

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2605H.01I
Bill No.: HB 1212
Subject: Property, Real and Personal; Taxation and Revenue - Property
Type: Original
Date: March 3, 2025

Bill Summary: This proposal modifies provisions governing the seizure of property for tax delinquencies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

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	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 139.120 - Seizure of Property for Tax Delinquencies

Officials at the **State Tax Commission** have reviewed this proposal and determined it would have a negative impact on taxing jurisdictions reliant on property taxes for revenue. The bill exempts personal property, residential property used as the primary residence, and property used as a primary residence that are also farms from being seized and sold for the taxes owed, the only enforcement mechanism in place for enforcing the payment of property taxes. The commission assumes that this bill would lead to more delinquencies causing the negative impact.

Oversight notes the State Tax Commission assumes this proposal will have a negative fiscal impact to local political subdivisions. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect an unknown negative fiscal impact to local political subdivisions in the fiscal note.

Officials from the **County Employee Retirement Fund (CERF)** assumes a fiscal impact of an indeterminate amount.

Officials from the **Cape Girardeau County Assessor** note they performed a study on the county's 2024 Form 11A values using the total amount of residential assessed values & the current amount of delinquent residential real estate tax bills to determine the range of the fiscal impact that this bill could have on the Cape Girardeau County taxing districts. The current delinquent taxes on residential real estate tax bills are approximately \$1,400,000. Assuming an average tax rate for Cape Girardeau County's taxing districts on residential real estate is 5%. The 2024 form 11A total residential real estate assessed value is \$800,248,980. Based on these numbers the total estimated residential real estate tax billed amount is approximately \$40,012,449, say \$40,000,000.

Since the proposed bill would prohibit seizure of property used as a primary residence due to delinquent taxes as little as \$1,400,000 up to \$40,000,000 in lost tax revenues to the taxing districts with no ramifications of delinquency. Any taxpayer could essentially decide to not pay taxes due to the lack of risk of property seizure due to delinquency. While this is the anticipated fiscal impact, the actual impact to the county's districts could be much greater due to the unknown future assessed values. The statewide impact would likely be in the hundreds of millions of lost tax revenues.

Officials from the **Cape Girardeau County Collector** note - reiterating what the county Assessor's Office has already reported - The county has over 800,000,000 assessed valuation in Real Estate residential tax bills. With an average tax rate of \$5.00 per 100, that calculates to over \$40,000,000 in tax dollars. With no enforcement to get real estate taxes paid, most of that money

would become delinquent and the entities including schools, fire departments, libraries, cities, SB40, mental health, seniors, public health, counties plus others would not get the funding they need to operate.

Officials from the **Joint Committee on Public Employee Retirement, City of Kansas City, City of Osceola**, and the **City of O’Fallon** 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 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
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISION			
<u>Revenue Loss - \$137.122 - Disallowance of seizure of certain property for property tax delinquencies</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

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

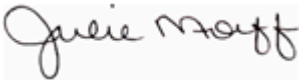
FISCAL DESCRIPTION

The proposed legislation modifies provisions governing the seizure of property for tax delinquencies.

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
Joint Committee on Public Employee Retirement
County Employee Retirement Fund (CERF)
City of Kansas City
City of O'Fallon
City of Osceola
Cape Girardeau County Collector
Cape Girardeau County Assessor



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March 3, 2025



Jessica Harris
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March 3, 2025