

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4419H.05P
 Bill No.: Perfected HCS for HBs 2780 & 2668
 Subject: Taxation and Revenue - Property; Property, Real and Personal; Political Subdivisions; County Officials; Counties
 Type: Original
 Date: February 12, 2026

Bill Summary: This proposal modifies provisions governing property taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*/**	More or less than (\$146,286)	(\$29,989)	(\$30,739)
Total Estimated Net Effect on General Revenue	More or less than (\$146,286)	(\$29,989)	(\$30,739)

*Oversight notes §163.021 will require DESE/OA-ITSD to make changes/modifications to the existing Foundation Formal (School Finance) application/code.

**Any election in any political subdivision of this state to levy real property tax or personal property tax shall be submitted only on a general election day. As a result, the state's proportional share is expected to decrease in multiple jurisdictions, yet the overall cost of the election may increase. The unknown savings to unknown cost could, therefore, exceed the \$250,000 threshold.

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
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Unknown) to Unknown	(Unknown) to Unknown

*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
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) to Unknown	(Unknown)** to Unknown	(Unknown)** to Unknown

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

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). 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.

§67.457 - Neighborhood Improvement Districts

Officials from the **Department of Revenue (DOR)** note this proposal repeals the duplicated language regarding neighborhood improvement districts. This will not fiscally impact DOR.

Oversight does not have any information to the contrary. Officials from the DOR assume the provision will have no fiscal impact on their organization. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

§§64.401 thru 650.408 (HA 2) – Local Property Tax Ballots

In response to similar legislation, officials from the **Office of the Secretary of State** stated this bill would move tax issue elections from April to the November general election beginning in 2026 (FY27). This may lead to significantly increased election costs due to greater numbers of ballot styles, though it is unknown whether the state's proportional costs will increase or decrease since the overall cost increase will be offset by a lower share of responsibility.

In response to similar legislation, HB 2925 (2026), officials from the **Platte County Board of Elections** stated requiring local tax questions to be posed only at general elections will produce two-page general election ballots. This will increase printing costs to about \$20,000 per election, as well as being burdensome to poll workers and to voters.

Officials from the **St. Louis County Board of Elections** assumed this would substantially increase the length of the ballot for a General Election. Depending on the length of that increase, the board estimates a cost increase of anywhere from \$100,000 to \$250,000. This is due to increased costs of printing, postage and additional election workers.

In response to similar legislation, HB 2925 (2026), officials from the **Eastern Clay Ambulance District** assumed the proposal will have a fiscal impact on their organization but did not provide any additional information.

In response to similar legislation, HB 2925 (2026), officials from the **Department of Commerce and Insurance, Department of Natural Resources, Department of Revenue, Missouri Department of Transportation, City of Kansas City, St. Louis City Board of Elections, St.**

Louis County Police Department, Sullivan School District, Metropolitan St. Louis Sewer District, Wayne County PWS #2, Northwest Missouri State University, University of Central Missouri, State Tax Commission and the **Rolling Hills Consolidated Library** each assumed 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 any election in any political subdivision of this state to levy real property tax or personal property tax shall be submitted only on a general election day. As a result, the state's proportional share is expected to decrease in multiple jurisdictions, yet the overall cost of the election may increase. The next general election that will take place after the effective date will be in November of 2028 or FY29. Therefore, Oversight will reflect a potential unknown savings to an unknown cost in FY29 on the fiscal note.

Oversight notes due to the proposal shifting the taxing issues to November, there is a potential for savings in elections costs but is unable to quantify how much. Oversight will show an unknown savings to local election authorities on the fiscal note.

Oversight notes the cost of the November taxing ballot issues could increase in part due to an increase in the number of ballot issues and ballot pages. Oversight will show a potential unknown cost beginning in FY 2029 on the fiscal note.

Oversight assumes some local political subdivisions may face increased costs beginning in the April 2027 election (FY 2027) as less entities share in the proportional cost. Oversight will show a potential unknown cost to local political subdivisions beginning in FY 2027 and recurring annually for each year thereafter.

Beginning in November of 2028 (FY 2029), Oversight assumes some local political subdivisions may see proportional cost savings as more entities would now share in the cost of the tax issues. Oversight will show a potential unknown savings to general revenue and local political subdivisions beginning in FY 2029.

§67.496 - "Not Increasing Taxes" Language Prohibited

Officials from the **Department of Revenue (DOR)** note this provision restricts how increases to the tax rate can be described on the ballot. This will not fiscally impact DOR.

Oversight assumes this provision prohibits any political subdivision or election authority from advertising or describing any proposed property tax as a "no tax increase" tax proposal.

