

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1469H.02I  
 Bill No.: HB 816  
 Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Property, Real and Personal; Motor Vehicles; County Officials; State Tax Commission Revenue  
 Type: Original  
 Date: January 26, 2025

Bill Summary: This proposal modifies provisions relating to motor vehicle assessment valuations.

**FISCAL SUMMARY**

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

\***Oversight** assumes the fiscal impact to the Blind Pension Fund could exceed (\$250,000).

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

\*Oversight notes this proposal limits the assessed value portion of the property tax equation; therefore, local governments may experience a decrease in revenue relative to what would have been received under current law. Given that property taxes are designed to be revenue neutral, this impact could be reduced if taxing authorities are able to adjust the tax levy relative to the assessed value to produce roughly the same revenue from the prior year.

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 137.115 - Motor Vehicle Assessment Valuations

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).

Officials at the **State Tax Commission** assume this proposal would have an unknown positive impact on county governments. Current statute requires county assessors to use the National Automotive Dealers Association (NADA) guide currently owned by JD Power. The price of the guide statewide has risen 400% since JD Power acquired the NADA guide and is expected to rise again after the current contract expires. The bill introduces a competitive bidding process in purchasing the guide, and the commission is aware that many guides are fundamentally cheaper than the current guide required by statute. Thus, the commission expects this bill would positively impact counties.

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

Officials from the **City of O'Fallon** note the last certified totals for Class IV vehicles for O'Fallon was \$16,616,935.20. The Finance Director took the assessed value % 100 x .4400 (which is the city's most recent property tax rate) x 5%. This was multiplied by 5% as the city is estimating the average difference in cost between a vehicle in good condition and a vehicle's actual condition. The Finance Director believes 5% might be reasonable.

Using this calculation, the potential loss in property taxes might be \$73,115.

Officials from the **Jefferson County Assessor** note this bill will save county government budgets from having to purchase data from J.D. Power and Associates, which have increased their cost significantly since 2022. Jefferson County was quoted by J.D. Power and Associates \$60,700 for personal property vehicle valuation data. This is a 13% increase from 2024, and a 25% increase from the cost incurred in 2023 for the same data. Similar data from Price Digest has been quoted to Jefferson County at \$13,040 for 2025. This is a \$47,660 decrease from the J.D. Power quote. For Third-Class Counties, the savings from having another vendor provide the data would assist with the hiring of staff necessary to meet their statutory obligations.

Officials from the **Washington County Assessor** assume using the trade in value would really cost small counties because that's a huge difference. For Example:

2015 Jeep Grand Cherokee  
MSRP - \$31,5959  
Finance - \$12,047  
Retail - \$16,063  
Wholesale - \$13,332

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

Officials from the **Rolling Hills Consolidated Library** assume while this change may impact the amount of revenue received as a public library taxing district, it is impossible to determine the dollar value or estimate what this change might be. It is acceptable to the library to standardize the publication used to determine motor vehicle values, and that motor vehicle values should not increase in subsequent years if proper assessment was made.

Officials from the **County Employees' Retirement Fund (CERF)** have reviewed HB 816 (1469H.021). CERF's review of HB 816 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 changes to motor vehicle assessments would impact contribution revenue but CERF assumes there may be a negative impact.

Officials from the **Green Forest R-II School District** note any law that threatens to lessen the assessed valuation of the district real or personal property will have a negative impact on revenues received. The district assessed valuation is \$26,405,350. Of that total, nearly 30% is personal property, \$7,728,630. It is impossible to know the impact that the new statute would have on individual vehicles and overall value in the district. At least impossible for the district to know.

However, based on the district's levy of \$2.75 a \$50,000 reduction to the personal property assessed valuation would result in a loss of \$1,375 to the district. Obviously, it would only increase from there.

Officials from the **Department of Social Services, Newton County Health Department, Phelps County Sherriff, Kansas City Police Dept., Springfield Police Department, Branson Police Dept, Office of the State Auditor, Mid-Continent Public Library, 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** 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.

