

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4170H.02P
 Bill No.: Perfected HCS for HB 1883
 Subject: Taxation and Revenue - General; Taxation and Revenue - Sales and Use; Property, Real and Personal; Department of Revenue; State Tax Commission
 Type: Original
 Date: February 25, 2026

Bill Summary: This proposal provides a sales tax exemption for certain used personal property.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(Could exceed \$572,569)	(Could exceed \$763,425)	(Could exceed \$763,425)
Total Estimated Net Effect on General Revenue	(Could exceed \$572,569)	(Could exceed \$763,425)	(Could exceed \$763,425)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
School District Trust Fund (1688)	(Could exceed \$190,856)	(Could exceed \$254,475)	(Could exceed \$254,475)
Conservation Commission Fund (1609)	(Could exceed \$23,857)	(Could exceed \$31,809)	(Could exceed \$31,809)
Parks and Soils State Sales Tax Fund(s) (1613 & 1614)	(Could exceed \$19,086)	(Could exceed \$25,448)	(Could exceed \$25,448)
Total Estimated Net Effect on Other State Funds	(Could exceed \$233,799)	(Could exceed \$311,732)	(Could exceed \$311,732)

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	(Could exceed \$897,024)	(Could exceed \$1,196,033)	(Could exceed \$1,196,033)

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency 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.

§144.030.2(18) - Exemption for Durable Medical Goods & Wheelchair Accessories

Officials from the **Department of Revenue (DOR)** assume Section 144.030 outlines all the products that are exempt from sales tax. In Section 144.030.2(18) the sales of all durable medical equipment as defined on January 1, 1980 by the Medicare program is exempt. This current wording allows the state to have rolling compliance with the Medicare program however, it is limited to only the Medicare program that existed in 1980. Due to medical advances, new products have been brought on the market that are considered durable medical goods at the federal level but not at the state level. As of December 2025, the Department is aware of two such types of devices; one type of device is used to treat cancers (glioblastoma, mesothelioma and non-small cell lung cancer (mNSCLC)) and a second type of device is used for brain aneurysm embolization.

This proposal would remove the limitation that the device have been covered as of January 1, 1980. This proposal may expand the sales tax exemption to new devices in the future and result in forgone revenue in the future. The Department is not able to estimate the impact from future devices being sales tax exempt. The Department will estimate the impact from the two types of devices DOR knows about.

Brain Cancer

This proposal would allow the sales of all class III medical devices that use electric fields for the purposes of the treatment of cancer to be exempt from all state and local sales and use taxes. This exemption would begin August 28, 2026. Class III medical devices are those devices that have a high risk to the patient and/or user. These devices usually sustain or support life, are implanted, or present potential unreasonable risk of illness or injury. These devices don't cure the disease but help extend life of those with these devastating diseases. These devices are regulated by the FDA. Currently the FDA has approved one device used to extend the life of glioblastoma patients, one for mesothelioma patients and the third for mNSCLS patients.

Based on information supplied by the manufacturer that makes these devices they cost approximately \$21,000 a month each or \$252,000 annually regardless of which type of device is purchased. The manufacturer's published data indicates that 13.6% of glioblastoma patients, and 1.3% of mesothelioma patients in the US use these devices .

Published data by DHSS from 2022 (the most recent year available), there were 458 individuals with brain and other nervous system cancers. Additional research indicates that glioblastoma cancer accounts for 17% of all brain and nervous system cancers and therefore DOR could expect approximately 78 individuals in Missouri (458 brain and nervous system cancers x 17%) may have glioblastoma. Additional information published by DHSS, stated there were 52 cases of mesothelioma cancer in Missouri during 2022, the most recent year available.

Applying the manufacturer's percentage of people that use their device DOR finds that 11 people with glioblastoma use the device (78 Missouri patients x 8.3% device usage) and 1 mesothelioma (52 Missouri mesothelioma patients x 1.3% device usage) may qualify for this sales tax exemption.

Non-small cell lung cancer

The Department is aware that a manufacturer makes a device for the treatment of non-small cell lung cancer. The device costs approximately \$21,000 a month each or \$252,000 annually. The manufacturer estimates that approximately .07% of all patients with these conditions use their product. According to information published by DHSS in 2022 (the most recent year available) approximately 5,557 individuals have lung cancer in Missouri.

