

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4701H.011  
 Bill No.: HB 2270  
 Subject: Property, Real and Personal; Political Subdivisions; Easements and Conveyances  
 Type: Original  
 Date: April 5, 2024

Bill Summary: This proposal establishes the "Missouri Homeowners' Association Act".

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

Numbers within parentheses: () indicate costs or losses.

**\*Oversight** assumes the provisions of this proposal would not reach the \$250,000 threshold. Oversight is unclear of the number of homeowner associations in the State of Missouri and how much personal property and common ground is owned and/or leased by them. Homeowner Associations would need to have an assessed value of personal property and common ground greater than \$833,333,334 in order to meet the \$250,000 threshold.

<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>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§442.621, 442.626, 442.631, 442.636, 442.641 & 442.646 – Missouri Homeowners’ Association Act

Officials from the **Office of Administration - Budget and Planning (B&P)** state, to the extent this exempts real and personal property currently subject to taxes, this proposal could impact revenues to the Blind Pension Trust Fund and TSR.

Officials from the **State Tax Commission (STC)** have determined an unknown fiscal impact on local taxing jurisdictions such as school districts, counties, cities who rely on property tax assessments as a source of revenue. The bill, if approved, exempts personal property owned by homeowner’s associations from taxation. The agency would not have data to determine how many homeowner’s associations own personal property.

**Oversight** does not have information to the contrary. Oversight assumes if this proposal goes into effect as of January 1, 2025, it would exempt taxation on personal property and common ground owned and/or leased by homeowner associations and could potentially reduce the amount of revenue that is received by the Blind Pension Fund and local political subdivisions such as school districts, counties and cities. Therefore, Oversight will reflect a \$0 or unknown negative loss of revenue as assumed by the B&P and the STC for the fiscal impact of this proposal, starting in FY 2026.

Officials from the **Office of the State Courts Administrator**, the **Department of Economic Development**, the **Department of Labor and Industrial Relations**, the **Office of the Secretary of State** and the **Department of Revenue** 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>BLIND PENSION FUND (0621)</b>			
<u>Revenue Loss</u> – exempting taxation on personal property and common ground of homeowner associations §442.626.5	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON THE BLIND PENSION FUND (0621)</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Loss</u> – exempting taxation on personal property and common ground of homeowner associations §442.626.5	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill establishes the "Missouri Homeowners' Association Act". In its main provisions, the bill specifies that each lot is a separate parcel of real property and will be separately assessed and taxed. The personal property of an association is not subject to taxation under Chapter 137, nor can the common ground be subject to separate assessment or taxation;

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of Administration - Budget and Planning

Office of the Secretary of State

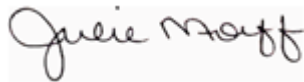
State Tax Commission

Office of the State Courts Administrator

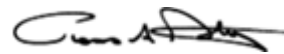
Department of Economic Development

Department of Labor and Industrial Relations

Department of Revenue



Julie Morff  
Director  
April 5, 2024



Ross Strobe  
Assistant Director  
April 5, 2024