

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5822H.011  
 Bill No.: HB 2329  
 Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Property, Real and Personal; Motor Vehicles; Department of Revenue; State Tax Commission  
 Type: Original  
 Date: January 25, 2026

Bill Summary: This proposal reduces the assessment percentage of tangible personal property over a period of years.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2030)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2030)
Blind Pension Fund (1621)	\$0	(\$1,365,800)	(\$2,731,598)	(\$4,097,398)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>(\$1,365,800)</b>	<b>(\$2,731,598)</b>	<b>(\$4,097,398)</b>

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2030)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2030)
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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	Fully Implemented (FY 2030)
<b>Local Government*</b>	<b>\$0</b>	<b>(\$282,761,435)</b>	<b>(\$565,522,871)</b>	<b>(\$848,284,307)</b>

\*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 by 5.11% per year for three years. Under this proposal the assessment percentage would go from 33.33% to 28.22% (2027), 23.11% (2028), and finally 18.00% (2029).

Property taxes are levied for a calendar year, with the taxes owed by December 31<sup>st</sup> 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 2026	Proposed Assessment Rate 2027	Proposed Assessment Rate 2028+
Livestock	12%	n/a	n/a	n/a
Farm Machinery	12%	n/a	n/a	n/a
Vehicles - motor and recreational	33.33%	28.22%	23.11%	18%
Grain and other Crops	1%	n/a	n/a	n/a
Manufactured Homes (Dwelling Units)	19%	n/a	n/a	n/a
Historical MVs and Aircraft, Kit Aircraft	5%	n/a	n/a	n/a
Pollution Control Tools and Equipment	25%	n/a	n/a	n/a
All Other Tangible Personal Property	33.33%	28.22%	23.11%	18%
State Assessed Utility Personal Property	33.33%	28.22%	23.11%	18%

Based on the 2025 Assessed Valuations Report provide by STC, the assessed value for impact personal property was \$29,694,776,082. Under this proposal the assessed values would have been \$25,142,111,642 (28.22%, 2027), \$20,589,447,203 (23.11%, 2028), and \$16,036,782,763 (18.0%, 2029). Table 2 shows the current and proposed assessed value by property type.

Table 2: Assessed Values

Property Type	Current (2025)	Proposed 2026	Proposed 2027	Proposed 2028+
Vehicles - motor and recreational	\$20,192,904,974	\$17,097,023,053	\$14,001,141,133	\$10,905,259,212
All Other Tangible Personal Property	\$8,315,836,996	\$7,040,891,690	\$5,765,946,384	\$4,491,001,078
State Assessed Utility Personal Property	\$1,186,034,112	\$1,004,196,899	\$822,359,686	\$640,522,473
<b>Total</b>	<b>\$29,694,776,082</b>	<b>\$25,142,111,642</b>	<b>\$20,589,447,203</b>	<b>\$16,036,782,763</b>

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 6.2109%. 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 \$4,097,398 and local revenues by \$848,284,307 annually once fully implemented. Table 3 shows the estimated impact by property type.

Table 3: Local Property Tax Estimated Impact

Property Type	2027 (FY28)	2028 (FY29)	2029+ (FY30+)
Vehicles - motor and recreational	(\$192,282,130)	(\$384,564,260)	(\$576,846,391)
All Other Tangible Personal Property	(\$79,185,578)	(\$158,371,156)	(\$237,556,734)
State Assessed Utility Personal Property	(\$11,293,727)	(\$22,587,455)	(\$33,881,182)
<b>Total</b>	<b>(\$282,761,435)</b>	<b>(\$565,522,871)</b>	<b>(\$848,284,307)</b>

Table 3: Blind Pension Fund Estimated Impact

Property Type	2027 (FY28)	2028 (FY29)	2029+ (FY30+)
Vehicles - motor and recreational	(\$928,765)	(\$1,857,529)	(\$2,786,294)
All Other Tangible Personal Property	(\$382,484)	(\$764,967)	(\$1,147,451)
State Assessed Utility Personal Property	(\$54,551)	(\$109,102)	(\$163,653)
<b>Total</b>	<b>(\$1,365,800)</b>	<b>(\$2,731,598)</b>	<b>(\$4,097,398)</b>

Officials from the **Department of Social Services (DSS)** note the Blind Pension (BP) is funded from 0.03% (\$.03) of each \$100 assessed valuation of taxable property. Reducing the personal property tax rate could impact the amount received for the Blind Pension fund.

