

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3917H.01I
Bill No.: HB 2709
Subject: Taxation and Revenue - Property; County Officials; Bonds - General Obligation
and Revenue
Type: Original
Date: January 26, 2026

Bill Summary: This proposal modifies provisions governing the taxation of property.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0	(Unknown) to Unknown	(Unknown) to Unknown

*Oversight cannot reasonably estimate the net effect on local political subdivisions with the information available.

FISCAL ANALYSIS

ASSUMPTION

§137.067 – Tax Levies by Political Subdivisions

In response to similar legislation, HB 119 (2025), officials from the **Office of Administration - Budget and Planning (B&P)** deferred to the local governments for the fiscal impact. This proposal:

- Has no direct impact on B&P.
- Has no direct impact on general or total state revenues.
- Will not impact the calculation pursuant to Art. X, Sec. 18(e).

In response to similar legislation, HB 1790 (2026), officials from the **State Tax Commission, Office of the State Auditor, City of Kansas City, Platte County Board of Elections, St. Louis City Board of Elections, St. Louis County Board of Elections, and St. Louis City Assessor** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight does not anticipate a fiscal impact from this provision. However, 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 information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

§137.073 - Tax Levies by Subclass

Oversight assumes this provision could result in potential redistribution of property tax revenues among subclasses. Oversight assumes the fiscal impact on local political subdivisions is dependent upon future assessed valuation growth and levy decisions. Oversight will show an unknown negative or unknown positive impact to 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 $((\text{Total Assessed Value}/100) \cdot .03)$. Because this proposal alters only components of the rate setting calculation, it does not limit the assessed value portion of this equation, therefore the Blind Pension Fund will not be impacted by this proposal.

§137.073.4.(1) – New Construction and Personal Property

In response to similar legislation, HB 1766 (2026), officials from the **County Employees Retirement Fund (CERF)** assumed HB 1766 would likely have a negative fiscal impact to CERF. A certain portion of the moneys that are used to fund CERF are tied to the collection of property taxes. CERF notes that the amount of these revenues fluctuates from year to year. CERF notes that there is insufficient information to quantify the exact impact but CERF

assumes that the impact would be negative. CERF would expect the changes in HB 1766 to potentially result in a deterioration of CERF's funding over time. Unless the funding is replaced with other sources, it likely has serious implications for CERF's long-term sustainability.

In response to similar legislation, HB 1766 (2026), officials from the **St Louis City Assessor** note the legislation affects property tax rate rollbacks by how personal property new construction is treated.

Personal property values since 2000 have been relatively stable over time. Since personal property new construction is just the comparison of the current year personal property total to the prior year personal property total, history would indicate that there has been limited increases or decreases over time.

For example, in 2023 there was personal property new construction as the 2023 personal property values were higher than the prior year. But then in 2025, the personal property values were lower than the prior year so there was no new construction.

It is unlikely that there will be any fiscal effect in even numbered years because the new construction numbers have rarely, if ever, increased enough in even years to cause a rollback. Taxing jurisdictions took in \$87.6M more in 2023 than in 2022, after rolling back. If the legislation would have been in place, they would have taken in \$83.5M more, so the amount of the increase in revenues would have been reduced by \$3.97M.

The \$3.97M difference is less than 1% of the taxes collected.

In response to similar legislation, HB 1766 (2026), officials from the **Washington County Assessor** noted if this happened on average for Washington county, the county would lose \$111,384.67. That's almost all of the county's 1% occupancy tax income for the budget.

In response to similar legislation, HB 2430 (2024), officials from the **Howell County Assessor** noted currently no software in use for assessment purposes has the ability to segregate market value increases of vehicles from new vehicles added to the assessment roll.

In response to similar legislation, HB 2430 (2024), officials from the **Lincoln County Assessor** noted by not allowing the personal property increases as new construction - school districts in particular will not receive the tax increase windfalls they have received in the past - therefore being more fair to the taxpayers.

In response to similar legislation, HB 1766 (2026), officials from the **Fairfax R-III School District** and **High Point R-III School District** both assumed the proposal will have a fiscal impact but did not provide any additional information.

In response to similar legislation, HB 1766 (2026), officials from **Boone County SB 40 (Boone County Family Resources)** assumed a reduction in funding from personal property and real

property taxes would have profound consequences for individuals with intellectual and developmental disabilities (IDD), limiting access to the essential supports they depend on. County Boards—also known as Senate Bill 40 organizations—such as Boone County Family Resources (BCFR) play a vital role in assessing local needs and cultivating a strong network of high-quality services for more than 2,400 Boone County residents with developmental disabilities and their families.

In Boone County alone, BCFR receives approximately \$4.5 million annually from personal property taxes, representing 28% of our operating budget. Eliminating this revenue source would immediately and substantially reduce the funding available for critical services, creating a significant negative impact on Boone Countians with developmental disabilities.

