

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5083H.01I

Bill No.: HB 1759

Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Property, Real and Personal; County Officials

Type: Original

Date: January 12, 2026

Bill Summary: This proposal modifies provisions relating to personal property assessments.

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)	\$0	(\$882,685)	(\$882,685)
Total Estimated Net Effect on Other State Funds	\$0	(\$882,685)	(\$882,685)

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 All 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	(\$197,641,995)	(\$197,641,995)

*Oversight notes this impact could be substantially reduced if taxing authorities are able to increase the levy to other taxpayers to make up for the loss of property tax revenue resulting from this proposal.

FISCAL ANALYSIS

ASSUMPTION

§137.115 - Personal Property Assessment

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would reduce the assessment percentage used of market value when determining an item's assessed value. This proposal would reduce the rate from 33.33% to 30% starting in calendar year 2027.

Property taxes are levied for a calendar year, with the taxes owed by December 31st of that year. Therefore, a reduction to a tax year's assessed value will impact collections for the following fiscal year. For example: tax year 2027 reduction will impact FY28 collections.

B&P notes that there are subclasses within personal property that are already assessed at a lower rate. Those items will remain assessed at their current lower rates. Table 1 shows the current and proposed assessment percentage by property type.

Table 1: Personal Property Assessment Rates

Property Type	Current Assessment Rate	Proposed Assessment Rate
Livestock	12%	n/a
Farm Machinery	12%	n/a
Vehicles - motor and recreational	33.33%	30%
Grain and other Crops	1%	n/a
Manufactured Homes (Dwelling Units)	19%	n/a
Historical MVs and Aircraft, Kit Aircraft	5%	n/a
Pollution Control Tools and Equipment	25%	n/a
All Other Tangible Personal Property	33.33%	30%
State Assessed Utility Personal Property	33.33%	30%

Based on the 2024 Assessed Valuations Report provided by STC, the assessed value for impact personal property was \$29,449,339,954. Under this proposal the assessed values would have been \$26,507,056,665. Table 2 shows the current and proposed assessed value by property type.

Table 2: Assessed Values

Property Type	Current (2024)	Proposed
Vehicles - motor and recreational	\$20,346,815,488	\$18,313,965,336
All Other Tangible Personal Property	\$7,881,474,797	\$7,094,036,721
State Assessed Utility Personal Property	\$1,221,049,669	\$1,099,054,608
Total	\$29,449,339,954	\$26,507,056,665

Using the 2024 property tax rate report published by the State Auditor's Office, B&P estimates that the average local property tax rate is 6.7173%. In addition, the Blind Pension Trust Fund levies a statewide property tax of \$0.03 per \$100 value.

Therefore, B&P estimates that this provision could reduce revenues to the Blind Pension Trust Fund by \$882,685 and local revenues by \$197,641,995 annually beginning FY28. Table 3 shows the estimated impact by property type.

Table 3: Estimated Impact

Property Type	Blind Pension Fund	Local Property Tax
Vehicles - motor and recreational	(\$609,855)	(\$136,552,643)
All Other Tangible Personal Property	(\$236,231)	(\$52,894,578)
State Assessed Utility Personal Property	(\$36,599)	(\$8,194,774)
Total	(\$882,685)	(\$197,641,995)

Officials from the **Department of Social Services (DSS)** note tangible personal property that is not livestock; farm machinery; pollution control tools and equipment; grain and other agricultural crops; poultry; and historic motor vehicles, historic aircraft, and aircraft built from kits is currently assessed at 33 1/3 percent of true value. According to the [2024 State Tax Commission Annual Report](#), the total assessed valuation of tangible personal property that is not livestock; farm machinery; pollution control tools and equipment; grain and other agricultural crops; poultry; and historic motor vehicles, historic aircraft, and aircraft built from kits is \$28,332,407,102.

Therefore, the true value of these types of personal property assessed is \$85,005,721,878 (\$28,332,407,102/.3333).