**Oversight** notes this proposal allows assessors to use a nationally recognized automotive trade publication such as the NADA, Kelley Blue Book, Edmunds, or other similar publication.

**Oversight** assumes if every county experienced a savings from being able to use an alternative to automotive trade publication similar to the one referenced by the Jefferson County Assessor, the savings is estimated at \$5,480,900 ( $\$47,660 \times 115$ ). Oversight will reflect an unknown savings for county assessors beginning in FY 2026.

**Oversight** notes this proposal states the assessor cannot assess a motor vehicle for an amount greater than the motor vehicle was assessed the previous year.

**Oversight** notes, in recent years, prices for used vehicles have increased due to low inventory from supply chain disruptions. Therefore, Oversight assumes this proposal could impact the Blind Pension Fund and local political subdivisions.

**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 ( $((\text{Total Assessed Value}/100) \times .03)$ ).

**Oversight** assumes this proposal limits the assessed value portion of this equation; therefore, the Blind Pension Fund may experience a decrease in revenue relative to what it would have received under current law.

**Oversight** notes per the State Tax Commission [website](#), the total assessed value for vehicles in 2023 was \$20,892,140,604, therefore Oversight estimates about \$6,267,642 ( $((\$20,892,140,604/100) \times 0.03)$ ) in property tax revenue was collected from motor vehicles for the Blind Pension Fund.

**Oversight** notes to reach a revenue impact of \$250,000 in the Blind Pension Fund would require a change in assessed value of approximately \$833,000,000 which is approximately a 4% change in the assessed value of motor vehicles. Therefore, Oversight assumes it is possible this proposal could impact the Blind Pension Fund by an amount that could exceed the \$250,000 threshold.

**Oversight** notes property tax revenues are designed to be revenue neutral from year to year. The tax rate is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth. Therefore, this proposal may result in a higher tax rate relative to current law thus distributing more of the tax burden to real property owners (as personal property assessed values decrease).

**Oversight** notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum and some are at a fixed rate. 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 an actual loss of revenue.

**Oversight** assumes this proposal limits the assessed value of personal property over time. Therefore, Oversight will show an unknown loss in property tax revenue to local political subdivisions beginning in FY 2027.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>BLIND PENSION FUND</b>			
<u>Revenue Loss</u> - §137.115 - Limit on assessed value of vehicles to value from previous year	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b>\$0</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Savings</u> - §137.115 - County Assessors - Changes to selection process for trade-in value publications	Unknown	Unknown	Unknown
<u>Revenue Loss</u> - §137.115 - Limit on assessed value of vehicles to value from previous year	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>Unknown</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

FISCAL IMPACT – Small Business

Small businesses that own personal property could see a reduction in property taxes. Conversely, taxing jurisdictions may be able to increase the levy to all other property owners to make up for the lost revenue.

### FISCAL DESCRIPTION

Currently, the assessor of each county uses the trade-in value published in the October issue of the National Automobile Dealers' Association Official Used Car Guide (NADA) for determining the true value in money of motor vehicles.

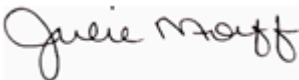
Beginning January 1, 2026, this bill allows assessors to use a nationally recognized automotive trade publication such as the NADA, Kelley Blue Book, Edmunds, or other similar publication. The State Tax Commission will select the publication to be used, and the assessors will use the trade-in value published in the current October issue of the selected publication.

The assessor cannot assess a motor vehicle for an amount greater than the motor vehicle was assessed the previous year.

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  
State Tax Commission  
Department of Social Services  
City of Kansas City  
Callaway County SB 40 Board  
Mid-Continent Public Library  
Newton County Health Department  
Lincoln County Assessor  
Kansas City Police Dept.  
St. Louis County Police Dept  
Springfield Police Department  
County Employees' Retirement Fund (CERF)  
Green Forest R-II School District



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January 26, 2025



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