In response to similar legislation, HB 1766 (2026), officials from the **Jasper County SB 40 Board** assumed under HB 1766, tax rates for personal property cannot increase beyond the previous year's levy, even if assessed values decline. This restriction, combined with the removal of personal property growth from the "new construction" factor starting in 2027, will significantly limit SB 40 Boards' ability to maintain stable funding. When personal property values decrease, which often happens with vehicles, SB 40 Boards will experience revenue shortfalls without any mechanism to adjust rates upward to compensate.

In response to similar legislation, HB 1766 (2026), officials from the **Callaway County SB 40 Board** assumed HB 1766 modifies Missouri law relating to personal property assessments and levy calculations by eliminating the treatment of aggregate personal property valuation increases as new construction beginning in 2027 and by reinforcing limits on personal property levy growth. While the bill standardizes assessment practices, it restricts the ability of local taxing entities to realize revenue growth from personal property.

Senate Bill 40 organizations, including Callaway County Special Services (CCSS), rely on local property tax levy revenue to assess community needs and sustain a coordinated network of essential, community-based services serving more than 230 individuals with intellectual and developmental disabilities (IDD) and their families in Callaway County.

In Callaway County, personal property taxes account for approximately 27.24% of the local developmental disability tax levy. By limiting recognition of valuation growth for personal property, HB 1766 creates a long-term constraint on this revenue source, increasing fiscal pressure on levy-dependent SB40 services.

Services supported in part by personal property tax revenue include employment supports, transportation, inclusive community-based programs, and essential family resources. These services advance statutory goals of independence, community integration, and quality of life, while strengthening the overall social and economic well-being of Callaway County.

Before implementing changes that restrict personal property tax revenue growth, the cumulative impact on individuals with IDD, their families, and SB40 boards must be carefully evaluated.

Absent a sustainable and equitable replacement funding mechanism, HB 1766 poses a long-term risk to the ability of Senate Bill 40 organizations to meet their statutory obligations and preserve critical community-based supports.

In response to similar legislation, HB 1766 (2026), officials from the **Pettis County SB 40 Board** assumed a reduction in funding from personal property and/or real property taxes would have significant consequences on critical support for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Pettis County Board of Services for the Developmentally Disabled assess local needs and nurture a strong network of high-quality services that are essential to over 620 people with IDD and their families.

The services supported by personal property taxes include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

In response to similar legislation, HB 1766 (2026), officials from the **Rolling Hills Consolidated Library** assumed not counting an increase in personal property value as "new construction" will have a fiscal impact on taxable income for the library district but it is unclear at this time how much that might be. It would depend on what the items were and how much the value increased.

In response to similar legislation, HB 1766 (2026), officials from the **Eastern Clay Ambulance District** assumed the proposal will have a fiscal impact but did not provide additional information.

In response to similar legislation, HB 1766 (2026), officials from the **Office of Administration - Budget and Planning, Department of Social Services, State Tax Commission, City of Kansas City, Newton County Health Department, Phelps County Sheriff, Kansas City Police Department, Branson Police Department, and the St. Louis County Police Department** each assumed 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 property tax revenues are generally 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.

Oversight notes omitting the increase in value from personal property from new construction in the rate setting calculation would result in a higher adjusted assessed value (the denominator) relative to the authorized revenues (the numerator) in the rate setting calculation. This would reduce the tax rate applied to total assessed values thereby reducing revenues for all tax entities.

Oversight notes this proposal could reduce allowable revenue growth for local taxing entities over time.

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 ($((\text{Total Assessed Value}/100)*.03)$). Because this proposal alters only components of the rate setting calculation, it does not limit the assessed value portion of this equation, therefore the Blind Pension Fund will not be impacted by this proposal.

In response to similar legislation, HB 1766 (2026), officials from the **Washington County Assessor** noted if this happened on average for Washington county, the county would lose \$111,384.67. That's almost all of the county's 1% occupancy tax income for the budget.

In response to similar legislation, HB 2430 (2024), officials from the **Howell County Assessor** noted currently no software in use for assessment purposes has the ability to segregate market value increases of vehicles from new vehicles added to the assessment roll.

In response to similar legislation, HB 2430 (2024), officials from the **Lincoln County Assessor** noted by not allowing the personal property increases as new construction - school districts in particular will not receive the tax increase windfalls they have received in the past - therefore being more fair to the taxpayers.

§137.073.5.(3) – Temporary vs. Permanent Levy

Oversight assumes this provision specifies that, if the voters in a political subdivision approve a temporary levy increase prior to the expiration of a previously approved temporary levy increase, the new tax rate ceiling will remain in effect only until the temporary levy increase expires under the terms originally approved by a vote of the people. At that time, the tax rate ceiling will be decreased by the amount of the temporary levy increase unless voters of the political subdivision are asked to approve an additional permanent increase and such increase is approved.

Oversight does not anticipate a fiscal impact from this proposal. Therefore, Oversight will reflect a zero impact in the fiscal note.

§137.073 - Voter-Approved Increased Tax Rate Ceiling

Oversight assumes this provision clarifies the treatment of voter-approved increases to property tax rate ceilings. Oversight assumes this provision does not mandate a tax increase; it only governs the treatment of rates already approved by voters. Therefore, Oversight does not anticipate a fiscal impact from this proposal. Therefore, Oversight will reflect a zero impact in the fiscal note.

