

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4430H.02C
 Bill No.: HCS for HB Nos. 2306, 2276 & 2089
 Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Property, Real and Personal; Housing; Veterans; Disabilities
 Type: Original
 Date: April 21, 2026

Bill Summary: This proposal authorizes the "Missouri Disabled Veterans' Homestead Exemption" relating to a disabled veteran residential real property assessed value exemption.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	\$0	Up to \$931,805	Up to \$931,805
Total Estimated Net Effect on General Revenue	\$0	Up to \$931,805	Up to \$931,805

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Blind Pension Fund (1621)	\$0	Could exceed (\$829,272)	Could exceed (\$829,272)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	Could exceed (\$829,272)	Could exceed (\$829,272)

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	Could exceed (\$148,945,383)	Could exceed (\$148,945,383)

FISCAL ANALYSIS

ASSUMPTION

§137.109 - Property Tax Exemption for Disabled Veterans

Officials from the **Department of Revenue (DOR)** assume starting with all tax years on or after January 1, 2027, this would allow certain qualified disabled veterans to receive an annual exemption from the assessed value of their qualified residence. This is used for calculating real property tax. The exemption amount would be based on the severity of their disability.

Disability Rating	Exemption of Assessed Value
50% to 69%	\$150,000 of assessed value
70% to 99%	\$250,000 of assessed value
100%	\$500,000 of assessed value

Additionally, the surviving spouse of a disabled veteran would qualify for this exemption until they remarry. The exemption for the surviving spouse is equal to that of their spouse.

This proposal would become effective August 28, 2026 (FY 2027) if adopted. This proposal allows the exemption to begin with tax year January 1, 2027 (FY 2027). Given property tax is paid in December of each year the first year veterans will receive this exemption would be FY 2028.

The U.S. Census Bureau 2023 American Community Service 5 year estimates the following number of veterans into the following categories.

Disability Rating	Number of Veterans
0%	3,230
10% or 20%	25,425
30% or 40%	12,784
50% or 60%	11,725
70% or higher	37,687
Rating not reported	4,715
Total Disabled Veterans	95,566

DOR notes that the information provided by the Census Bureau is categorized differently than this proposal. This proposal defines the eligible disabled veteran as a person with a 30% or more disability rating as established by the United States Department of Veterans Affairs. Per the U.S. Census Bureau's 2023 ACS 5-year report there are 37,687 disabled veterans in Missouri with a rating of 70% or higher. Per past information from the Missouri Veterans Commission about 45% of the reported veterans are 100% disabled (16,959).

The State Tax Commission and the County Assessors handle property tax, and DOR defers to them to provide an estimate of the impact.

DOR notes that if a military disabled veteran receives a lower property tax bill from the removal of some of the assessed value of their home, or reduces their real property tax to zero, they may no longer be eligible to claim the Senior Property Tax Credit. Currently a person can claim the Senior Property Tax Credit if:

- A. They are 65 years or older
- B. 100% Disabled Veteran as a result of military service
- C. 100% Disabled or
- D. 60 years of age or older and receiving surviving spouse benefits

The Senior Property Tax Credit has income limits for qualification. If the veteran meets the income requirements and are receiving the Senior Property Tax Credit; no longer owing property tax would exempt them from receiving this credit in the future. The credit for homeowners starts at \$1,100 and phases downward based on their increasing income. No longer being eligible for the PTC would result in a savings to general revenue.

The TY 2024 data shows that 2,072 disabled veterans were homeowners who claimed \$1,446,197 in property tax credits. It should be noted that a person who is claiming the PTC must check one of the boxes indicating they qualify for the credit. If a taxpayer is over the age of 65 and a disabled veteran, they may have checked the over 65 box, as it is the first one listed on the form. Therefore, the number of disabled veterans claiming the PTC could be higher. This proposal could result in a savings to general revenue of the \$1,446,197.