Since mNSCLC accounts for about 85% of all lung cancers, DOR will assume that 4,723 Missourians have been diagnosed with it.

Applying the 0.07% percentage device usage to the number of Missouri residents with mNSCLC DOR estimates that 3 Missourians are using it for lung cancer and would qualify for the sales tax exemption annually.

Annually DOR could expect purchase costs:

11 Glioblastoma patients x \$252,000 year =	\$2,772,000
1 Mesothelioma patient x \$252,000 =	\$252,000
3 mNSCLC patients x \$252,000 =	<u>\$756,000</u>
Total	\$3,780,000

The state sales tax rate is 4.225% and this proposal would also eliminate the local sales tax rate. For fiscal note purposes, DOR used a 4.7% local sales tax rate based on where purchases are actually made.

This is estimated to result in a loss to total state revenue of \$159,705 and to locals of \$177,660 annually.

Embolization Devices

Available research indicates that there are approximately 1,350 patients undergoing brain aneurysm surgery using new coils and stents annually in Missouri. The average procedure uses 6 coils and 0.3 stents. Therefore, DOR estimates that 8,100 coils and 405 stents are used annually in Missouri.

Based on market data the average cost of a coil is \$2,000 while the average cost of a stent is \$13,500. This would exempt \$21,667,500 (\$16,200,000 for coils + 5,467,500 for stents) from state and local sales tax.

Wheelchair accessories

This proposal would add wheelchair accessories to the list of devices that will be considered tax exempt. Wheelchairs and some accessories are already tax exempt while other accessories are not. The Department notes that when most accessories are purchased with the wheelchair, such as a seatbelt or restraints those accessories are tax exempt. However, sometimes when a taxpayer buys those accessories later those accessories may be subject to sales tax. This proposal will make it clear that all the accessories are considered tax exempt regardless of when purchased. Due to the limited sales tax, the impact of this provision is unknown, but it is anticipated to be minimal.

Summary of Durable Medical Goods

These sales tax exemptions would require a modification to the department’s forms (\$2,200), change to its website and to its sales tax computer system (\$7,547). The estimated costs of these changes are \$9,747.

DOR notes that this proposal starts August 26, 2026, and sales tax is remitted one month behind collection and therefore only 9 months of collection would be impact in FY 2027. These devices be made sales tax exempt would result in the following impact.

Estimated Impact by Fund

State Funds	FY 2027	FY 2028+
General Revenue	Could exceed (\$572,569)	Could exceed (\$763,425)
School District	Could exceed (\$190,856)	Could exceed (\$254,475)
Conservation	Could exceed (\$23,857)	Could exceed (\$31,809)
Park, Soil & Water	Could exceed (\$19,086)	Could exceed (\$25,448)
Total State Revenues	Could exceed (\$806,368)	Could exceed (\$1,075,157)

Estimated Impact by Fund cont.

Local Impact	FY 2027	FY 2028+
Local Sales Tax	Could exceed (\$897,024)	Could exceed (\$1,196,033)

In response to similar legislation, SB 1402 (2026), officials from the **Office of Administration - Budget and Planning (B&P)** noted the following:

Rolling Conformity with Social Security Act

This proposal would create a rolling sales tax exemption conformity for all medical equipment covered by Medicare. Currently, the Missouri sales tax exemption is limited to those items that were covered as of January 1, 1980. This proposal would expand the sales tax exemption to all

devices covered by Medicare now and in the future. Therefore, this provision could result in forgone revenue in the future. B&P is unable to determine when or how much revenue may be forgone by creating the rolling conformity.

As of December 2022, B&P was aware of two potential devices that would become tax exempt as a result of this provision. One device is used to treat certain cancers, while the other device is used for brain aneurysm embolization. B&P will include cost estimates for the lost sales tax revenue from these devices.

Cancer Devices

This proposal would exempt class III medical devices that use electric fields in the treatment of cancer from state and local sales and use taxes. This would also exempt the components, repair, and disposable patient supplies used with such devices. This exemption would begin August 28, 2026.

