoption by the County Council of St. Louis County and the governing body of St. Louis City as they existed before the effective date of this resolution. If, before January first of the fourth year after the effective date of this resolution, both fail to adopt identical plans with the required characteristics, the plan as submitted will be deemed approved by both. Council districts will be reapportioned the year after each Federal decennial census. Members of the Metropolitan Council must designate a president and vice president, whose term must be for two years.

All executive power will be vested in the Mayor. The initial Mayor will duly serve as County Executive of St. Louis County beginning on January 1 of the year immediately following the effective date of this resolution. Duties of the Mayor and terms of office are specified in the resolution. A vacancy in the office of Mayor will be filled by the President of the Metropolitan Council. While the President of the Council fills a vacancy in the office of Mayor, the Vice President of the Metropolitan Council must fill the role of President of the Metropolitan Council.

If a vacancy in the office of Mayor occurs during the transition period, the vacancy will be filled by the Transition Mayor. A resulting vacancy in the office of Transition Mayor will be filled by appointment by the Transition Mayor from a list of at least three qualified voters nominated by resolution of the County Council of St. Louis County. The Transition Mayor must be serving as the Mayor of St. Louis City on January 1 of the year immediately following the effective date of this resolution.

The Mayor will appoint no fewer than four deputy mayors, to serve at the pleasure of the Mayor, with duties related to the following: public health and safety, economic development and innovation, community development and housing, community engagement and equity, and any other subject designated by charter.

There will be an Assessor of the Metropolitan City and Prosecuting Attorney of the Metropolitan City. The serving Assessor of St. Louis County and the serving Prosecuting Attorney for St. Louis County will assume those offices, respectively, upon the effective date of this resolution. Terms of office are specified in the resolution. Vacancies in either of these offices are filled by appointment by the Mayor of the Metropolitan City. There will be a Metropolitan City Counselor appointed by the Mayor, whose qualifications will be provided by the charter, who serves as the Metropolitan City's attorney and counselor at law and has all the powers and duties of a county counselor and a city attorney.

The Metropolitan City will have the departments and offices as established by St. Louis County as of the effective date of this resolution. Departments may thereafter be changed and otherwise provided by the charter. Except for the heads of departments appointed by a majority of the circuit judges as provided by the charter, the heads of each department are appointed by the Mayor. Boards and commissions of St. Louis County will continue as boards or commissions of the Metropolitan City, unless otherwise provided by charter or ordinance. Current members will continue holding office until a successor is duly appointed. Members will be appointed by the Mayor.

Until the conclusion of the transition period, executive functions are filled jointly by the Mayor and Transition Mayor of the Metropolitan City, as provided in the resolution.

During the transition period, the Mayor and Transition Mayor will present a plan for the organization of executive departments and offices to the Metropolitan Council. Specifications of the plan are prescribed in the resolution. The plan takes effect unless disapproved by a resolution adopted by two thirds of the Council. If the plan affects the department of judicial

administration, the plan does not become effective unless upon the concurrence of a majority of the circuit judges within the Metropolitan City. Upon approval, the plan supersedes and replaces all charter provisions, ordinances, rules, or other regulations inconsistent with the plan.

During the transition period, no municipal district will dispose of its property, except as required by contract, or incur any new obligation extending beyond the transition period, other than with respect to the refunding of financing obligations.

On January first of the fifth year after the effective date of this resolution, the City of St. Louis as it existed immediately before the adoption of this resolution continues its corporate existence as a political subdivision and municipal corporation and is established as the "St. Louis Municipal Corporation". The Municipal Corporation may continue the financial obligations of the City of St. Louis, as specified in the resolution. The Municipal Corporation will continue as a taxing subdistrict of the Metropolitan City. The Municipal Corporation will have a board of governors of five qualified voters appointed by the Mayor of the Metropolitan City.

Upon the effective date of this resolution, other municipalities in St. Louis County will continue their corporate existence as municipal districts within the Metropolitan City. They will be considered political subdivisions authorized to provide services within their territories that are not otherwise provided by the Metropolitan City. All existing rights, responsibilities, obligations, and liabilities relating to employment and employee benefits, and financial obligations will continue for municipal districts without impairment. The Metropolitan City may assume any outstanding obligation of a municipal district.

The governing bodies of municipal districts are the currently serving governing bodies of the municipalities until successors are duly elected, beginning with the first general municipal election after the transition period. The boundaries of municipal districts are not to be altered except as approved by ordinance of the Metropolitan City. A board or commission of a municipality continues as a board or commission of the municipal district until otherwise provided by the municipal district, the Metropolitan City, or by law.

The resolution establishes the St. Louis Fire Protection District, the territory of which will be coextensive with the boundaries of what is currently the territory of the City of St. Louis.

All special districts and school districts and any provisions of law relating to them continue to be unaffected by the consolidation.

After the effective date of the resolution, the General Assembly must provide by law for a board of election commissioners or other election authority to conduct elections within the Metropolitan City. Until the General Assembly does so, the respective boards of election commissioners of St. Louis City and St. Louis County will cooperate in the performance of election duties.

During the transition period, neither the Metropolitan City nor any municipal district has the power to submit any question to voters concerning the continued levy or imposition of any tax.

This resolution gradually phases out the St. Louis City earnings tax.

Neither the Metropolitan City nor any municipal district has the power to call an election or to submit any question to voters with respect to any other office of the Metropolitan City or any municipal district.

Taxes, licenses, fees, or special assessments of the Metropolitan City levied or imposed solely within the territory of a municipal district may be different from those levied or imposed generally throughout the Metropolitan City.

Municipal districts are considered separate taxing districts with taxing powers. Municipal districts may continue to require licenses and collect fees for the provision of municipal services. The fiscal year of each municipal district is the same as the fiscal year for the Metropolitan City.

The Metropolitan City is deemed as both a city and a county for determining the right to receive moneys from the State or the U.S. government. A municipal district is deemed as a political subdivision of the State and a municipal corporation for the purpose of determining the right to receive moneys from the State or the U.S. government.

Procedures for the creation and oversight of the Metropolitan City budget during the transition period are specified in the resolution. Before November 16th of the fourth year after the effective date of this resolution, the Mayor and Transition Mayor will jointly recommend and publish a balanced budget for the Metropolitan City, and a financial plan including proposed tax rates, all estimated revenue, proposed expenditures, and other items. Thereafter the Mayor must recommend a budget, and the Metropolitan Council must amend and approve the budget. The Mayor may adjust expenditures as provided in the resolution.

The Judicial Conference is authorized to submit a circuit realignment plan for the alteration of the boundaries of the judicial circuits to create a single circuit for the Metropolitan City. Until the modification of the judicial circuits, the judges of the circuit courts for St. Louis City and County will continue as judges of the Metropolitan City and the number of judges will remain the same unless changed by the circuit realignment plan.

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 Administration
Facilities Management, Design and Construction

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Office of the Secretary of State
Department of Revenue
Sheriffs' Retirement System
St. Louis County Board of Elections
County Employees Retirement Fund
Office of the State Auditor
State Tax Commission



Julie Morff
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April 29, 2025



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April 29, 2025