It should be noted that property tax is handled by the County Assessors and the State Tax Commission. DOR is not involved in property tax except for the redemption of the PTC tax credit; therefore, this will not fiscally impact DOR. The only administrative impact is to remove the 100% disabled veteran check box off the PTC form during the Department of Revenue's normal year end changes.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would grant a property tax exemption for qualifying veterans beginning with tax year 2027. The amount of the exemption is tied to the veteran's service-connected disability rating and is only on the veteran's primary residence.

B&P notes that property taxes are due December 31st of each tax year. Therefore, while this will begin for tax year 2027, it will not impact revenues until FY28 (December 31, 2027).

This proposal would also extend the exemption to a surviving spouse. B&P does not have data on the number of surviving spouses that may qualify for this exemption.

Based on data published by the U.S. Department of Veterans Affairs, there are 69,146 veterans in Missouri with a service-connected disability rating of at least 50%. Using 2024 PTC data, B&P notes that of those claiming the PTC as a disabled veteran, 55.6% owned their home. Table 1 shows the total number of veterans and the estimated number that may own homes based on PTC data.

Table 1: Qualifying Veterans

Disability Rating		# Veterans	Est. # Owners
50%	60%	15,425	8,573
70%	90%	32,721	18,187
100%		21,000	11,672
Total		69,146	38,432

However, B&P notes that the PTC has a low-income limit required to qualify. It is possible that the homeownership rate among the full population of veterans is higher.

This proposal would grant an exemption on at least a portion of residential real property tax based on a veteran’s level of disability. Table 2 shows the exemption by disability rating.

Table 2: Exemption by Rating

Disability Rating		Max Market Value
50%	60%	\$150,000
70%	90%	\$250,000
100%	100%	\$500,000

Based on data published by the U.S. Census Bureau, the median home value in Missouri was \$230,000 and the median real estate taxes paid in 2024 were \$1,948. B&P notes that apart from the lowest exemption amount, remaining allowable exemptions are all above the Census Bureau’s reported median amount. For this fiscal note, B&P will utilize the median house value and property tax paid amount for veterans with a disability rating of 70% or higher.

B&P notes that the Blind Pension Trust Fund levies a statewide property tax rate of \$0.03 per \$100 valuation. B&P estimates that of the \$1,948 median property tax paid, \$13.13 goes to the Blind Pension Trust Fund and \$1,934.87 goes to local funds.

Table 3: Estimated Amount Exempted

Disability Rating		Blind Pension	Local Property Tax	Total Property Tax
50%	60%	\$8.55	\$1,260.23	\$1,268.78
70%	90%	\$13.13	\$1,934.87	\$1,948.00
100%	100%	\$13.13	\$1,934.87	\$1,948.00

Using all the information above, B&P estimates that this proposal could reduce revenues to the Blind Pension Trust Fund by \$465,262 annually beginning FY28. This proposal could also reduce local revenues by \$69,042,582 annually.

Table 4: Estimated Revenue Impact by Fund

Disability Rating		Blind Pension	Local Property Tax
50%	60%	(\$73,299)	(\$10,877,250)
70%	90%	(\$238,743)	(\$35,428,276)
100%	100%	(\$153,220)	(\$22,737,056)
Estimated Impact		(\$465,262)	(\$69,042,582)

In addition, during tax year 2024 there were 1,235 veterans that claimed the PTC as a disabled veteran and property owner, for total PTC claims of \$942,907. Under this proposal some, or all, of their property taxes could be reduced. B&P notes, however, that many individuals claiming the PTC pay more property tax than the credit limit. Therefore, B&P estimates that this provision could increase GR by up to \$931,805 annually beginning in FY28 (for tax year 2027).

In response to a previous version, 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 the proposed legislation has a fiscal impact but did not provide any additional information.

In response to a previous version, officials from the **County Employees Retirement Fund (CERF)** assumed there is insufficient data to quantify its exact impact. HB 2306 may result in an unknown fiscal impact to the County Employees' Retirement Fund.

