

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5059H.02C
 Bill No.: HCS for HB 1892
 Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Property, Real and Personal; State Tax Commission; Utilities
 Type: Original
 Date: January 22, 2026

Bill Summary: This proposal modifies provisions relating to property tax assessments of certain stationary property.

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
Blind Pension Fund (1621)*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

***Oversight** assumes the fiscal impact to the Blind Pension Fund could reach the \$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)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§137.122 – Stationary Property Depreciation

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would require the use of the tangible personal property depreciation table when determining the value of real property that is stationary and used to transport liquids or gases. This proposal would not apply to property used to transport or store propane, LP gas, or petroleum. This proposal would impact all other property including those used to transport and store water, sewage, and natural gas.

B&P notes that this proposal does not change the classification of such property - therefore, this proposal will not impact the assessment percentage. However, this proposal could impact the estimated market value (to which the assessment percentage is then applied). B&P further notes that the Blind Pension Trust fund levies a statewide property tax of \$0.03 per \$100 value on all property located within Missouri. Therefore, B&P estimates that this proposal could impact revenues to the Blind Pension Trust Fund if this proposal changes the estimated market value of qualifying property. This proposal may also impact local property tax revenues.

Officials from the **State Tax Commission** determined the act retains stationary property used for transportation or storage of liquid and gaseous products, including petroleum products, natural gas, water and sewage as real property but applies the depreciation schedule from 137.122. This will have a negative fiscal impact on counties, cities, school districts who rely on property taxes as revenue as the commission went to a 50-year depreciation schedule last year. The act requires information relating to original cost for the purposes of assessing the lines be provided to the assessor. This will not have a fiscal impact on the State Tax commission.

Officials from the **City of St. Louis** state they have approximately 100,000,000 of assessed value in natural gas pipelines and storage. Table B-2 of IRS Publication 946 (2024), Asset Class 46.0, p. 104 indicates natural gas pipeline transportation and storage facilities have a 15 yr. MACRS recovery table. The impact of switching from existing 20 and 50 year tables to the 15 year tables is a reduction in value of approximately 50%.

Current Assessed Value	2025 tax amount	Assessed Value enacting new legislation	Taxes under new legislation	Increase/Loss in taxes
\$100,000,000	\$9,685,212	\$50,000,000	\$4,842,606	-\$4,842,606

Loss in taxes to City of St. Louis	(\$968,521.21)
Loss in revenue to Collector of Revenue Fund	(\$72,639.09)
Loss in revenue to Assessor's Fund	(\$30,266.29)

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

In response to a previous version (HB 1892), officials from the **Metropolitan St. Louis Sewer District - 7B Sewer (MSD)** assumed the proposed legislation will impact MSD to the extent it changes the ad valorem tax revenue the district is able to collect.

Oversight assumes this proposal applies a depreciation schedule to certain real property. Oversight assumes this proposal could lower assessed values and subsequently, tax revenues.

However, Oversight notes local property tax revenues are 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. However, some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum. For these taxing entities, any decrease in the assessed values would not be offset by a higher tax rate (relative to current law) rather it would result in a loss of revenue.

Oversight assumes this proposal could result in lower assessed values and subsequent tax revenues; therefore, Oversight will show an unknown negative impact to the Blind Pension Fund and local political subdivisions.

Oversight notes to reach a revenue impact of \$250,000 on the Blind Pension Fund would require a change in assessed value of approximately \$830,000,000. Based on information from the State Tax Commission's 2024 Annual Report, Oversight notes the following assessed values by category:

Category	Commercial Real Property (2024 Assessed Value)
Electric Companies	\$3,141,177,004
Fluid Pipeline Companies	\$721,205,537
Natural Gas Pipeline Companies	\$187,364,148

Oversight is uncertain what proportion of assessed value would be reclassified under this proposal. In addition, these estimates do not include water or sewer companies. Oversight assumes the application of the depreciation schedule to real property could result in a loss to the Blind Pension Fund that could exceed \$250,000.

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.

Officials from the **Department of Social Services, Office of the State Auditor, Newton County Health Department, South River Drainage District - 7D Levee**, and the **Joint Committee on Administrative Rules** 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 (HB 1892), officials from the **Department of Commerce and Insurance, Department of Revenue, Missouri Department of Conservation, Missouri Department of Transportation, Office of Administration, Office of the Secretary of State, Joint Committee on Administrative Rules, Little Blue Valley Sewer District - 7B Sewer**, and the **Wayne County Pwsd #2** 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 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
BLIND PENSION FUND			
<u>Revenue Loss</u> – (\$137.122) Loss of tax revenue from real property now assessed as personal property and subject to a depreciation schedule p.4	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE BLIND PENSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISION			
<u>Revenue Loss</u> – (\$137.122) Loss of tax revenue from real property now assessed as personal property and subject to a depreciation schedule p.4	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Beginning January 1, 2027, the provisions of current law relating to depreciable tangible personal property will apply to all real property, placed in service at any time, that is stationary property used for transportation or storage of liquid and gaseous products, including water, sewage, and natural gas that is not propane or LP gas, but not including petroleum products.

The county assessor must estimate the value of the stationary property by applying the depreciation table provided in the bill to the original cost of the property.

Taxpayers who own such stationary property must provide the assessor, on or before May 1 of the applicable tax years, with the original cost and the year placed in service. The information will be summarized in a format specified in the bill. Upon request by a taxpayer, the assessor will provide the taxpayer with certain information specified in the bill. 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
State Tax Commission
Department of Commerce and Insurance
Department of Revenue
Department of Social Services
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
Office of the Secretary of State
Office of the State Auditor
Joint Committee on Administrative Rules
Newton County Health Department
Little Blue Valley Sewer District - 7B Sewer
South River Drainage District - 7D Levee
Wayne County PWSD #2
City of Kansas City
Metropolitan St. Louis Sewer District - 7B Sewer (MSD)



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January 22, 2026



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