

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1406H.011
 Bill No.: HB 411
 Subject: Department of Revenue; Taxation and Revenue - General; Taxation and Revenue - Sales and Use; Taxation and Revenue - Property; Property, Real and Personal
 Type: Original
 Date: January 30, 2025

Bill Summary: This proposal requires the department of revenue to implement a property tax mapping feature and place all tax maps prominently on the department home page.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	(\$6,000,000)	(\$3,000,000)	(\$3,000,000)
Total Estimated Net Effect on General Revenue	(\$6,000,000)	(\$3,000,000)	(\$3,000,000)

*Oversight notes this fiscal impact represents the cost to DOR from their current vendor to create and maintain a new map on the department's website.

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	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 32.310 - DOR's Sales & Use Tax Map adding Property Tax

Officials from the **Department of Revenue (DOR)** note the department currently has a map that allows taxpayers to type in their address and see the sales and use taxes assessed for their address. This also allows them to see the combined tax rate for their address. This map includes information provided by the local political subdivisions as well as information previously on file with DOR.

This proposal in Section 32.310.5 requires DOR to add "property tax" information from all political subdivisions to the map by July 1, 2026. It is unclear what is meant by "property tax".

Additionally, this proposal is not clear if DOR is to add property tax boundaries or just the levy rates to the current sales and use tax map or if DOR could add a second map that could display this property tax information to the same website. It should be noted that DOR does not have anything to do with property tax or maintaining any information about property tax. Property tax is handled by the county assessors and State Tax Commission. Creation of a property tax map should be handled by the State Tax Commission.

If the goal of this proposal is to provide a list of the property tax levy rates for each county, then each county could annually send their levy rate and DOR could post the list on the department's website. If the goal is to have those rates posted next to the county names on the department's website, that information could be added at a cost.

However, if the goal is that a person could enter their address and find out their property tax rate, assessed rate or amount of property tax owed, that would involve much more work. Currently, taxpayers can do that on their county assessor's websites.

Property tax is assessed based on the type of property it is (residential, commercial etc.) and its market value. That determines the assessed value which is multiplied by the levy amount to determine the amount the taxpayer owes. That levy however, is collected for the local school district, fire protection district, county and various other political subdivisions. It is unclear if the goal is that its sales and use tax map be required to show the distribution of the levy amount amongst all these groups. DOR does not have that information and it would need to be provided by the counties or the State Tax Commission. DOR notes that the department would need funding in order to provide that information and that funding would be needed annually when those amounts are updated.

This proposal adds a requirement that DOR have a base layer that is color-coded based on the taxation rates. DOR notes the current map displays each color-coded taxing jurisdiction but not by rates, as tax rates are based on jurisdiction on tax type. Property tax is done by a levy rate rather than a tax rate so DOR is unable to determine what the department would have to color-code. DOR would need to work with the State Tax Commission to determine how this would need to be accomplished.

While this proposal states that political subdivisions are to provide their information to DOR by January 1, 2026, it is unclear what should happen if that data is not received. Additionally, this proposal does not give DOR authority to request the information in a format that would allow it to be uploaded into its system. DOR's map is handled by a third-party vendor that requires data be provided in a set format for uploading. Additionally, DOR is not currently responsible for property tax and therefore is unable to convert any data not in the proper format.

The Department notes its existing map is not capable of being expanded at this time to add property tax without additional resources. DOR notes that the current sales tax map cost \$5.6 million to build up from and costs an additional \$2.6 million annually to maintain.

DOR has spoken with the department's current vendor, and they estimate that adding property tax would require an additional \$5-\$6 million to create an entirely new map for property tax alone and would require continued ongoing maintenance of another \$2-\$3 million annually. DOR assumes a property tax map would be best handled by the State Tax Commission.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal will not impact: - TSR - The calculation under Article X, Section 18(e) - B&P. B&P defers to DOR for the potential costs from this proposal.

Officials from the **Lincoln County Assessor** note the county has provided GIS shapefiles for this purpose - could cause some staffing issues with added duties.

Officials from the **Office of Administration, City of Kansas City, 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Costs - DOR - §32.310 – Property tax map</u>	<u>(\$6,000,000)</u>	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$6,000,000)</u>	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<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, the Department of Revenue (DOR) provides a mapping feature on its website that displays sales and use tax information of all political subdivisions in Missouri.

Beginning July 1, 2026, the DOR must prominently display links on the homepage of its website which direct the public to color-coded, interactive maps featuring data about sales and property taxes in all political subdivisions in the state.

All political subdivisions will provide the DOR with data relating to property taxes by January 1, 2026.

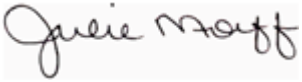
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
 Office of Administration - Budget and Planning (B&P)
 Office of the State Auditor
 State Tax Commission
 Office of Administration

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Lincoln County Assessor
City of Kansas City

A handwritten signature in cursive script that reads "Julie Morff". The signature is written in black ink on a light-colored background.

Julie Morff
Director
January 30, 2025

A handwritten signature in cursive script that reads "Jessica Harris". The signature is written in black ink on a light-colored background.

Jessica Harris
Assistant Director
January 30, 2025