Oversight does not anticipate a fiscal impact from this provision. However, 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 information available. Upon the

receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

§§67.799, 67.1551, 68.250, 71.800, 182.015, 184.351, 184.357, 184.359, 184.604, 205.563, 205.979, 210.860, 233.510, 247.130, 247.350, 247.470, 247.550, 249.1150, 256.445, 321.225, 321.244, 321.460, 321.610, 321.620, & 650.399 - Property Tax Election Dates

Officials from the **Department of Social Services (DSS)** note the proposed legislation in these sections amends provisions relating to election days, tax rates and levies set by local taxing authorities. These provisions do not change the manner in which property is assessed. Therefore, there is no fiscal impact to the Blind Pension Fund.

In response to a previous version, officials from the **Platte County Board of Elections** noted requiring local questions to be posed only at General Elections will cause multiple page ballots. This will increase costs, doubling paper orders (about \$20,000 per election), as well as being burdensome to poll workers and to voters.

In response to a previous version, officials from the **St. Louis County Board of Elections** assume this could substantially increase the length of the ballot for a Primary or General Election. Depending on the length of that increase, the board estimates a cost increase of anywhere from \$100,000 to \$250,000 per election. This is due to increased costs of printing, postage and additional election workers.

In response to a previous version, officials from the **Department of Revenue (DOR)** note this proposal changes the local election date for tax issues to only being held at a general election rather than a primary or special election. These changes will not fiscally impact DOR.

Oversight notes any election in any political subdivision of this state for a tax, bond, or levy shall be held on the general election day. As a result, the state's proportional share is expected to decrease in multiple jurisdictions, yet the overall cost of the election may increase. Therefore, Oversight will reflect a potential unknown savings to an unknown cost in FY27 on the fiscal note.

Oversight notes due to the proposal shifting the taxing issues to November, there is a potential for savings in elections costs but is unable to quantify how much. Oversight will show an unknown savings to local election authorities on the fiscal note.

Oversight notes the cost of the November taxing ballot issues could increase in part due to an increase in the number of ballot issues and ballot pages. Oversight will show a potential unknown cost beginning in FY 2027 on the fiscal note.

Oversight assumes some local political subdivisions may face increased costs beginning in the April 2027 election (FY 2028) as less entities share in the proportional cost. Oversight will show

a potential unknown cost to local political subdivisions beginning in FY 2028 and recurring bi-annually for each year thereafter.

Beginning in November of 2026 (FY 2027), Oversight assumes some local political subdivisions may see proportional cost savings as more entities would now share in the cost of the tax issues. Oversight will show a potential unknown savings to general revenue and local political subdivisions beginning in FY 2027.

§137.067- Tax Levies by Political Subdivisions

Oversight does not anticipate a fiscal impact from these provisions. However, 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 information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

§§137.016.1(1) - Classification of Certain Residential Real Property

Officials at the **State Tax Commission (STC)** have reviewed this proposal and determined this proposal may have a negative impact on the taxing jurisdictions relying on property taxes as a source of revenue. Current statute allows assessors to assess single family homes as commercial properties if they are regular rented out for time periods less than a month, and this proposal would require assessors to assess these homes as residential property, which includes a lower rate.

In response to a previous version, officials from the **Office of Administration - Budget and Planning (B&P)** assume Section 137.016.1(1) would classify single family short-term rental property as residential real property. B&P notes that such property is currently assessed as either commercial or mixed-use (residential and commercial). Residential real property is assessed at 19% of true market value, while commercial real property is assessed at 32% of true market value.

B&P notes that in addition to local property taxes, the Blind Pension Trust fund levies a statewide property tax of \$0.03 per \$100 value. Therefore, assessing such property as only residential real property will likely result in lower state and local property tax collections by an unknown amount.

Officials from the **Department of Social Services (DSS)** assume Section 137.016.1(1) is amended to classify a single-family home leased for less than thirty days as residential property and that the leasing of a single-family home for less than thirty days does not constitute transient housing.

Blind Pension is funded from 0.03% (\$.03) of each \$100 assessed valuation of taxable property. These properties are currently classified as commercial property and assessed at 32%. If this legislation is enacted, these properties would be assessed at 19%, which would decrease the

amount of taxes collected for the BP fund from these properties. It is unknown how many single-family homes are leased for less than thirty days, however FSD assumes that the decrease in taxes collected from these properties would be negligible.

In response to a previous version, officials from the **Howell County Assessor** assumed a potential cost to Howell County of \$1.5 to \$2 million in lost revenue.

