

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4066H.011  
 Bill No.: HB 2415  
 Subject: Taxation and Revenue - Property; State Tax Commission  
 Type: Original  
 Date: February 1, 2026

---

Bill Summary: This proposal establishes a definition of "assessment value" for real property assessment purposes.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

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

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Blind Pension Fund (1621)*	\$0	(Unknown) to Unknown	(Unknown) to Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>

\*Oversight cannot reasonably estimate the net effect on the Blind Pension Fund with the information available. Oversight assumes the impact could exceed \$250,000 threshold. Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

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

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<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.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government*</b>	<b>\$0</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>

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

## FISCAL ANALYSIS

### ASSUMPTION

#### §137.016 - Assessment Value of Real Property

Officials from the **State Tax Commission (STC)** state they have reviewed and determined an unknown negative fiscal impact on taxing jurisdictions such as school districts, counties, cities, fire districts who receive revenue from the taxation of real commercial property.

Currently, real property can be assessed using the sales approach, income approach or cost approach. The proposal codifies the cost approach is the sole way to assess all real property, which assesses property at the cost to rebuild it. The sales approach is often considered more reliable for commercial properties, particularly in an active market, because it assesses property by comparing it to investor interest in similar properties. The cost approach, on the other hand, is stronger when you are assessing unique structures or in weaker markets where there isn't a lot of sales activity. In practice, most appraisers, including assessors, often use all three approaches (including the income approach) and reconcile the results, giving more weight to the approach that best fits the specific property and market conditions. This bill would eliminate that practice.

Officials from the **Department of Social Services (DSS)** note Section 137.016 is added to define how assessment value is determined for a building, for land other than agricultural and horticultural land, and agricultural and horticultural land. Buildings will be assessed based on replacement value and quality of the construction; non-agricultural or non-horticultural land will be based on the current market, and agricultural and horticultural land will be based on the productive capacity. In addition, all references to assessed value, free market value, market value, property values, true value in money, and value in the revised statutes of Missouri when referring to real property assessment purposes shall be construed to refer to as assessment value as defined in this section.

Blind Pension is funded from 0.03% (\$.03) of each \$100 assessed valuation of taxable property. According to the Missouri State Tax Commission, there is no impact to the assessment of residential real property, but commercial property assessments will have a negative impact on the Blind Pension fund but could not provide how much of an impact it would have.

According to the 2024 [State Tax Commission Annual Report](#), the 2024 total assessed valuation for commercial real property including rural lands and incorporated town lots \$30,764,634,379. The 2024 total assessed valuation for all property was \$151,673,672,937. Commercial real property including rural lands and incorporated town lots is 20.28% of all property (\$30,764,634,379 / \$151,673,672,937 = .2028 rounded down).

Taxes collected in 2025 for the Blind Pension Fund were \$47,653,469.78. For the purposes of this fiscal note, FSD assumes the fiscal impact is up to the full amount collected from commercial real property. The commercial real property including rural lands and incorporated

town lots portion of the Blind Pension Fund is \$9,664,124 ( $\$47,653,469.78 * 20.28\% = \$9,664,123.67$  rounded up).

Therefore, FSD estimates the fiscal impact to the Blind Pension fund as a result of this proposed constitutional amendment is \$0 - \$9,664,124 beginning in SFY 2028.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal changes the assessed value of residential and real commercial property to replacement cost, rather than market value. This proposal would also change all versions of "assessment value" and "market value" within statute to defer to this new definition.

However, B&P notes that assessed value and market value are not the same thing. Assessed values are only a fraction of market value. This proposal would now make these two terms equal. It is unclear how this would work when applying the assessment percentages.

Currently: Market value = 19% (residential) x market value

Proposed: Assessed value = 19% (residential) x assessed value

Therefore, B&P estimates that this proposal could have an unknown impact on the Blind Pension Trust Fund and local property tax funds.

In response to similar legislation, HB 2780 (2025), officials from the **County Employees' Retirement Fund (CERF)** noted there is insufficient data to quantify Section 137.016's exact impact. This section may have an unknown, possibly negative, fiscal impact to the County Employees' Retirement Fund. 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.

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

Oversight notes to reach a revenue impact of \$250,000 on the Blind Pension Fund would require a change in assessed value of approximately \$830,000,000. Based on information from the State Tax Commission's "2024 Property Tax Burden" report on STC's [website](#), Oversight notes the following assessed values by category:

Subclass	Assessed Value
Residential	\$82,783,490,689
Commercial	\$16,788,491,912

Oversight notes officials from the STC, B&P, and DSS each assume the proposal will have a direct fiscal impact on state and local revenues. Oversight assumes the impact would depend on relative difference in determined value between the replacement cost approach and the sales comparison approach to value. Oversight assumes this could have a positive or negative impact on the Blind Pension Fund and local political subdivisions.

Additionally, Oversight notes this proposal appears to suggest the terms “market value”, “true value of money”, and “assessed value” be used interchangeably as “assessment value” which is further defined as:

- a) For a building, the value of the building using the replacement cost approach adjusted by the quality of the construction;
- b) For land other than agricultural or horticultural land, such land's value as determined by the market; and
- c) For agricultural and horticultural land, the productive capability of the land as determined under section 137.021.

Oversight is uncertain what impact this change may have.

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

Officials from **Boone County SB 40 (Boone County Family Resources (BCFR))** 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 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.

Officials from the **Department of Revenue, Office of Administration, Newton County Health Department, Phelps County Sheriff, Kansas City Police Department, and the St. Louis County Police Department** 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
<b>BLIND PENSION FUND</b>			
<u>Revenue Loss/Gain – DSS</u> (§137.016.1(4)) Changes to real property assessment methods (replacement cost/cost approach) p.4	\$0	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b><u>\$0</u></b>	<b>(Unknown) to <u>Unknown</u></b>	<b>(Unknown) to <u>Unknown</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Loss/Gain – (§137.016.1(4))</u> Changes to real property assessment methods (replacement cost/cost approach) p.4	\$0	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b>(Unknown) to <u>Unknown</u></b>	<b>(Unknown) to <u>Unknown</u></b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill provides a definition for "assessment value" as it relates to real property assessment purposes.

The bill provides that when "assessed valuation", "assessed value", "free market value", "market value", "property values", "true value in money", and "value" are used as they relate to real property assessment purposes, they must be construed to refer to: "assessment value" as defined in the bill.

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  
Department of Revenue  
Office of Administration  
City of Kansas City  
Boone County SB 40 (Boone County Family Resources)  
Newton County Health Department  
Phelps County Sheriff  
Kansas City Police Department  
St. Louis County Police Department



Julie Morff  
Director  
February 1, 2026



Jessica Harris  
Assistant Director  
February 1, 2026