

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4098H.011
Bill No.: HB 1743
Subject: Property, Real and Personal; Taxation and Revenue - Property
Type: Original
Date: March 9, 2026

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 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
Blind Pension Fund	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Oversight assumes this could result in reduced revenues to the Blind Pension Fund if the seizure of property for tax delinquencies is disallowed. Oversight does not anticipate the impact to exceed \$250,000.

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	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§139.120 - Seizure of Property for Tax Delinquencies

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this proposal would prohibit the seizure of all personal property and residential real property used as a primary residence for failure to pay property taxes. B&P notes that the Blind Pension Trust Fund levies a statewide property tax levy of \$0.03 per \$100. To the extent that this proposal reduces payment compliance, this proposal could result in reduced revenues to the Blind Pension Trust Fund and local revenues.

Oversight assumes this could result in reduced revenues to the Blind Pension Fund. Oversight does not anticipate the impact to exceed \$250,000.

Officials from the **St Louis City Assessor** assume while there would likely be fiscal impact from loss of tax collections, the Assessor does not have the data to determine the impact.

Oversight notes this proposal prohibits the seizure of certain property solely because the owner owes taxes on the property. Oversight assumes the proposal may reduce the effectiveness of existing enforcement mechanisms and could increase the number of delinquent accounts for which collectors must rely on alternative collection methods.

Oversight is unable to determine the fiscal impact to local political subdivisions; therefore, Oversight will show an unknown loss of property tax revenue to locals beginning in FY 2027.

Officials from the **Gasconade County Assessor's Office** state the tax sale process serves as the county's only enforcement mechanism for delinquent property taxes. While many taxpayers pay voluntarily, compliance is supported by the existence of consequences for continued nonpayment. If that enforcement tool is removed without a replacement mechanism, some increase in delinquency should be expected. The county cannot determine the precise rate of behavioral change in advance, but even a 1% to 5% reduction in compliance would create meaningful losses to local taxing entities.

Based on approximately \$13,000,000 in annual property tax collections (this is close to what Gasconade County collects per year), estimated losses under potential compliance-reduction scenarios are as follows:

1% reduction in collections: \$130,000 annual loss

3% reduction in collections: \$390,000 annual loss

5% reduction in collections: \$650,000 annual loss

They are not suggesting every taxpayer will stop paying. But government should not assume compliance will remain unchanged after removing the only meaningful enforcement tool. Even a very small reduction in compliance creates real financial harm for counties, schools, fire districts, and other local services. This proposal removes the county's only meaningful compliance tool for delinquent real property taxes without providing a replacement enforcement mechanism. In the absence of consequences for continued nonpayment, local governments may experience increased delinquency and reduced revenue stability.

In response to similar legislation, HB 1212 (2025), officials from the **Cape Girardeau County Assessor** noted 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.

In response to similar legislation, HB 1212 (2025), officials from the **Cape Girardeau County Collector** noted - 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 **County Employees Retirement Fund (CERF), State Tax Commission, Joint Committee on Public Employee Retirement, City of Kansas City, and the Department of Social Services** 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 2027 (10 Mo.)	FY 2028	FY 2029
BLIND PENSION FUND			
Cost - (\$139.120) Property tax revenue loss due to disallowance of seizure of certain property for tax delinquencies	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
Revenue Loss - (\$139.120) Property tax revenue loss due to disallowance of seizure of certain property for tax delinquencies	<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 on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill prohibits the seizure of certain property solely because the owner owes taxes on the property.

The bill applies to only personal property that belongs to an individual or to certain limited liability companies (LLC), and to real property classified as residential and used as the owner's primary residence, including when the real property is held in the name of a LLC and is used for farming purposes.

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
County Employees Retirement Fund (CERF)
State Tax Commission
Joint Committee on Public Employee Retirement
City of Kansas City
Department of Social Services
Gasconade County Assessor
Cape Girardeau County Collector
Cape Girardeau County Assessor



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