Officials from the **St. Louis City Assessor** note the following fiscal impact from the change in commercial classification on short term rentals to residential classification for single family properties

Commercial tax \$2,006,106
Residential tax \$999,916
Diff in taxes (\$1,006,189)

(\$1,006,189) Loss to all taxing jurisdictions
(\$201,238) Loss to City of St. Louis
(\$15,093) Loss to Collector of Revenue Fund
(\$6,289) Loss to Assessment Fund

Oversight notes the following assessment value rates by subclass per the State Tax Commission manual:

Subclass	Rate
(1) residential	19%
(2) agricultural and horticultural	12%
(3) utility, industrial, commercial, railroad, and other property	32%

Oversight is uncertain what proportion of assessed value would be reclassified under this proposal.

Oversight notes the reclassification of qualifying properties from 32% to 19% could result in a reduction in assessed values and subsequent tax revenues; therefore, Oversight will show an unknown negative impact to the Blind Pension Fund and local political subdivisions.

§137.016.1(4) – Replacement Cost and True Value of Money

In response to a previous version, officials from the **Office of Administration - Budget and Planning (B&P)** assume Section 137.016.1(4) defines “true value of money” as the actual replacement cost of real property. This subdivision then defines phrases related to assessed values, market values, property values, and true value under this new definition. B&P notes that “assessed” values and “market” values are not the same thing. Market value is what property would receive if sold on the open market. Assessed value is the market value of a property times the appropriate assessment ratio (19%, 32%, etc.).

Officials from the **State Tax Commission (STC)** note that this provision also requires the cost approach to be used to assess real property. Currently, real property can be assessed using the sales approach, income approach or cost approach. The proposal codifies the cost approach as 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 137.016.1(4) is added to define "true value in money" for real property as the actual replacement cost for appraisal and assessment purposes.

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 BP 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 the provisions of section 137.016.1(4) is \$0 - \$9,664,124 beginning in SFY 2028.

Officials from the **County Employees' Retirement Fund (CERF)** note 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.

Officials from the **City of St. Louis Assessor's Office** state:

- a) Replacement costs, or the Cost Approach in general, usually results in the highest value of a property when considering the three approaches to value (Cost Approach, Income Approach, Sales Comparison Approach)
- b) The Cost Approach is only relevant to the degree that depreciation can be measured.
- c) The Cost Approach is only reliable to the degree that the results reflect market values. If an assessor values properties by the Cost Approach, they then compare those results to the market sales to determine if the Cost Approach values are in line or need to be adjusted. If the Cost Approach results in values that are higher than the market, then the assessor would adjust values down so the Cost Approach results do not overstate the market value. This process still requires the review and analysis of sales data.
- d) Currently there are many different cost data providers used in many different counties. You will get different cost results between counties due to using different cost manuals. There is no single cost manual for the State of Missouri and there is nothing in this legislation that would provide for a statewide cost manual to be created, maintained, etc.
- e) Replacement cost will cause older structures to be understated. The average age of a structure in the City of St. Louis is 1922, with a limestone foundation and full masonry exterior, plaster interior walls, etc. Reproduction costs will fairly estimate the cost to reproduce the property as it was built. Replacement costs will only estimate the cost to replace the property using today's functionality and materials; poured concrete foundation, veneer/siding over wood studs, drywall interior walls, etc. The replacement cost is much less than the reproduction cost in most cases.
- f) If there are no adjustments to the cost for location, then no fair taxation will result. If it costs the same to build a 2,000 sq.ft. home in rural MO vs. a high-end neighborhood in any large city, those properties will be taxed the same despite having vastly different market values; citizens will not see that as fair.
- g) For Commercial properties, the Cost Approach is not always indicative of value. For many commercial properties the income approach is the most relevant barometer of value; this applies to office buildings, retail property, many industrial and warehouse buildings, hotels and motels, and others. For example, office buildings in Downtown St. Louis are in some cases at a value of half or less what they were worth ten years ago, however a replacement cost would show that the cost of the building has increased over the same time frame.

Oversight notes officials from the STC and DSS both assume the proposal will have a direct fiscal impact on state revenues. Oversight assumes the impact would depend on relative difference in value between the cost approach and the comparison or income 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 states the terms “assessed valuation”, assessed value”, “free market value”, “market value”, “property values”, “true value in money”, and “value” be used interchangeably as “true value in money” which is further defined as:

- a) For real property appraisal and assessment purposes, the true value in money is the actual replacement cost or costs of the real property and improvements to such real property;

Oversight is uncertain what impact this change may have.