§137.079 – Single Tax Rate Requirement

Oversight assumes this provision modifies levy certification procedures. Oversight does not anticipate a fiscal impact from this proposal. Therefore, Oversight will reflect a zero impact in the fiscal note.

§137.115 - Repeal of Opt-Out Provisions from HB 1150 (2002) and SB 960

Oversight assumes this provision repeals several opt-out provisions including setting separate levies to be calculated for each subclass of real property, tax rate ceilings, blended tax rates, tax rate calculations, and credit card usage to pay property taxes.

Oversight assumes jurisdictions that previously opted out may experience shifts in tax burden among property subclasses and/or changes in effective levy rates. Therefore, Oversight will show an unknown revenue impact to local political subdivisions beginning in FY 2027.

§164.121 – School District Bond Language

Oversight assumes this provision states the notice of the submission of the question of any loan for a ballot must include the amount of the loan required and the purpose of the loan.

Oversight does not anticipate a fiscal impact from this provision. However, 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 information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Responses regarding the proposed legislation as a whole

Officials from the **County Employees' Retirement Fund (CERF)** assume the following sections have no direct fiscal impact: §§137.067 and 164.121

Section 137.073: There is insufficient data to quantify this section's exact impact. It may result in an unknown, possibly negative, fiscal impact.

In response to a similar proposal, HB 2780 (2026), officials from **Office of Administration - Budget and Planning (B&P)** stated the provisions required all counties to levy property tax rates by real property subclass (residential, agriculture, commercial / utility) and personal property. B&P notes that currently only St. Louis County and the City of Gladstone levy property tax rates based on property class (real versus personal). No jurisdiction currently levies separate tax rates based on property subclass. This provision is not expected to impact revenues to the Blind Pension Trust Fund.

Officials from the **Adair County SB 40 DD Board** assume a reduction in funding from personal and/or real property taxes would have a direct and significant impact on the essential supports provided by the Adair County SB40 Developmental Disability Board. SB40 funding enables the board's local system to assess community needs and sustain a coordinated network of services that currently support approximately 465 individuals with intellectual and developmental disabilities and their families across Adair County.

Officials from **Boone County SB 40 (Boone County Family Resources)** assume a reduction in funding from personal property and real property taxes would have profound consequences for individuals with intellectual and developmental disabilities (IDD), limiting access to the essential supports they depend on. County Boards—also known as Senate Bill 40 organizations—such as Boone County Family Resources (BCFR) play a vital role in assessing local needs and cultivating a strong network of high-quality services for more than 2,400 Boone County residents with developmental disabilities and their families.

In Boone County alone, BCFR receives approximately \$4.5 million annually from personal property taxes, representing 28% of the board's operating budget. Eliminating this revenue source would immediately and substantially reduce the funding available for critical services, creating a significant negative impact on Boone Countians with developmental disabilities.

Officials from the **Callaway County SB 40 Board** assume a reduction in funding from personal property and/or real property taxes, or statutory limitations that restrict allowable levy growth, would have significant consequences for critical supports for individuals with intellectual and developmental disabilities (IDD). Senate Bill 40 organizations such as Callaway County Special Services (CCSS) are charged with assessing local need and sustaining a coordinated network of services supporting more than 230 individuals with IDD and their families in Callaway County.

In 2025, personal property taxes represent approximately 27.24% of the local developmental disability tax levy. Provisions in HB 2709 that limit inflationary growth adjustments and constrain levy calculations reduce CCSS's ability to maintain purchasing power over time. As service demand, workforce costs, and regulatory requirements increase, these constraints create structural pressure that may necessitate service reductions absent a sustainable replacement mechanism.

Officials from the **Department of Social Services St. Louis City Assessor, Phelps County Sheriff, Newton County Health Department, Kansas City Police Department, St. Louis**

County Police Department, and **State Tax Commission** the 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 that we have received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. 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. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost – Counties (Various Sections) To administer the changes to rate calculation from this proposal</u>	\$0	(Unknown)	(Unknown)
<u>Revenue Loss/Gain – (\$137.073) Subclass levy changes p. 3</u>	\$0	(Unknown) to Unknown	(Unknown) to Unknown
<u>Revenue Loss – (\$137.073) Personal property value increases not considered new construction pp. 3-4</u>	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	(Unknown) to Unknown	(Unknown) to Unknown

FISCAL IMPACT – Small Business

A direct fiscal impact on small businesses could be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation modifies provisions governing the taxation of property.

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 Social Services
State Tax Commission
St Louis City Assessor
Washington County Assessor
Howell County Assessor
Lincoln County Assessor
County Employees' Retirement Fund (CERF)
Adair County SB 40 DD Board
Boone County SB 40 (Boone County Family Resources)
Callaway County SB 40 Board
St. Louis City Assessor
Phelps County Sheriff
Newton County Health Department
Kansas City Police Department
St. Louis County Police Department



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January 26, 2026



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