Blind Pension is funded from 0.03% of each \$100 assessed valuation of taxable property. The proposed reduction in assessments of tangible personal property that is not livestock; farm machinery; pollution control tools and equipment; grain and other agricultural crops; poultry;

and historic motor vehicles, historic aircraft, and aircraft built from kits will affect the BP fund as follows:

Tax Collection Year	True Value of Tangible Personal Property*	Assessment Rate, as amended per year	Assessed Value of Tangible Personal Property*	BP Fund Collections Tangible Personal Property Tax*	Reduction in Collections for the BP Fund
2027	\$85,005,721,878	33 1/3%	\$28,332,407,102	\$8,499,722	\$0
2028	\$85,005,721,878	30%	\$25,501,716,563	\$7,650,515	\$849,207

*Not Livestock, Farm Machinery, Poultry, and Pollution Control Tools and Equipment

Therefore, FSD estimates that the fiscal impact to the BP fund as a result of this legislation would be \$849,207 in FY 2028 and ongoing.

Officials from the **State Tax Commission (STC)** have reviewed this proposal and determined it will have a negative fiscal impact on school districts and other local taxing jurisdictions (cities, counties and fire districts) who rely on property tax as a source of revenue. Based on the State Tax Commission 2023 Annual Report, 19.2% of assessed valuation is attributed to personal property ($\$151,673,672,937 \times .192 = \$29,121,345,204$ assessed valuation) and 18.55% of property taxes collected were attributed to personal property ($\$10,427,068,714 \times .1855 = \$1,934,221,246$).

Dropping the assessed valuation percentage to 30% from 33.3% would drop the assessed valuation to $26,235,446,130$ ($29,121,345,204 / .333 \times .30$). The tax collections from the reduced valuation would equal $\$1,742,541,663$ ($[\$26,235,446,130 \times \$1,934,221,246] / \$29,121,345,204 = \$1,742,541,663$). The resulting reduction in taxes statewide would be $\$191,679,583$ ($\$1,934,221,246 - \$1,742,541,663$) spread across all the taxing jurisdictions across the state reliant on property taxes for funding.

Officials from the **City of Kansas City** assume the proposed legislation will have a negative fiscal impact of \$3.1M based on 2025 Assessed Values and Levy Rate and a negative fiscal impact of \$775,000 for the Kansas City, Missouri Police Department.

Officials from the **Washington County Assessor** note for example, if a county has 4,000 vehicles with a \$40,000.00 market value and you lower the assessed valuation to 30%, you're looking at a loss for a county and their entities (using this levy rate) to be around \$243,760.

Vehicle Cost	33.3% Valuation	30% Valuation
\$40,000.00	13,320	12,000

$13,320 \times 4.6162\% = \614.88

12,000 X 4.6162% = \$553.94

Loss Of \$60.94 Tax Dollars

Officials from **Johnson County** assume there would be a loss of revenue for Johnson County. General Revenue would lose \$17,907 and Road and Bridge would lose \$39,794 in property taxes.

Officials from the **Iberia Rural Fire Protection District (IBER) – Miller** assume a fiscal impact of an indeterminate amount.

Officials from the **County Employees' Retirement Fund (CERF)** have reviewed HB 1759 (1759H.01I). HB 1759 would 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. By reducing the assessment percentage of personal property from 33.3% to 30%, HB 1759 would reduce the moneys that fund CERF. 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. CERF would expect the changes in HB 1759 to result in a deterioration of CERF's funding over time. Unless the funding is replaced with other sources, HB 1759 likely has serious implications for CERF's sustainability including the possibility that the plan assets might be depleted.

Officials from the **Canton R-V School District** assume changing the assessment rate from 33.3% to 30% would cause more than a 3.33% reduction in the amount of taxes collected.

Example: Percent Change Calculation

Percent Change = (New Value - Old Value) / Old Value = (.30 - .333) / .333 = 9.91%

Officials from the **Fairfax R-III School District** and **High Point R-III School District** assume the proposal will have a fiscal impact but did not provide additional information.

Officials from the **Wentzville R-IV School District** assume this would result in an annual loss of over \$2.5 million for the Wentzville School District.

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.