§137.039 – Tax Abatements

Officials from the **State Tax Commission (STC)** note this provision will have an unknown negative impact for taxing jurisdictions relying on property taxes as a source of revenue. Currently, a taxing jurisdiction can shift part of the tax burden to other property owners outside of the tax abatement to mitigate revenue losses under the Hancock Amendment. This provision would require the taxing jurisdiction to reduce the levy and hold these property owner harmless when abatements are used.

Officials from the **County Employees’ Retirement Fund (CERF)** note this section may have a negative fiscal impact to CERF. 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. CERF notes that there is insufficient information to quantify the exact impact but CERF assumes that the impact would be negative.

Oversight assumes this proposal requires political subdivisions to decrease the real property tax levy to reduce the amount of tax revenue such political subdivision received from the additional tax abatement revenue.

Oversight is uncertain how many taxing entities who receive tax abatement or similar incentives would need to reduce their levy under this proposal. Therefore, Oversight will show an unknown negative impact to local political subdivisions for the loss in real property tax revenue.

§137.055 - Public Hearing Notices

Oversight assumes this provision states hearing notices for setting property tax rates no longer need to include the increase in tax revenue realized due to an increase in assessed value as a result of new construction and improvements.

Oversight does not anticipate a fiscal impact from this provision. However, 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 information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

§137.073 - New Construction and Improvements

Officials from the **County Employees' Retirement Fund (CERF)** noted there is insufficient data to quantify this section's exact impact. It may result in an unknown, possibly negative, fiscal impact.

Oversight assumes this provision states new construction and improvements will no longer be excluded from the aggregate assessed valuation calculation, as it relates to the Hancock Amendment, setting real property tax levies, and inflationary assessment growth.

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 no longer omitting new construction and improvements from the aggregate assessed value in the rate setting calculation would result in a higher 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 assumes this proposal could reduce allowable revenue growth for local taxing entities over time.

Oversight notes this proposal alters only components of the rate setting calculation, it does not limit the assessed value, therefore the Blind Pension Fund will not be impacted by this provision.

§137.073 – Temporary vs. Permanent Levy

Oversight assumes this provision specifies that, if the voters in a political subdivision approve a temporary levy increase prior to the expiration of a previously approved temporary levy increase, the new tax rate ceiling will remain in effect only until the temporary levy increase expires under the terms originally approved by a vote of the people. At that time, the tax rate ceiling will be decreased by the amount of the temporary levy increase unless voters of the political subdivision are asked to approve an additional permanent increase and such increase is approved.

Oversight does not anticipate a fiscal impact from this proposal. Therefore, Oversight will reflect a zero impact in the fiscal note.

§137.073 - Voter-Approved Increased Tax Rate Ceiling

Oversight assumes this provision clarifies the treatment of voter-approved increases to property tax rate ceilings. Oversight assumes this provision does not mandate a tax increase; it only governs the treatment of rates already approved by voters. Therefore, Oversight does not

anticipate a fiscal impact from this proposal. Therefore, Oversight will reflect a zero impact in the fiscal note.

§137.079 – Single Tax Rate Requirement

Oversight assumes this provision modifies levy certification procedures. Oversight does not anticipate a fiscal impact from this proposal. Therefore, Oversight will reflect a zero impact in the fiscal note.

§137.082 - Rollback Adjustments

Officials from the **County Employees' Retirement Fund (CERF)** note there is insufficient data to quantify this section's exact impact. It may result in an unknown, possibly negative, fiscal impact.

Oversight assumes this provision limits how much revenue local taxing entities may collect following increases in assessed valuation.

Oversight assumes this proposal may potentially limit future revenue growth and the actual fiscal impact is dependent on future assessed valuation increases. Therefore, Oversight will show an unknown loss in revenue to local political subdivisions beginning in FY 2028.

§137.115 - Removal of New Construction Reduction for Certain Airport Possessory Interests

Officials from the **Department of Social Services (DSS)** note §137.115 is amended to remove the deduction of costs paid toward any construction or improvements after January 1, 2008, when determining the true value of any possessory interest in real property located within the boundaries of an airport.

Blind Pension (BP) is funded from 0.03% (3 cents) of each \$100 assessed valuation of taxable property. The value of property is unknown, FSD assumes that by removing this language there may be an increase in the assessed values of these types of property.

Increasing the assessed value of these types of property as described above may result in an increase in taxes collected for the BP fund, however, FSD anticipates the impact to be negligible for the provisions of section 137.115.

Officials from the **County Employees' Retirement Fund (CERF)** note there is insufficient data to quantify this section's exact impact. It may result in an unknown, possibly negative, fiscal impact.

Oversight assumes removing the reduction for new construction raises the true value of affected possessory interests. This will result in higher assessed valuation and therefore higher property tax revenue for local taxing entities.

