

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1328H.011  
Bill No.: HB 708  
Subject: Taxation and Revenue - Property; Property, Real and Personal; Motor Vehicles;  
Insurance - Automobile; Counties  
Type: Original  
Date: January 31, 2025

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Bill Summary: This proposal authorizes provisions to allow local taxing entities to establish totaled motor vehicle personal property tax proration programs for certain taxpayers to reduce property tax bills.

**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>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **Section 139.035 - Totaled Motor Vehicle Property Tax Proration Program**

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would allow counties or other political subdivisions that levy a property tax to offer a tax credit offsetting a portion of personal property tax owed if a motor vehicle is totaled during the tax year.

B&P notes that a county assessor handles property taxes assessments and billings. However, within that county may be multiple different property tax levy districts with multiple different boundaries. It is unclear whether this proposal would impact sub-county level districts if the proration program was approved at the county level.

In addition, the Blind Pension Trust Fund levies a tax of \$0.03 per \$100 on all property in Missouri. It is unclear whether the property tax credit would also be applied to the statewide levy. Therefore, this proposal may reduce TSR and revenues to the Blind Pension Fund by an unknown amount.

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

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

Officials from the **Lawrence County SB 40 Board**, considered a political subdivision, utilizes a portion of the property taxes collected each year to provide services and opportunities for individuals with Intellectual Disabilities and Developmental Disabilities within Lawrence County. The money is used for grants, funding (with other entities) of the local Sheltered Workshop, Transportation assistance through OATS transportation, a community center for this population, handicap accessible playground equipment in some city parks, etc. Any reduction in property taxes takes away funds that can help one of the most vulnerable populations, the intellectually and developmentally disabled.

Officials from the **County Employees' Retirement Fund (CERF)** have reviewed this proposal. Our review of this proposal would indicate that it may result in reductions in contribution revenue to CERF of an unknown amount annually. A certain portion of the moneys that are used to fund the County Employees' Retirement Fund are tied to the collection of property taxes. Data is not available to quantify how taxing entities' adoption of a totaled motor vehicle personal property tax proration program would impact contribution revenue but CERF assumes there may be a negative impact.

Officials from the **Department of Social Services, State Tax Commission, Newton County Health Department, Mid-Continent Public Library, Kansas City Police Department,** and the **St Louis County Police Dept.** 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** notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property  $((\text{Total Assessed Value}/100) \cdot .03)$ . Because this proposal does not appear to impact the assessed value portion of this equation, Oversight assumes the Blind Pension Fund will not be impacted under this proposal. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note.

**Oversight** notes under current law, a vehicle is considered a total loss if damage exceeds 80% of the fair market value.

**Oversight** notes according to [LexisNexis Risk Solutions' latest Auto Insurance Trends report](#), 27% of collision claims were total losses for 2022.

**Oversight** notes the proposed personal property tax proration program is optional, therefore Oversight assumes local taxing entities that choose to implement the proposed personal property tax credit would have a negative fiscal impact. Oversight is unable to determine which local taxing entities will participate and subsequently how much personal property tax would be credited back to taxpayers.

Therefore, **Oversight** will show a range of \$0 (no local taxing entities implement the proposed program) to an unknown negative amount.

**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.

#### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Potential Revenue Reduction - §139.035 - Totaled Motor Vehicle Property Tax Proration Program if county chooses to implement program</u>	<b><u>\$0</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></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 allows a taxing authority to establish a proration program for payments of personal property on totaled motor vehicles. The taxing authority may award a prorated property tax credit during the tax year to reduce the total personal property tax owed on a totaled motor

vehicle and claimed against the amount of personal property tax due at the end of the same tax year.

The prorated property tax credit must be prorated on a monthly basis. The amount of the credit is determined by a ratio, where the numerator must be the number of full months from the date of disposition of the totaled motor vehicle continuing through the close of the tax year, and the denominator is 12. The prorated property tax credit is nonrefundable but may reduce the tax liability to zero.

A taxpayer may apply for this program if:

- (1) The totaled vehicle was owned, registered, and titled under the taxpayer's name as of January 1 of the tax year in which the vehicle was totaled; or if owned by a business, the name of the business or authorized agent;
- (2) The totaled vehicle was included on the local taxing entity's tax roll, and the taxpayer was liable for personal property taxes on the totaled vehicle;
- (3) The taxpayer was up to date on all state and local taxes and fees owed on the totaled vehicle; and
- (4) The title on the totaled vehicle has been transferred to the insurance company and is no longer titled or registered to the taxpayer nor in the taxpayer's possession;

If a taxpayer who participates in this program purchases a replacement vehicle during the same tax year that the taxpayer's vehicle was totaled and he or she received a prorated property tax credit, the replacement vehicle will not be included in the tax rolls for that tax year to offset the property tax liability. Taxation of the replacement vehicle must follow the normal assessment procedures.

A taxing entity must adopt a personal property tax proration program by way of an ordinance. The ordinance must include the following:

- (1) Procedures and deadlines for application and participation in the program, as well as required documentation, as specified in the bill;
- (2) Procedures for verification and record keeping of the prorated property tax credit amount, as well as the amount of personal property tax to be modified;
- (3) Creation of a form for use by taxpayers;
- (4) Procedures for the crediting of the amount of the prorated property tax credit toward the taxpayer's personal property taxes; and

(5) Any other provision the taxing entity deems reasonable and necessary to implement and carry out the program.

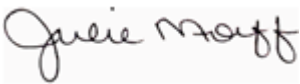
The taxing entity may by ordinance establish rules and procedures for the program, and must make the information regarding the program available to the taxpayers.

A taxpayer who participates in the program will not have his or her right to protest the amount of the tax payments affected.

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 - Budget and Planning (B&P)  
City of Kansas City  
Department of Social Services  
State Tax Commission  
Newton County Health Department  
Kansas City Police Department  
St Louis County Police Dept.  
Joint Committee on Administrative Rules  
Office of the Secretary of State (SOS)  
Callaway County SB 40 Board  
Lawrence County SB 40 Board  
Mid-Continent Public Library  
County Employees' Retirement Fund



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