Officials from the **Kearney Fire & Rescue Protection District (KEAR) – Clay** assume this proposal will have a negative financial impact similar to that of SB190.

Officials from the **State Tax Commission** assume the proposal has a negative fiscal impact on taxing jurisdictions, like school, ambulance, and fire districts reliant on property taxes for

revenue. According to the U.S. Department of Veteran Affairs, Missouri currently has 20,407 veterans who have a 100% service-connected disability and receive benefits from the federal government. According to US Census data, 78.1% of veterans are homeowners in Missouri, meaning the exemption could apply to 15,938 veterans. According to US Census housing data, the 1-year median home value in Missouri is 254,400. This equates to an assessed value of \$48,336 per home and \$770,379,168 (15,938 x \$48,336) of assessed value that qualifies for the exemption. Residential real property accounted for \$82,783,490,689 of assessed value and approximately brought in \$5,496,107,919 of property taxes for taxing jurisdictions across the state. STC calculates that this proposal could cost \$51,146,515 ($[\$5,496,107,919 \times \$770,379,168] / \$82,783,490,689$) spread out across taxing jurisdictions around the state.

The same methodology was used to determine the amount of taxes that could potentially be subject to the reduction in each category for partial disability as reported in the data provided by the U.S. Department of Veteran Affairs. For veterans with a 50%-60% disability, the first \$150,000 of the appraised value of the home is exempt and for 70%-90% disability the first \$250,000 of the appraised value of the home will be exempt. Many in the 70%-90% range will have a total exemption, but the impact is calculated as if every veteran owns a home with the median home value.

Category	Number of Vets with Disability	Assessed Value Based on Median	Vets who are Homeowners	Potential Cost/Taxing Jurisdictions
50%--60%	15,425	\$582,303,792	12,047	\$15,865,163
70%--90%	32,721	\$1,235,226,480	25,555	\$81,933,705
100%	20,407	\$770,379,168	15,938	<u>\$51,146,515</u>
Total Cost				\$148,945,383

In response to a previous version, officials from the **St Louis City Assessor** assumed the following:

Missouri homes occupied by veterans	10%	
Veteran home ownership rate	78%	
Median value of veteran's homes in MO	\$160,000	
Median assessed value of veterans homes in MO	\$30,400	
% of MO veterans with a service connected disability rating	24.00%	
MO Veteran Population in City of St. Louis	17,000	
Total # of MO Veterans	399,154	
Vets with service connected disability rating	95,566	23.94%
100% service connected disability rating	14,905	3.73%

of veterans x veteran home ownership rate 13,260
 Taxes on typical veteran's home (\$160k value) \$2,489

Disability Rating	Est. Taxes	Exemption
Disabled veterans with 30% to 49% disability (estimate)	\$2,613,672	on first 10k of assessed value
Disabled veterans with 50% to 69% disability (estimate)	\$7,920,220	on first 50k of assessed value
Disabled veterans with 70% to 89% disability (estimate)	\$7,920,220	on first 150k of assessed value
Disabled veterans with 90% to 99% disability (estimate)	\$7,920,220	on first 250k of assessed value
Disabled veterans with 100% disability (estimate)	\$1,320,037	on first 500k of assessed value

Total RE taxes exempted under legislation \$27,694,368 Loss to All taxing jurisdictions
 \$5,538,874 Loss to City portion
 \$415,416 Loss to Collector of Revenue Fund
 \$173,090 Loss to Assessment Fund

In response to a previous version, officials from the **Adair County SB 40 DD 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 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.

These locally funded services include access to employment supports, service coordination, inclusive community opportunities, and critical resources that promote independence, stability, and quality of life. Property-tax revenue is a foundational component of this system, allowing Adair County SB40 to respond to individual needs while ensuring services remain accessible and community-based. Beyond the individuals served, these supports strengthen families, reduce reliance on more costly crisis services, and contribute to a more inclusive and resilient community overall.