Oversight notes DSS (FSD) assumes the increase in revenue will be negligible. Therefore, Oversight assumes the impact will be immaterial and will not show an impact for this provision.

§§137.073 & 137.115 - Levies by Subclass

Oversight assumes this provision could result in potential redistribution of property tax revenues among subclasses. Oversight assumes the fiscal impact on local political subdivisions is dependent upon future assessed valuation growth and levy decisions. Oversight will show an unknown negative or unknown positive impact to local political subdivisions.

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

§137.115 - Mandatory Physical Inspections

In response to a previous version, officials from the **Boone County Assessor** assumed the following costs for additional staff as a result of this provision:

Estimated Local Fiscal Impact	FY 2027	FY 2028	FY 2029
137.115(10) - 15% on Subclass # Additional Staff	\$300,000	\$320,000	\$350,000

Oversight assumes this provision states before any assessor may increase the assessed valuation of any parcel of utility, industrial, commercial, railroad, or other real property by more than 15% since the last assessment, the assessor must conduct a physical inspection of the property.

Oversight assumes local taxing entities may incur additional administrative costs to comply with this provision. Therefore, Oversight will show an unknown cost to local political subdivisions beginning in FY 2027.

§137.115 - Repeal of Opt-Out Provisions from HB 1150 (2002) and SB 960

Oversight assumes this provision repeals several opt-out provisions including setting separate levies to be calculated for each subclass of real property, tax rate ceilings, blended tax rates, tax rate calculations, and credit card usage to pay property taxes.

Oversight assumes jurisdictions that previously opted out may experience shifts in tax burden among property subclasses and/or changes in effective levy rates. Therefore, Oversight will show an unknown revenue impact to local political subdivisions beginning in FY 2027.

§137.1050 as amended by HA2 - SB190 Senior Tax Credit Clarification

Officials from the **Department of Social Services (DSS)** note Section 137.1050 has been revised to require counties to implement a property tax credit when they have the authority to do so. The provisions also apply the tax credit to all property levies, clarify definitions, and introduce new requirements for tax statements.

Blind Pension (BP) is funded from 0.03% (3 cents) of each \$100 assessed valuation of taxable property. Providing a real property tax credit to eligible owner as defined above will affect the growth of the BP fund but will not decrease the current amount collected in the fund. Therefore, there is no fiscal impact to the BP fund for section 137.1050.

Officials from the **St. Louis City Assessor** noted the following fiscal impact from the proposed changes to the Senior Tax Freeze Credit to apply to all taxing jurisdictions; currently only the City taxes are frozen.

Current credit (City only)	Credit if all taxing jurisdictions included	Diff in taxes	Fund
\$520,121	\$2,600,605	(\$2,080,484)	Loss to all taxing jurisdictions (except the City)
		\$0	No impact to City (Credit is already being applied)
		(\$31,207)	Loss to Collector of Revenue Fund
		(\$13,003)	Loss to Assessment Fund

Officials from the **County Employees' Retirement Fund (CERF)** note that there is insufficient information to quantify the exact impact but CERF assumes that the impact would be negative.

Oversight notes this proposal appears to expand the tax credit to all political subdivisions and additional levies such as a debt service levy or capital improvements levy.

Additionally, **Oversight** notes section 137.1050.2 currently states that any county authorized to impose a property tax may grant a property tax credit to eligible taxpayers. This proposal changes the "may" to a "shall". Oversight is uncertain how many counties have implemented SB 190 tax credits. Therefore, Oversight is uncertain what impact this may have.

Oversight will show an unknown, negative fiscal impact to local political subdivisions that could be significant.

§137.1050.6 (HA 2) – SB 190 Tax Credit Application

Oversight notes this provision states eligible taxpayers shall not be required to reapply for the credit annually. Oversight does not anticipate an additional fiscal impact from this provision.

§137.1055 – Property Tax Credit Limit

In response to a previous version, officials from the **County Employees’ Retirement Fund (CERF)** noted this section would have a negative fiscal impact to CERF.

Oversight will show an unknown, negative fiscal impact to local political subdivisions from this provision.

§139.053 - Property Tax Payments in Township Counties

Oversight assumes this provision allows township counties the option to pass by ordinance or order, the option for taxpayers to pay any part of their real and personal property taxes on an annual, semiannual, or quarterly basis.

Oversight assumes local taxing entities may incur additional administrative costs to comply with this provision (pending voter approval). Therefore, Oversight will show a range of \$0 (not submitted to/approved by voters) to an unknown cost to local political subdivisions beginning in FY 2027.

