

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5412H.01I
Bill No.: HB 2098
Subject: Property, Real and Personal; Taxation and Revenue - Property; Parks and Recreation; Entertainment, Sports and Amusements; County Officials
Type: Original
Date: January 9, 2026

Bill Summary: This proposal modifies provisions governing the classification of real 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 Other State Funds	(Unknown)	(Unknown)	(Unknown)

*Oversight assumes the fiscal impact could exceed 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 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	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§137.016 – Reclassification of “Green Space” Property

Officials from the **Office of Administration – Budget & Planning** did not respond to **Oversight**'s request for fiscal impact for this proposal.

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. Moving golf courses from residential to agricultural land lowers the assessment ratio from 19% for residential to 12% for AG resulting in a loss of revenue. It is also unclear if the property moved under agriculture should be given a soil grade for their property or should be assessed at the lands market value then multiplied by the 12% assessment ratio.

Officials from the **County Employees’ Retirement Fund** assume there is insufficient data to quantify this proposal's exact impact. This proposal may have an unknown, possibly negative, fiscal impact to the County Employees’ Retirement Fund.

Officials from the **Adair County SB 40 Board** assume a reduction in funding from personal and/or real property taxes would have a direct and significant impact on the essential support 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 support, 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 support to individuals with disabilities and their families would be significantly compromised, with broader consequences for the community as a whole.

Officials from the **Callaway County SB 40 Board** assume House Bill 2098 (HB 2098) modifies statutory definitions governing the classification of real property for taxation purposes, including residential, agricultural, and commercial subclasses. While intended to clarify and standardize classification practices, changes in property classification under HB 2098 may result in shifts in assessed valuation that directly affect local property tax revenues.

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.

Services supported by property tax revenue include employment support, transportation, inclusive community-based programs, and essential family resources. These services advance the statutory purpose of promoting independence, community integration, and quality of life for individuals with IDD, while strengthening the overall social and economic well-being of Callaway County.

Before implementing changes that affect property classification and local tax bases, the cumulative impact on individuals with IDD, their families, and levy-dependent SB40 boards must be carefully evaluated. Absent a sustainable and equitable replacement or mitigation mechanism, HB 2098 poses a fiscal risk to the ability of Senate Bill 40 organizations to meet their statutory obligations and preserve critical community-based supports.

Officials from the **Jasper County SB 40 Board** assume HB2098 expands definitions for agricultural and residential property, adding green spaces, urban gardens, and other uses that may reduce assessed values.

Lower assessed values mean less revenue for SB 40 boards, even as demand for services and costs for staffing, transportation, and specialized care continue to rise.

Although taxing districts can adjust levies to recoup some losses, these adjustments are capped and may not fully offset the impact. The result is a potential funding gap that could force SB40 boards to reduce programs, limit eligibility, or delay necessary improvements—directly affecting individuals and families who depend on these services.

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

Oversight notes this proposal reclassifies green space used exclusively for noncommercial, recreational purposes such as parks, golf courses, nature preserves, and other areas as agricultural property rather than residential property.

Oversight notes according to the [Property Reassessment and Taxation Manual](#) on the MO State Tax Commission website, Real Property is currently assessed as follows:

- Residential property - 19% of value
- Agricultural property - 12% of value
- Commercial property - 32% of value

Oversight notes the reduction of assessment percentage from 19% to 12%, (approximately a 37% proportional decrease) for qualifying properties will result in a decrease in assessed value relative to current law.

Oversight is uncertain what proportion of assessed value would be reclassified under this proposal. Based on a brief review, there are approximately 400 golf courses in Missouri.

Oversight notes the Blind Pension Fund (1621) is calculated as an annual tax of three cents on each one hundred dollars of assessed valuation of taxable property ((Total Assessed Value/100)*.03). Because this proposal reduces 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 does not have enough information to estimate a fiscal impact to the Blind Pension Fund or to local political subdivisions from these changes. Therefore, Oversight will show an unknown loss in property tax revenue beginning in FY 2027.

Oversight notes to reach a revenue impact of \$250,000 in the Blind Pension Fund would require a change in assessed value of approximately \$830,000,000. This would be approximately a 1.0% change in the assessed value of all residential property.

Oversight notes property tax revenues are designed to be relatively revenue neutral from year to year. The tax rate is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth. Therefore, this proposal may result in a higher tax rate relative to current law thus distributing more of the tax burden to other property owners.

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.

Officials from the **Department of Natural Resources**, **Department of Revenue**, **Department of Social Services**, **Missouri Department of Conservation**, **Kansas City Police Department**, **St. Louis County Police Department**, **Little Blue Valley Sewer District - 7B Sewer**, **Metropolitan St. Louis Sewer District - 7B Sewer**, **South River Drainage District - 7D Levee**, **Rolling Hills Consolidated Library**, **Branson Police Department**, **High Point R-III School District**, and the **Wayne County PWS** #2 each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight 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			
Revenue Loss – (§137.016) Reclassification of “green space” property p.5	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	\$0	(Unknown)	(Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
Revenue Loss – (§137.016) Reclassification of “green space” property p.5	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	(Unknown)	(Unknown)

FISCAL IMPACT – Small Business

There could be a fiscal impact on small businesses if tax rates/taxes are adjusted relative to changes in assessed values.

FISCAL DESCRIPTION

This bill adds green space used exclusively for non-commercial, recreational purposes to the definition of agricultural and horticultural property, as that definition relates to the subclassification of real property for taxation purposes.

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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

State Tax Commission (STC)

Department of Natural Resources

Department of Revenue

Department of Social Services

Missouri Department of Conservation

County Employees' Retirement Fund

Adair County SB 40 Board

Calloway County SB 40 Board

Jasper County SB 40 Board

City of Kansas City

Kansas City Police Dept.

St. Louis County Police Dept

Branson Police Dept.

Little Blue Valley Sewer District - 7B Sewer

Metropolitan St. Louis Sewer District - 7B Sewer

South River Drainage District - 7D Levee

Rolling Hills Consolidated Library

High Point R-III School District

Wayne County PWSD #2



Julie Morff

Director

January 9, 2026



Jessica Harris

Assistant Director

January 9, 2026