B&P noted that there are currently three such FDA devices approved. The first device is used to treat glioblastoma, the second device is used to treat mesothelioma, and the third device is used to treat non-small cell lung cancer (mNSCLC). Based on data published by the manufacturer, 13.6% of glioblastoma patients, 1.3% of mesothelioma patients, and 0.07% of mNSCLC patients in the US use these devices. B&P notes that the usage of the device for mesothelioma and mNSCLC is still relatively new and is expected to increase over time.

Based on information published by the DHSS, there were 458 individuals with brain and other nervous system cancers in Missouri during 2022, the most recent year available. Based on further research, B&P determined that glioblastoma cancer accounts for 17% of all brain and nervous system cancers. Therefore, B&P estimated that approximately 78 individuals in Missouri (458 brain and nervous system cancers x 17%) may have glioblastoma.

Based on further information published by DHSS, there were 52 cases of mesothelioma cancer in Missouri during 2022, the most recent year available.

In addition, there were 5,557 cases of lung cancer in Missouri during 2022, the most recent year available. Based on further research, approximately 85% of all lung cancers are non-small cell lung cancer. Therefore, B&P estimated 4,723 individuals in Missouri (5,557 lung cancers x 85%) may have non-small cell lung cancer.

Assuming that Missouri cancer patients use the qualifying class III medical devices at the same rate as total US patients, B&P estimated that approximately 11 individuals with glioblastoma (78 Missouri glioblastoma patients x 8.3% device usage), 1 individuals with mesothelioma (52 Missouri mesothelioma patients x 1.3% device usage), and 3 individuals with non-small cell lung cancer (4,723 patients x 0.7% device usage) per year may qualify for this sales tax exemption.

Based on additional research, B&P determined that the average cost of using the qualifying class III medical device is approximately \$21,000 per month, or \$252,000 per year (\$21,000 per

month x 12) for both device types. Therefore, B&P estimated that this proposal may exempt \$3,780,000 [(11 glioblastoma patients x \$252,000 per year costs) + (1 mesothelioma patients x \$252,000 per year costs) + (3 non-small cell lung cancer patients x \$252,000 per year costs)] in sales from state and local sales taxes.

Based on the above information, B&P estimated that this provision may reduce TSR by \$159,705 and GR by \$113,400 per year. B&P further estimated this proposal may reduce local sales tax collections by \$177,660 per year.

Embolization Devices

Based on published hospital data, approximately 1,350 brain aneurysm procedures using new coils and stents are performed in Missouri each year.

Based on research studies on average 6 coils and 0.3 stents are used for each procedure. Based on market data, the average coil costs \$2,000 while the average stent costs \$13,500.

Using the information above, B&P estimated that approximately 8,100 coils and 405 stents are used in Missouri each year. Therefore, this proposal could exempt \$21,667,500 (\$16,2000 for coils + \$5,467,000 for stents) from state and local sales taxes each year.

Wheelchair accessories

This proposal would also exempt wheelchair accessories. B&P noted that some accessories may already be exempt if they are attached to the wheelchair when purchases. However, such accessory may be subject to tax if purchased separately from a wheelchair. Due the complex taxability and limited sales data, B&P was unable to determine a potential impact from this provision. However, B&P anticipated that state and local revenue loss would be minimal.

Summary

B&P estimated that this proposal may reduce TSR by an amount that could exceed \$1,075,157 and GR by an amount that could exceed \$763,425 per year. B&P further estimated this proposal may reduce local sales tax collections by an amount that could exceed \$1,196,033 per year.

Estimated Revenue Impact by Fund

State Funds	FY 2027	FY 2028+
General Revenue	Could exceed (\$572,569)	Could exceed (\$763,425)
Education (SDTF)	Could exceed (\$190,856)	Could exceed (\$254,475)
Conservation	Could exceed (\$23,857)	Could exceed (\$31,809)
DNR	Could exceed (\$19,086)	Could exceed (\$25,448)
Total State Revenues	Could exceed (\$806,368)	Could exceed (\$1,075,157)

Local Impact	FY 2027	FY 2027
Local Sales Tax	Could exceed (\$897,024)	Could exceed (\$1,196,033)

Officials from the **Department of Natural Resources** defer to the Department of Revenue for the potential fiscal impact of this proposal.