Officials from the **Jasper County SB 40 Board** note SB 40 boards rely heavily on local property tax revenue to fund programs that support independence, employment, housing, therapies, and transportation for individuals with developmental disabilities. HB 1759 proposes lowering the assessment rate on personal property from 33% to 30% starting in 2027. While this change may reduce tax burdens for some, it will also significantly reduce revenue for SB 40 boards.

Without adequate funding, these boards may be forced to cut critical services that allow people with developmental disabilities to live and work in their communities.

Officials from the **Callaway County SB 40 Board** assume House Bill 1759 (HB 1759) modifies Missouri law relating to personal property assessments by reducing the assessment percentage applied to tangible personal property from 33% percent to 30 percent beginning January 1, 2027. While intended to provide uniformity and taxpayer relief, this change reduces the taxable base for personal property and results in an ongoing reduction in revenue available to local taxing entities.

Senate Bill 40 organizations, including Callaway County Special Services (CCSS), rely on local property tax levy revenue to assess community 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. Reducing the assessment percentage for personal property under HB 1759 creates a permanent reduction in this revenue source, requiring corresponding reductions in services unless a sustainable replacement mechanism is established.

Officials from the **Pettis County SB 40 Board** assume a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Pettis County Board of Services for the Developmentally Disabled assess local needs and nurture a strong network of high-quality services that are essential to over 620 people with IDD and their families.

The services supported by personal property taxes include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Rolling Hills Consolidated Library** assume lowering the percentage of personal property value assessed will result in a loss of nearly \$100,000 in annual income for the Rolling Hills Library, about 3% of the library's annual budget. This could result in cuts to staff, hours, and services at some point without any provision for making up the difference in other taxing levels or rates.

Officials from the **Springfield-Greene County Library District** a 3% reduction in the assessed value translates into a 3% reduction in revenue, which is a \$600,000 reduction in the budget.

Officials from the **Eastern Clay Ambulance District** assume a fiscal impact of an indeterminate amount.

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** assume the provisions may constitute a “substantial proposed change” in future plan benefits as defined in section 105.660(10). It is impossible to accurately determine the fiscal impact of this legislation without an actuarial cost statement prepared in accordance with section 105.665. Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

Officials from the **St. Louis City Assessor** summarize the impact to the city in the following table:

Year	Locally Assessed Value of Personal Property	State Assessed Value of Personal Property	Total Assessed Value of Personal Property	Total Market Value of Personal Property	Tax Rate	Taxes	Assessment Rate
2022	1,259,629,978	18,603,426	1,278,233,404	3,834,704,047	\$8.2661	\$105,660,051	33.33%
2023	1,319,337,674	20,208,545	1,339,546,219	4,018,642,676	\$7.9593	\$106,618,502	33.33%
2024	1,380,338,554	19,515,004	1,399,853,558	4,199,564,874	\$8.3708	\$117,178,942	33.33%
2025	1,262,587,738	16,818,852	1,279,406,590	3,838,223,608	\$8.1122	\$103,788,021	33.33%
2026*	1,262,587,738	16,818,852	1,279,406,590	3,838,223,608	\$8.1122	\$103,788,021	33.33%
2027*	1,136,330,101	15,136,982	1,151,467,082	3,838,223,608	\$8.1122	\$93,409,313	30.00%

* Amounts estimated at 2025 level

Amount of tax reduction to all tax jurisdictions from 2026 to 2027 due to the new 30% assessment rate = (\$10,378,709)

Loss in Revenue to the City of St. Louis =	(\$2,075,742)
Loss in Revenue to the Collector of Revenue Fund =	(\$155,681)
Loss in Revenue to the Assessment Fund =	(\$64,867)

Oversight assumes this provision reduces the percentage at which personal property is assessed, effectively reducing the assessed value over time.

Property Type	Current	Proposed
Personal Property	33.3%	30%

Oversight estimated the difference between the proposed assessed values and the 2024 assessed values in the table below according to the [State Tax Commission 2024 Annual Report](#).

