

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4416H.01I
Bill No.: HB 2627
Subject: Taxation and Revenue - Property; Property, Real and Personal; County Officials;
Political Subdivisions; Motor Vehicles
Type: Original
Date: February 23, 2026

Bill Summary: This proposal enacts provisions governing personal property taxation.

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)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§137.073 - Personal Property Assessments

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 relative to the authorized revenues 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.

§139.035 - Totaled Motor Vehicle Property Tax Proration Program

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 does not appear to impact the assessed value portion of this equation, Oversight assumes the Blind Pension Fund will not be impacted under this proposal. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note.

Oversight notes under current law, a vehicle is considered a total loss if damage exceeds 80% of the fair market value.

Oversight notes according to Lexis Nexis Risk Solutions' latest Auto Insurance Trends report, 27% of collision claims were total losses for 2022.

Oversight notes the proposed personal property tax proration program is optional, therefore Oversight assumes local taxing entities that choose to implement the proposed personal property tax credit would have a negative fiscal impact. Oversight is unable to determine which local taxing entities will participate and subsequently how much personal property tax would be credited back to taxpayers.

Therefore, Oversight will show a range of \$0 (no local taxing entities implement the proposed program) to an unknown negative amount.

Responses regarding the proposed legislation as a whole

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would allow counties and St. Louis City to offer a tax credit offsetting a portion of personal property tax owed if a motor vehicle is totaled during the tax year. The proration program would not apply to vehicles retained and driven under a salvage title.

B&P notes that a county assessor handles property taxes assessments and billings. However, within that county there may be multiple different property tax levy districts with multiple different boundaries. It is unclear whether this proposal would impact sub-county level districts if the proration program was approved at the county level.

In addition, the Blind Pension Trust Fund levies a tax of \$0.03 per \$100 on all property in Missouri. It is unclear whether the property tax credit would also be applied to the statewide levy. Therefore, this proposal may reduce TSR and revenues to the Blind Pension Fund by an unknown amount.

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

Officials from the **Kansas City Police Department** assume this could impact City Revenue which could impact the amount of appropriations used in the operation of the Police Department.

Officials from the **Iberia Rural Fire Protection District (IBER) – Miller** assume a loss of revenue.

Officials from the **County Employees Retirement Fund (CERF)** assume the proposal may have an unknown, possibly negative, fiscal impact to the County Employees' Retirement Fund.

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 County residents with developmental disabilities.

These locally funded services include employment supports, inclusive community programs, and essential resources for families. Beyond meeting individual needs, these programs strengthen the

social and economic fabric of the community, fostering inclusion, opportunity, and a more equitable society. Fiscally, the services and interventions provided on a county level can and do prevent the need for more expensive services and they help keep families together.

Officials from the **Callaway County SB 40 Board** assume House Bill 2627 (HB 2627) enacts changes to Missouri's personal property tax framework, including revisions to levy calculations and authorization of prorated tax credits for totaled motor vehicles. While these provisions may provide targeted taxpayer relief, they also reduce or constrain personal property tax revenues available to local taxing entities.

Senate Bill 40 organizations, including Callaway County Special Services (CCSS), rely on personal and real property tax levy revenue to assess local 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. Any reduction in this revenue—whether through valuation constraints, levy limitations, or discretionary tax credits—results in a direct and permanent loss of funding that must be absorbed through service reductions.

Services supported 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 contributing to the broader social and economic well-being of the community.

Before implementing changes that reduce or erode personal property tax revenues, the cumulative impact on individuals with IDD, their families, and levy-dependent SB40 boards must be carefully evaluated. Absent a sustainable and equitable replacement funding mechanism, HB 2627 poses a long-term risk to the ability of CCSS and similar organizations to meet their statutory obligations and preserve critical community-based supports.

Officials from the **Department of Social Services, Joint Committee on Public Employee Retirement, Newton County Health Department, St. Louis County Police Department**, 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 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.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<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>Revenue Loss</u> – (\$137.073) Personal property value increases not considered new construction p.3	\$0	(Unknown)	(Unknown)
<u>Cost</u> – Counties (\$139.035) To implement the Totaled Motor Vehicle Property Tax Proration Program p.4	\$0	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<u>Potential Revenue Loss – (\$139.035) Totalled Motor Vehicle Property Tax Proration Program if county chooses to implement program p.4</u>	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	(Unknown)	(Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

The proposed legislation enacts provisions governing personal property taxation.

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
 Department of Social Services
 Newton County Health Department
 State Tax Commission
 Joint Committee on Administrative Rules
 Joint Committee on Public Employee Retirement
 Office of the Secretary of State
 County Employees Retirement Fund
 St. Louis County Police Department
 City of Kansas City
 Kansas City Police Department

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Iberia Rural Fire Protection District (IBER) – Miller
Boone County SB 40 (Boone County Family Resources
Callaway County SB 40 Board



Julie Morff
Director
February 23, 2026



Jessica Harris
Assistant Director
February 23, 2026