

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4169H.011
Bill No.: HB 1800
Subject: Taxation and Revenue - Property; Political Subdivisions; Property, Real and Personal
Type: Original
Date: January 14, 2026

Bill Summary: This proposal changes the percentage of the cap on the inflationary growth factor for the assessment growth of real or personal property occurring within a political subdivision.

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	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§137.073 - Inflationary Growth Factor

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)
- B&P

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

Officials from the **High Point R-III School District** and **Twin Rivers R-X School District** assume the proposal will have a fiscal impact but did not provide any additional information.

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** review of this proposal indicate that its provisions may constitute a “substantial proposed change” in future plan benefits as defined in section 105.660(10). It is impossible to accurately determine the fiscal impact of this legislation without an actuarial cost statement prepared in accordance with section 105.665. Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

Officials from the **Callaway County SB 40 Board** note this proposal modifies Missouri law governing property tax levy calculations by reducing the maximum allowable inflationary growth factor for real and personal property assessments from five percent to three percent beginning in 2027. While the bill standardizes levy growth limits, it further restricts the ability of local taxing entities to maintain revenue growth in line with inflation and rising service costs. 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 developmental disability tax levy. By lowering the inflationary growth factor applied to property tax calculations, HB 1800 limits CCSS’s ability to preserve purchasing power over time, increasing fiscal pressure even in years with assessment growth.

Officials from the **Pettis County SB 40 Board** a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports 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.

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 the growth factor currently used in the tax levy calculation is either actual growth in assessed valuation, inflation based on CPI ([3.4% per the State Tax Commission's Annual CPI Certification](#)) or 5% whichever is lower.

Oversight notes beginning January 1, 2027, in years where actual growth and inflation exceed 3%, this proposal would result in lower authorized revenues in the rate setting calculation. This would reduce the tax rate applied to total assessed values relative to current law, thereby reducing revenues for all tax entities.

Therefore, Oversight will show a range of \$0 (inflation or actual growth is less than 3% and the changes in the bill would not make an impact) to an unknown loss in property tax revenue to local political subdivisions beginning in FY 2028.

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.

Officials from the **Department of Revenue, Department of Social Services, Office of Administration, Newton County Health Department, Phelps County Sheriff, Kansas City Police Department, St. Louis County Police Department, Office of the State Auditor**, and the **State Tax Commission** 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 notes that the above-mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

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>Potential Revenue Loss</u> – (\$137.073) Reduced property tax revenues, if actual growth and inflation exceed 3% p.4	<u>\$0</u>	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

Oversight assumes there could be a fiscal impact to small businesses if tax rates are adjusted relative to changes in assessed value.

FISCAL DESCRIPTION

This bill modifies the manner in which a political subdivision can revise each tax levy to allow for inflationary assessment growth for all subclasses of real and personal property.

Currently, the inflationary growth factor for any subclass of real and personal property is limited to the actual assessment growth, exclusive of new construction and improvements, but not to exceed the Consumer Price Index, or 5%, whichever is lower.

This bill limits the inflationary growth factor for any subclass of real or personal property to the actual assessment growth, but not to exceed the lower of the following:

- (1) The Consumer Price Index; or
- (2) The following percentages:
 - (a) For tax levy revisions before January 1, 2027, 5%; or

(b) For tax levy revisions on or after January 1, 2027, 3%.

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
City of Kansas City
High Point R-III School District
Twin Rivers R-X School District
Joint Committee on Public Employee Retirement (JCPER)
Callaway County SB 40 Board
Pettis County SB 40 Board
Department of Revenue
Department of Social Services
Office of Administration
Newton County Health Department
Phelps County Sheriff
Kansas City Police Dept.
St. Louis County Police Dept.
Office of the State Auditor
State Tax Commission



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January 14, 2026



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January 14, 2026