

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5159H.011
Bill No.: HB 2432
Subject: Tax Credits; Taxation and Revenue - Property; Property, Real and Personal; State
Tax Commission; Counties
Type: Original
Date: January 30, 2024

Bill Summary: This proposal modifies provisions relating to local homestead property tax credits.

FISCAL SUMMARY

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

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 137.1050 - Senior Property Tax Credit

Officials from the **Department of Revenue (DOR)** note SB 190 adopted during the 2023 legislative session granted counties the ability to create a program for seniors to lower the amount of property tax they owe. Counties trying to implement SB 190, found problems with some of the definitions in the bill. This proposal would clarify the definitions to allow easier implementation of the program. This program is voluntary for counties. DOR does not handle property tax so is unaware of how many counties are participating or plan to participate in this program.

DOR is not directly impacted by this proposal. However, should seniors that currently receive the Senior Property Tax Credit (PTC) pay less in property tax, that could lessen the amount of the PTC credit they receive. In FY 2022, there were 56,457 senior homeowners that claimed \$33,428,661 in PTC credits. Should some of these 56,457 leave in a county that participates, and their property tax is reduced, they may not be eligible for as much PTC credit as they were before. Should that happen, this could result in less PTC claims which would mean a savings to general revenue. The impact is unknown.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal makes technical fixes to the property tax language passed in SB 190 (2023). These changes will not impact: - TSR - The calculation under Article X, Section 18(e) - B&P

Officials from the **City of Kansas City** assume the proposed legislation has a negative fiscal impact of an indeterminate amount.

Officials from the **Lincoln County Assessor** note this proposal is a cleanup of SB 190 from 2023.

Officials from the **Branson Police Dept** assume a potential to decrease amount of revenue for first responder agencies.

Officials from the **Callaway County SB 40 Board** assume a fiscal impact of an indeterminate amount.

Officials from the **Newton County Health Department** assume this would cause a negative fiscal impact to the Newton County Health Department in the amount of property taxes not collected due to eligible credits allowed in the bill.

Oversight notes this proposal adds clarifying language for eligibility requirements and implementation measures for the property tax credit established in SB 190 (2023).

Oversight notes this credit is optional and a county must submit the proposal to voters or pass a county ordinance in order to participate.

Oversight notes Greene County and St. Charles County have both implemented the provisions of SB 190.

Officials from the **Department of Social Services, County Employees Retirement Fund (CERF)**, 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.

Officials from the **Phelps County Sheriff, Kansas City Police Department**, and the **St. Louis County Police Department** 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 localities.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Currently, a county may grant a real property tax credit to qualifying seniors. A senior qualifies by being:

- (1) Eligible for Social Security retirement benefits;
- (2) The owner of record or having a legal or equitable interest in a homestead; and
- (3) Liable for the payment of real property taxes on such homestead.

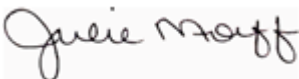
This bill modifies the criteria for a qualifying senior by requiring that the senior be a Missouri resident who, after August 28, 2023, and by the first of January in the applicable tax year, has reached the age of eligibility to receive Social Security retirement benefits.

This bill further defines the "real property tax liability" as being the total amount of ad valorem real property taxes levied by all taxing districts. Such tax credit shall not relieve a taxpayer of his or her obligation to pay taxes towards the state Blind Pension Fund or any dedicated ad valorem taxes levied for the payment of bonded indebtedness.

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

Department of Revenue (DOR)
Office of Administration - Budget and Planning
City of Kansas City
Lincoln County Assessor
Branson Police Dept
Callaway County SB 40 Board
Newton County Health Department
Department of Social Services
County Employees Retirement Fund (CERF)
State Tax Commission
Phelps County Sheriff
Kansas City Police Department
St. Louis County Police Department



Julie Morff
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January 30, 2024



Ross Strope
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January 30, 2024