Oversight notes the Park, Soil, and Water Sales Tax funds are derived from the one-tenth of one percent sales and use tax pursuant to Article IV Section 47 (a) thus DNR's sales taxes are constitutional mandates. Oversight assumes the proposed sales tax exemption may decrease the amount of sales tax revenue distributed to this fund. Therefore, Oversight will reflect the B&P's and DOR's fiscal impact estimates for DNR's funds.

In response to similar legislation, SB 1402 (2026), officials from the **City of Kansas City** assumed the proposed legislation has a negative fiscal impact of an indeterminate amount.

In response to similar legislation, SB 1402 (2026), officials from the **Eastern Clay Ambulance District** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight notes there are a wide range of products available to assist wheelchair users, including but not limited to: seat cushions, arm rests, head rests, storage pouches, gloves, cupholders, trays, and phone holders. Oversight is unable to determine which of these, if any, are considered wheelchair parts and are already exempt under current law. Therefore, Oversight will show an amount that could exceed DOR's estimated impact.

Oversight notes officials from B&P and DOR both assume the proposal will have a negative fiscal impact on state and local revenues. Oversight does not have any information to the contrary. Therefore, Oversight will reflect an amount that could exceed DOR's estimated impact in the fiscal note.

§§144.030(47) & 144.615(8) House Amendment 1 (HA 1) – Sales & Use Tax Exemption for “Used Tangible Personal Property”

Officials from the **Department of Revenue (DOR)** assume the original version of this proposal allowed any item sold at an auction to be eligible for a state and local sales tax exemption. House Amendment 1 added to this proposal modified the language to only allow the sales tax exemption on items that are sold a *second time* or another consecutive time at an auction.

Currently when an item is purchased the customer owes sales or use tax on the item and each time it is resold, sales or use tax is owed. Whether you pay sales or use tax on the item depends on the business' nexus with the state. This proposal will exempt from sales tax an item that is used and sold at a second auction. Therefore, when it was purchased, the item would have been subject to tax and the *first time* it is auctioned off it would be *subject to tax* and then if it is auctioned off a second time then it would be tax exempt.

The Department is unsure how auction houses would know if an item was previously auctioned off, so they won't have to collect the sales tax in their second auction. If they are able to track such information, then this could result in an unknown minimal loss to the state and local sales tax funds. Otherwise without the ability to know it is the second or another consecutive auction, the tax would still be owed.

This would require DOR to update the department's computer programming at a cost of \$1,887.

Oversight assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

In response to similar legislation, HB 2686 (2026), officials from the **Office of Administration - Budget and Planning (B&P)** noted this proposal would exempt items sold at an auction for the second or more time from state and local sales and use tax. B&P notes that as written, the language would only exempt used property that has been sold at auctions multiple times. This proposal would not exempt the first sale at auction or other, non-auction, sales from state and local sales and use tax.

B&P was unsure how taxpayers would be able to verify that items have been sold at least one prior auction in order to determine whether that item is exempt from tax. Therefore, B&P estimates that this proposal could have an unknown, likely minimal, impact on state and local sales tax collections.

In response to similar legislation, HB 2686 (2026), officials from the **High Point R-III School District** assumed the proposal will have a fiscal impact but did not provide any additional information.

Officials from the **Department of Natural Resources** defer to the Department of Revenue for the potential fiscal impact of this proposal.

Oversight notes the Park, Soil, and Water Sales Tax funds are derived from the one-tenth of one percent sales and use tax pursuant to Article IV Section 47 (a) thus DNR's sales taxes are constitutional mandates. Oversight assumes the proposed sales tax exemption may decrease the amount of sales tax revenue distributed to this fund. Therefore, Oversight will reflect an unknown fiscal impact for DNR's funds.

Oversight notes officials from B&P and DOR both assumed the proposal will have an unknown, likely minimal, fiscal impact on state and local revenues. Oversight does not have any information to the contrary. Therefore, Oversight will reflect DOR's and B&P's estimated impact in the fiscal note.