§163.021 – Operating Levy Floor

Officials from the **Department of Elementary and Secondary Education (DESE)** note this bill has the potential for a minor impact to the Foundation Formula (School Finance) application/calculations. DESE is unsure if these modifications would be able to be handled appropriately by the current/existing application in place today. DESE assumes the Foundation Formula (School Finance) is where these changes would be needed in order to provide proper funding per provisions for the proposal.

DESE is a consolidated agency under OA-ITSD. It is assumed that all new IT projects/systems will be bid out because all ITSD resources are at full capacity. DESE also assumed these changes/modifications are able to be programmed into the existing Foundation Formula (School Finance) application/code. DESE notes OA-ITSD services will be required at a cost of \$146,286 in FY 2027 (1,393.20 hours x \$105 per hour), \$29,989 in FY 2028, and \$30,739 in FY 2029.

No additional impact on DESE as the foundation formula is based on a performance levy of \$3.43 (see attached <https://dese.mo.gov/media/pdf/missouri-school-funding-formula>). The performance levy is set and does not change no matter the local property taxes of a district. Because of this, the proposed legislation will not have an impact on DESE outside of some modifications to the Foundation Formula application. However, this could have significant impact on LEAs.

In response to a previous version, officials from the **Office of Administration - Budget and Planning (B&P)** assumed this provision would lower the required school district property tax rate threshold from \$2.75 to \$1.50 required to receive additional state education funding. B&P is unable to determine how many school districts would now qualify for additional state aid. This provision could increase costs to GR starting FY27.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the impact as estimated by DESE in the fiscal note for their agency.

Responses regarding the proposed legislation as a whole

In response to a previous version, officials from the **Office of Administration - Budget and Planning (B&P)** assumed the following changes are made in multiple sections of the bill:

- Property elections may only occur during the November elections.
- Assessors must now include new construction and improvements within the revenue growth calculation. B&P notes that this could have a significant negative impact on areas experiencing strong growth or gentrification.
- Requires all counties to levy property tax rates by real property subclass (residential, agriculture, commercial / utility) and personal property. B&P notes that currently only St. Louis County and the City of Gladstone levy property tax rates based on property class (real versus personal). No jurisdiction currently levies separate tax rates based on property subclass.

These provisions are not expected to impact revenues to the Blind Pension Trust Fund.

In response to a previous version, 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 **City of Kansas City** assumed the proposed legislation has a negative fiscal impact of an indeterminate amount.

In response to a previous version, officials from the **Eastern Clay Ambulance District** assumed a fiscal impact but did not provide any additional information.

In response to a previous version, officials from the **City of O'Fallon** assumed the proposal will have a minimal fiscal impact.

Officials from the **Adair County SB 40 Board** assumed a reduction in funding from personal and/or real property taxes would have a direct and significant impact on the essential supports provided by the Adair County SB40 Developmental Disability Board. SB40 funding enables the board's local system to assess community needs and sustain a coordinated network of services that currently support approximately 465 individuals with intellectual and developmental disabilities and their families across Adair County.

In response to a previous version, officials from the **Rolling Hills Consolidated Library** stated the proposed changes to statutory language regarding how and when a tax levy issue can be placed on a ballot has no perceived fiscal impact on the library's annual operating budget. It does appear to have the intention to make property tax increases less likely to pass by restricting them to just one election per year and it will increase the cost of elections by making tax levy ballot language longer, increasing the size of the ballot.

In response to a previous version, officials from the **Cole Co. R-V School District** assumed this bill would have a negative fiscal impact to the district in the amount of -\$231,800.

In response to a previous version, officials from the **Fayette R-III School District** assumed a fiscal impact of -\$120,786.59

Including Hancock rollback into fund 3 debt service levy puts districts at jeopardy of not being able to pay off the bonds all ready in place and will make the cost of future bonds more expensive as public schools will no longer qualify for lower interest rates.

In response to a previous version, officials from the **Fulton 58 School District** assumed HB2780 would have a fiscal impact on the Fulton School District, resulting in a revenue reduction of \$246,542.63. This equates to approximately four full-time teaching positions.

In response to a previous version, officials from the **Gasconade Co. R-I School District** assumed this bill will cause the Gasconade County R-1 School District to lose \$182,573.61.

In response to a previous version, officials from the **Green Forest R-II School District** assumed the bill will cost the district just over \$34,000 in lost revenue.

In response to a previous version, officials from the **Hannibal 60 School District** assumed Hannibal 60 School District expects to lose the revenue below if HB2780 becomes law:

FY28 \$661,228.68

FY29 \$1,322,457.36

FY30 \$1,988,007.80

Total for three years = \$3,971,693.85

In response to a previous version, officials from the **Kirbyville R-VI School District** assumed if HB 2780 is passed and becomes law, the Kirbyville R-VI School District will experience a revenue loss of \$39,162.97 and will be negatively impacted.