Property Type	Assessed Value Current	Full Value	Assessed Value Proposed	Difference in Assessed Value
Personal Property (Vehicles)	\$20,346,815,488	\$61,101,548,012	\$18,330,464,404	(\$2,016,351,084)
Personal Property (Other)	\$8,648,502,616	\$25,971,479,327	\$7,791,443,798	(\$857,058,818)
Personal Property (Centrally Assessed)	\$1,292,714,196	\$3,882,024,613	\$1,164,607,384	(\$128,106,812)
Total	\$30,288,032,300	\$90,955,051,952	\$27,286,515,586	(\$3,001,516,714)

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 estimated the impact to the Blind Pension Fund in the table below.

Property Type	Difference in Assessed Value	Blind Pension Fund Impact (difference in assessed value /100 * .03)
Personal Property (Vehicles)	(\$2,016,351,084)	(\$604,905)
Personal Property (Other)	(\$857,058,818)	(\$257,118)
Personal Property (Centrally Assessed)	(\$128,106,812)	(\$38,432)
Total	(\$3,001,516,714)	(\$900,455)

Oversight calculated an effective local property tax rate of approximately 6.7%. Oversight used the effective local property tax rate to estimate the reduction of local property tax collections under this proposal.

Property Type	Property Tax Paid*	Assessed Value	Calculated Effective Local Tax Rate
Personal Property (Vehicles)	\$1,351,348,105	\$20,346,815,488	6.64%
Personal Property (Other)	\$582,873,141	\$8,648,502,616	6.74%

* Excluding the Blind Pension Fund revenue.

Property Type	Difference in Assessed Value	Local Impact (difference in assessed value x 6.6%)
Personal Property (Vehicles)	(\$2,016,351,084)	(\$134,905,532)
Personal Property (Other)	(\$857,058,818)	(\$57,342,185)
Personal Property (Centrally Assessed)	(\$128,106,812)	(\$8,571,086)
Total	(\$3,001,516,714)	(\$200,818,803)

Oversight notes 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. Property tax rates will be impacted by this proposal.

Oversight notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum or are at a fixed rate. 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 an actual loss of revenue.

Oversight notes officials from B&P and DSS both assume the proposal will have a direct fiscal impact on the Blind Pension Fund and local revenues. Oversight does not have any information to the contrary. Therefore, Oversight will reflect B&P's estimated impacts in the fiscal note.

Officials from the **Newton County Health Department, Phelps County Sheriff, Kansas City Police Department, St. Louis County Police Department, Branson Police Department, Office of the Secretary of State, 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
BLIND PENSION FUND (1621)			
Revenue Loss – (\$137.115) Personal property change in assessed value p.3	\$0	(\$882,685)	(\$882,685)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
ESTIMATED NET EFFECT ON BLIND PENSION FUND (1621)	<u>\$0</u>	<u>(\$882,685)</u>	<u>(\$882,685)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
Revenue Loss* – (§137.115) Personal property change in assessed value p.3	<u>\$0</u>	<u>(\$197,641,995)</u>	<u>(\$197,641,995)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS*			
	<u>\$0</u>	<u>(\$197,641,995)</u>	<u>(\$197,641,995)</u>

*Oversight notes this impact could be substantially reduced if taxing authorities are able to increase the levy to other taxpayers to make up for the loss of property tax revenue resulting from this proposal.

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Currently, personal property is assessed at 33.3% of its true value in money as of January 1st of each calendar year. Beginning January 1, 2027, personal property must be assessed at 30% of its true value in money.

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 Social Services

City of Kansas City

Washington County Assessor

Johnson County
Iberia Rural Fire Protection District (IBER) – Miller
County Employees' Retirement Fund (CERF)
Canton R-V School District
Fairfax R-III School District
High Point R-III School District
Wentzville R-IV School District
Boone County SB 40 (Boone County Family Resources)
Jasper County SB 40 Board
Callaway County SB 40 Board
Pettis County SB 40 Board
Rolling Hills Consolidated Library
Springfield-Greene County Library District
Eastern Clay Ambulance District
Joint Committee on Public Employee Retirement (JCPER)
St. Louis City Assessor
Newton County Health Department
Phelps County Sheriff
Kansas City Police Dept.
St. Louis County Police Dept.
Branson Police Dept.
Office of the Secretary of State
Joint Committee on Administrative Rules



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