Oversight assumes this exemption is limited to items sold at an auction for a second or more time (assuming tax was collected upon the first auction sale). Based on the narrow scope of this exemption, Oversight assumes the losses would *not* exceed \$250,000 in any of the next three fiscal years.

Responses regarding the proposed legislation as a whole

Officials from the **Missouri Department of Conservation** assumed an unknown fiscal impact. The Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. The Department defers to the Department of Revenue as it is responsible for tax collection and would be better able to estimate the anticipated fiscal impact that would result from this proposal.

Oversight notes that the Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax of the Missouri Constitution, thus MDC's sales taxes are constitutional mandates. Oversight assumes the proposed sales tax exemption(s) may decrease the amount of sales tax revenue distributed to this fund. Therefore, Oversight will reflect an unknown fiscal impact for MDC's funds.

Officials from the **City of Kansas City** assume this bill will have a negative fiscal impact on the City of Kansas City. The bill will exempt defined "used tangible personal property" from local sales taxes imposed by the City and will therefore have a negative impact on sales tax revenue.

Officials from the **Newton County Health Department** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

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.

FISCAL IMPACT – State Government	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Revenue Loss</u> – (§144.030.2(18)) Sales tax exemption for “medical devices” p.5	(Could exceed \$572,569)	(Could exceed \$763,425)	(Could exceed \$763,425)
<u>Revenue Loss</u> – (§§144.030 -144.615) Sales & use tax exemption for “used tangible personal property” p.8-9	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed \$572,569)	(Could exceed \$763,425)	(Could exceed \$763,425)
SCHOOL DISTRICT TRUST FUND			
<u>Revenue Loss</u> – (§144.030.2(18)) Sales tax exemption for “medical devices” p.5	(Could exceed \$190,856)	(Could exceed \$254,475)	(Could exceed \$254,475)
<u>Revenue Loss</u> – (§§144.030 -144.615) Sales & use tax exemption for “used tangible personal property” p.8-9	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	(Could exceed \$190,856)	(Could exceed \$254,475)	(Could exceed \$254,475)
CONSERVATION COMMISSION FUND			
<u>Revenue Loss</u> – (§144.030.2(18)) Sales tax exemption for “medical devices” p.5	(Could exceed \$23,857)	(Could exceed \$31,809)	(Could exceed \$31,809)
<u>Revenue Loss</u> – (§§144.030 -144.615) Sales & use tax exemption for “used tangible personal property” p.8-9	(Unknown)	(Unknown)	(Unknown)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	(Could exceed <u>\$23,857</u>)	(Could exceed <u>\$31,809</u>)	(Could exceed <u>\$31,809</u>)
PARKS AND SOILS STATE SALES TAX FUNDS			
<u>Revenue Loss</u> – (§144.030.2(18)) Sales tax exemption for “medical devices” p.5	(Could exceed \$19,086)	(Could exceed \$25,448)	(Could exceed \$25,448)
<u>Revenue Loss</u> – (§§144.030 -144.615) Sales & use tax exemption for “used tangible personal property” p.8-9	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON PARKS AND SOILS STATE SALES TAX FUNDS	(Could exceed <u>\$19,086</u>)	(Could exceed <u>\$25,448</u>)	(Could exceed <u>\$25,448</u>)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Loss</u> – (§144.030.2(18)) Sales tax exemption for “medical devices” p.5	(Could exceed \$897,024)	(Could exceed \$1,196,033)	(Could exceed \$1,196,033)
<u>Revenue Loss</u> – (§§144.030 -144.615) Sales & use tax exemption for “used tangible personal property” p.8-9	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Could exceed <u>\$897,024</u>)	(Could exceed <u>\$1,196,033</u>)	(Could exceed <u>\$1,196,033</u>)

FISCAL IMPACT – Small Business

Under this proposal certain small auction businesses would not be required to collect sales and use tax on certain items sold multiple times.

FISCAL DESCRIPTION

The proposed legislation provides a sales tax exemption for certain 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 Revenue
Office of Administration - Budget and Planning
Department of Natural Resources
Missouri Department of Conservation
City of Kansas City
Newton County Health Department
Eastern Clay Ambulance District
High Point R-III School District



Julie Morff
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February 25, 2026



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February 25, 2026