

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0163H.011  
Bill No.: HB 531  
Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Property, Real and Personal; State Tax Commission; Utilities  
Type: Original  
Date: February 6, 2025

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Bill Summary: This proposal modifies provisions relating to property tax assessments of certain stationary property.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Blind Pension Fund (0621)*	\$0	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\***Oversight** assumes the fiscal impact to the Blind Pension Fund could reach the \$250,000 threshold.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **Section 137.122 - Certain Tangible Personal Property Depreciation**

Officials from the **State Tax Commission** have reviewed HB 531 and determined the act retains stationary property used for transportation or storage of liquid and gaseous products, including petroleum products, natural gas, water and sewage as real property but applies the depreciation schedule from 137.122. This will have a minimal fiscal impact on counties, cities, school districts who rely on property taxes as revenue. The act requires information relating to original cost for the purposes of assessing the lines be provided to the assessor. This will not have a fiscal impact on the State Tax commission.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would require the use of the tangible personal property depreciation table when determining the value of real property that is stationary and used to transport liquids or gases. This proposal would not apply to property used to transport or store propane, LP gas, or petroleum. This proposal would impact all other property including those used to transport and store water, sewage, and natural gas.

B&P notes that this proposal does not change the classification of such property - therefore, this proposal will not impact the assessment percentage. However, this proposal could impact the estimated market value (to which the assessment percentage is then applied). B&P further notes that the Blind Pension Trust fund levies a statewide property tax of \$0.03 per \$100 value on all property located within Missouri. Therefore, B&P estimates that this proposal could impact revenues to the Blind Pension Trust Fund if this proposal changes the estimated market value of qualifying property. This proposal may also impact local property tax revenues.

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

Officials from the **Metropolitan St. Louis Sewer District - 7B Sewer** assume this proposed legislation has a fiscal impact of an indeterminate amount.

Officials from the **Morgan County Pwsd #2** assume this proposed legislation has a fiscal impact of an indeterminate amount.

Officials from the **Department of Commerce and Insurance, Department of Revenue, Department of Social Services, Missouri Department of Conservation, Missouri Department of Transportation, Office of Administration, South River Drainage District - 7D Levee, St. Charles County Pwsd #2 - 7A Water, Wayne County Pwsd #2, Newton County Health Department, Office of the State Auditor, Joint Committee on Administrative Rules, and the Office of the Secretary of State** 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 proposal applies a depreciation schedule to certain real property. Oversight assumes this proposal could lower assessed values and subsequently, tax revenues.

However, **Oversight** notes local property tax revenues are designed to be revenue neutral from year to year. The tax levy is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth. However, some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum. For these taxing entities, any decrease in the assessed values would not be offset by a higher tax rate (relative to current law) rather it would result in a loss of revenue.

**Oversight** assumes this proposal could result in lower assessed values and subsequent tax revenues; therefore, Oversight will show an unknown negative impact to the Blind Pension Fund and local political subdivisions.

**Oversight** notes to reach a revenue impact of \$250,000 on the Blind Pension Fund would require a change in assessed value of approximately \$830,000,000. Based on information from the State Tax Commission's Annual [Report](#), Oversight notes the following assessed values by category:

Category	Commercial Real Property (2023 Assessed Value)
Electric Companies	\$3,248,159,360
Fluid Pipeline Companies	\$691,897,503
Natural Gas Pipeline Companies	\$ 189,046,007

**Oversight** is uncertain what proportion of assessed value would be reclassified under this proposal. In addition, these estimates do not include water or sewer companies. Oversight assumes the application of the depreciation schedule to real property could result in a loss to the Blind Pension Fund that could exceed \$250,000.

**Oversight** received a limited number of responses from local political subdivisions related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

**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 2026 (10 Mo.)	FY 2027	FY 2028
<b>BLIND PENSION FUND</b>			
<u>Revenue (Loss) - §137.122 - Loss of tax revenue from real property now assessed as personal property and subject to a depreciation schedule</u>	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON THE BLIND PENSION FUND</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISION</b>			
<u>Revenue (Loss) - §137.122 - Loss of tax revenue from real property now assessed as personal property and subject to a depreciation schedule</u>	\$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

Oversight assumes there could be a fiscal impact to small businesses if tax rates are adjusted relative to changes in assessed value.

FISCAL DESCRIPTION

Beginning January 1, 2026, the provisions of current law relating to depreciable tangible personal property will apply to all real property, placed in service at any time, that is stationary property used for transportation or storage of liquid and gaseous products, including water, sewage, and natural gas that is not propane or LP gas, but not including petroleum products.

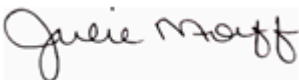
The county assessor must estimate the value of the stationary property by applying the depreciation table provided in the bill to the original cost of the property.

Taxpayers who own such stationary property must provide the assessor, on or before May 1 of the applicable tax years, with the original cost and the year placed in service. The information will be summarized in a format specified in the bill. Upon request by a taxpayer, the assessor will provide the taxpayer with certain information specified in the bill.

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

State Tax Commission  
Office of Administration - Budget and Planning  
City of Kansas City  
Metropolitan St. Louis Sewer District - 7B Sewer  
Morgan County Pwsd #2  
Department of Commerce and Insurance  
Department of Revenue  
Department of Social Services  
Missouri Department of Conservation  
Missouri Department of Transportation  
Office of Administration  
South River Drainage District - 7D Levee  
St. Charles County Pwsd #2 - 7A Water  
Wayne County Pwsd #2  
Newton County Health Department  
Office of the State Auditor  
Joint Committee on Administrative Rules  
Office of the Secretary of State



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