In response to a previous version, officials from the **Lafayette Co. C-1 School District** assumed the impact to the district is approximately \$206,051 to the negative. Meaning with the provisions outlined the district would stand to lose that much in local revenue on an annual basis.

In response to a previous version, officials from the **Lone Jack C-6 School District** assumed reducing the minimum levy from \$2.75 to \$1.50, moving to a multirate system, putting new real construction as part of the equation subject to Hancock all make an impact on Lone Jack C6 School District's revenue.

The district's calculations suggest that LJC6 would see a decrease, a drop in annual revenue to the amount of -\$259,644.

In response to a previous version, officials from the **Northeast Randolph Co School District** assumed if HB 2780 were to pass and go into effect, it would cost Northeast Randolph County R-IV schools \$58,389.32.

In response to a previous version, officials from the **Oak Grove R-VI School District** assumed the fiscal impact is -\$322,549.19

In response to a previous version, officials from the **Osage Co. R-I School District** assumed the Osage Co. R-I School District would have an estimated revenue loss of \$49,000 annually as a result of the provisions in 2780.

In response to a previous version, officials from the **Pleasant Hope R-VI School District** assumed under HJR 148, this district's ability to collect voter-approved debt service revenue would be limited, despite fixed bond payment schedules and prior voluntary rate reductions.

Officials from the **Salem R-80 School District** assumed this bill would cause the Salem R80 School District to lose approximately \$63,717.61 in tax revenue in the first year and more than likely increase in subsequent years.

In response to a previous version, officials from the **Smithville R-II School District** assumed the impact on the Smithville School District if HB2780 is passed as is would be \$514,405.85. This would affect teacher and staff salaries and the district's ability to maintain the same level of support services in the building as the teachers have requested (e.g., lower class sizes, behavior interventionists, counselor support, etc.). Salaries account for nearly 80% of district expenses.

\$514,405.85 would fund seven to eight teaching positions in the district.

In response to a previous version, officials from the **Strasburg C-3 School District** assumed Strasburg C-3 School District would have a fiscal impact to Tax Revenue of -\$18,468.08 from the passage of this Bill.

In response to a previous version, officials from the **Warsaw R-Ix School District** assumed the district will have a loss of \$369,196.28 in tax revenue with passage of HB 2780.

In response to a previous version, officials from the **Wentzville R-Iv School District** assumed HB 2780 as currently written, would reduce the amount of revenue collected by the Wentzville

R-IV School District by over \$3.2 million annually.

In response to a previous version, officials from the **Wheaton R-III School District** assumed an estimated fiscal impact: -\$28,951.12

Officials from the **Worth Co. R-III School District** assumed a projected loss of \$270,000 in tax revenue. Over 6% of the district's annual budget. The district would have to cut 5 of its 34 certified teachers.

Officials from the **Metropolitan St. Louis Sewer District - 7B Sewer** assume the proposed legislation will impact MSD to the extent it modifies the ad valorem tax revenue the district is able to collect.

Officials from the **Ash Grove R-IV School District** assume if the minimum state levy is reduced to \$1.50 from \$2.75, Ash Grove Schools is projected to lose -\$118,391.11 for 2027.

Officials from the **Middle Grove C-1 School District** assume the impact on the Middle Grove C-I School District in the event HB2780 was passed into law is a loss of \$31,201.09.

Officials from the **Pilot Grove C-4 School District** assume the Pilot Grove C-4 School District would have a loss of \$32,962 in tax revenue with passage of HB 2780. This would affect teacher and staff salaries directly as well as the district's ability to maintain the same level of support services in the district as the district's students require. Local tax revenue makes up 52% of the district's annual revenue. Cuts of this level would required the district to reduce teaching staff by 1 of the district's 29 teachers.

Officials from the **Raytown C-2 School District** assume HB2780 would negatively impact the district by \$2,601,499.04 using this year's data.

The district assumes New Real Construction being subject to Hancock as undeveloped property will have a much lower AV than developed property.

Officials from the **South River Drainage District - 7D Levee, Wayne County Pwsd #2, Kansas City Civilian Police Employees' Retirement, Kansas City Police Retirement System, and the Public Education Employees' Retirement System (PSRS/PEERS)** 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.

In response to a previous version, officials from the **Newton County Health Department, Phelps County Sheriff, Rolling Hills Consolidated Library, 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.

In response to a previous version, officials from the **St. Louis City Board of Elections, Newton County Health Department, Phelps County Sheriff, and the Branson Police Department** each assumed 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.