Any changes to property-tax funding must be carefully evaluated in light of these impacts. If reductions to personal and/or real property taxes are pursued, it is essential that a sustainable and equitable replacement funding mechanism be established. Without such a replacement, the ability of Adair County SB40 to meet its statutory mission and continue providing vital supports to individuals with disabilities and their families would be significantly compromised, with broader consequences for the community as a whole.

Oversight notes, per information on the State Tax Commission’s [website](#), an applicant must meet the following requirements to qualify for the property tax exemption as it exists in current law:

- be a former prisoner of war; and
- a veteran of any branch of the armed forces of the United States or this state who became one hundred percent disabled as a result of his or her military service; and
- must own and occupy the homestead as a primary residence.

Oversight notes the phrase “total service-connected disability” exists in current law and for purposes of this fiscal note assumes it has the same meaning as noted above by the State Tax Commission.

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 ((Total Assessed Value/100)*.03). Because this proposal limits the assessed value portion of this equation, the Blind Pension Fund will experience a decrease in revenue relative to what it would have received under current law.

Oversight assumes the following impact to the Blind Pension Fund based on data provided by the State Tax Commission.

Category	Number of Vets with Disability	Assessed Value Exempt per home	Assessed Value Exempt	Blind Pension Fund Impact (AV /100) x 0.03
50%--60%	15,425	\$28,500	\$439,612,500	(\$131,884)
70%--90%	32,721	\$47,500	\$1,554,247,500	(\$466,274)
100%	20,407	100% of Assessed Value	\$770,379,168	(\$231,114)
Total			\$2,764,239,168	(\$829,272)

Oversight assumes this could reduce claims for the Property Tax Credit for individuals qualifying for the exemption. Oversight will show the savings to General Revenue provided by the Office of Administration - Budget and Planning.

Oversight notes some counties may incur costs to implement and monitor the proposed exemption. Therefore, Oversight will show an unknown cost to political subdivisions beginning in FY 2028.

Officials from the **Department of Social Services, Newton County Health Department, Phelps County Sheriff, Department of Public Safety – Veterans Commission, 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 **Branson Police Department** 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Revenue Gain</u> – DOR (§137.109) Veterans no longer claiming the Senior Property Tax Credit p.6	\$0	Up to \$931,805	Up to \$931,805
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	Up to \$931,805	Up to \$931,805
BLIND PENSION FUND (1621)			
<u>Revenue Loss</u> – (§137.109) Reduced/no real property tax collected from qualifying veterans with a service- connected disability p.9	\$0	Could exceed (\$829,272)	Could exceed (\$829,272)
ESTIMATED NET EFFECT ON BLIND PENSION FUND (1621)	\$0	Could exceed (\$829,272)	Could exceed (\$829,272)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> – (§137.109) To implement and monitor p.8	\$0	(Unknown)	(Unknown)
<u>Revenue Loss</u> – (§137.109) Reduced/no real property tax collected from qualifying veterans with a service-connected disability p.7	\$0	Could exceed (\$148,945,383)	Could exceed (\$148,945,383)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	Could exceed (\$148,945,383)	Could exceed (\$148,945,383)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This proposal authorizes the "Missouri Disabled Veterans' Homestead Exemption" relating to a disabled veteran residential real property assessed value exemption.


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
 City of Kansas City
 Newton County Health Department
 Eastern Clay Ambulance District
 County Employees Retirement Fund (CERF)
 State Tax Commission
 St Louis City Assessor
 Adair County SB 40 DD Board
 Department of Public Safety – Veterans Commission
 Department of Social Services
 Phelps County Sheriff

L.R. No. 4430H.02C
Bill No. HCS for HB Nos. 2306, 2276 & 2089
Page **12** of **12**
April 21, 2026

Branson Police Department
Kansas City Police Department
St. Louis County Police Department
Kearney Fire & Rescue Protection District (KEAR) – Clay



Julie Morff
Director
April 21, 2026



Jessica Harris
Assistant Director
April 21, 2026