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
GENERAL REVENUE			
<u>Savings</u> - (Various Sections) Shifting elections to November p.4	Unknown	\$0	\$0
<u>Cost</u> - (Various Sections) Increased cost for November ballot issues p.4	(Unknown)	\$0	\$0
<u>Cost</u> – DESE/ITSD (§163.021) Programming changes to foundation formula p.15	<u>(\$146,286)</u>	<u>(\$29,989)</u>	<u>(\$30,739)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	More or less than <u>(\$146,286)</u>	<u>(\$29,989)</u>	<u>(\$30,739)</u>
BLIND PENSION FUND			
<u>Revenue Loss</u> – (§137.016) Reclassification of certain residential real property p.7	\$0	(Unknown)	(Unknown)
<u>Revenue Loss/Gain</u> – DSS (§137.016.1(4)) Changes to real property assessment methods (replacement cost/cost approach) p. 8	<u>\$0</u>	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>
ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>\$0</u>	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> – Local Election Authorities (Various Sections) Shifting elections to November p.4	\$0	Unknown	\$0
<u>Cost</u> - Local Election Authorities (Various Sections) Increased ballot length in November elections p.4	(Unknown)	\$0	\$0
<u>Savings</u> - (Various Sections) Decrease in proportional cost for November election to locals p.4	Unknown	\$0	\$0
<u>Cost</u> - (Various Sections) Increase in proportional cost for April election to locals p.4	\$0	(Unknown)	\$0
<u>Revenue Loss/Gain</u> – (§§137.016.1(1)) Classification of certain residential real property p.7	\$0	(Unknown)	(Unknown)
<u>Revenue Loss/Gain</u> – (§137.016.1(4)) Changes to real property assessment methods (replacement cost/cost approach) p.8	\$0	(Unknown) to Unknown	(Unknown) to Unknown
<u>Revenue Loss</u> – (§137.039) Levy decrease for localities utilizing tax abatements p.10	\$0	(Unknown)	(Unknown)
<u>Revenue Loss</u> - (§137.073) New construction and improvements no longer omitted from adjusted assessed value calculation p.11	\$0	(Unknown)	(Unknown)
<u>Revenue Loss</u> – (§137.082) Rollback adjustments p.12	\$0	(Unknown)	(Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<u>Revenue Loss/Gain</u> – (§§137.073 & 137.115) Subclass levy changes p.13	\$0	(Unknown) to Unknown	(Unknown) to Unknown
<u>Cost</u> – County Assessors (§137.115) Mandatory physical inspections p.13	\$0	(Unknown)	(Unknown)
<u>Revenue Loss</u> - (§137.1050) SB190 Senior Tax Credit changes p.14	\$0	(Unknown)	(Unknown)
<u>Revenue Loss</u> - (§137.1055) Changes to 5 percent counties p.15	\$0	(Unknown)	(Unknown)
<u>Cost</u> - Counties - (§139.053) To administer the changes from this proposal p.15	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>	(Unknown) to <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

The proposed legislation modifies provisions governing property taxes.

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 Revenue
- Department of Social Services
- Platte County Board of Elections
- St. Louis County Board of Elections
- St. Louis City Assessor
- Howell County Assessor
- County Employees’ Retirement Fund (CERF)

Boone County Assessor
Department of Elementary and Secondary Education
High Point R-III School District
City of Kansas City
Adair County SB 40 Board
City of O'Fallon
St. Louis City Board of Elections
Newton County Health Department
Phelps County Sheriff
Branson Police Dept
Kansas City Police Dept
St. Louis County Police Dept
Eastern Clay Ambulance District
Rolling Hills Consolidated Library
Cole Co. R-V School District
Fayette R-III School District
Fulton 58 School District
Gasconade Co. R-I School District
Green Forest R-II School District
Hannibal 60 School District
Kirbyville R-VI School District
Lafayette Co. C-1 School District
Lone Jack C-6 School District
Northeast Randolph Co School District
Oak Grove R-VI School District
Osage Co. R-I School District
Pleasant Hope R-VI School District
Salem R-80 School District
Smithville R-II School District
Strasburg C-3 School District
Warsaw R-Ix School District
Kansas City Police Retirement System
Public Education Employees' Retirement System (PSRS/PEERS)
Wentzville R-Iv School District
Wheaton R-III School District
Worth Co. R-III School District
South River Drainage District - 7D Levee
Ash Grove R-IV School District

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Middle Grove C-1 School District
Pilot Grove C-4 School District
Raytown C-2 School District
Kansas City Civilian Police Employees' Retirement



Julie Morff
Director
February 12, 2026



Jessica Harris
Assistant Director
February 12, 2026