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 ( $\$28,332,407,102 / .3333$ ).

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; 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	Amended Assessed Value of Tangible Personal Property*	BP Fund Collections Tangible Personal Property*	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	28 2/9%	\$ 23,988,614,714	\$ 7,196,584	\$ 1,303,138
2029	\$ 85,005,721,878	23 1/9%	\$ 19,644,822,326	\$ 5,893,447	\$ 2,606,275
2030	\$ 85,005,721,878	18%	\$ 15,301,029,938	\$ 4,590,309	\$ 3,909,413

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

Therefore, FSD estimates the fiscal impact to the BP fund as a result of this legislation would be \$1,303,138 in SFY 28; \$ 2,606,275 in SFY 29; and \$ 3,909,413 in SFY 30 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 2024 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 28 2/9% from 33.3% would drop the assessed valuation to \$24,678,809,659 ( $\$29,121,345,204 / .333 \times .2822$ ). The tax collections from the reduced valuation would equal \$1,639,150,858 [ $\$24,678,809,659 \times \$1,934,221,246 / \$29,121,345,204 = \$1,639,150,858$ ]. The resulting reduction in taxes statewide would be \$295,070,388 ( $\$1,934,221,246 - \$1,639,150,858$ ) for 2027 spread across all the taxing jurisdictions across the state reliant on property taxes for funding.

Dropping the assessed valuation percentage to 23 1/9% from 28 2/9% would drop the assessed valuation to \$20,210,038,668 ( $\$29,121,345,204 / .333 \times .2311$ ). The tax collections from the reduced valuation would equal \$1,342,337,928 [ $(\$20,210,038,668 \times \$1,934,221,246) / \$29,121,345,204 = \$1,342,337,928$ ]. The resulting reduction in taxes statewide would be an additional

\$296,812,930 (\$1,934,221,246-\$1,342,337,928-\$295,070,388[2027]) for 2028 spread across all the taxing jurisdictions across the state reliant on property taxes for funding.

Dropping the assessed valuation percentage to 18% from 23 1/9% would drop the assessed valuation to \$15,741,267,678 (\$29,121,345,204 /.333\*.18). The tax collections from the reduced valuation would equal \$1,045,524,998 [(\$15,741,267,678 \* \$1,934,221,246)/\$29,121,345,204=\$1,045,524,998 The resulting reduction in taxes statewide would be an additional \$296,812,930 (\$1,934,221,246-\$1,045,524,998-\$295,070,388 [2027]- \$296,812,930 [2028]) for 2029 spread across all the taxing jurisdictions across the state reliant on property taxes for funding.

The tax cut as compared to today breaks down as follows \$295,070,388 (2027); \$591,883,318 (2028); and \$888,696,248 (2029).

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

Officials from the **Washington County Assessor** assume this bill would only create higher tax levies. If personal property is cut back under this proposal the entities would just increase their levies to make up for the loss.

This also would cut budgets on the assessors who are occupancy counties, which would cause layoffs and not being able to do the assessor's jobs properly. By year 2029 the county would have a loss of \$651,789.54.

Officials from the **Eastern Clay Ambulance District** assume a fiscal impact but did not provide any additional information.

Officials from the **Wentzville R-IV School District** assume the following loss of revenue by year: \$3,856,137 in 2027, \$7,735,046 in 2028, and \$11,613,956 in 2029.

The calculations are based on 2025 personal property assessed valuation of \$557,274,953.

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** assume according to actuarial information provided by the retirement systems, this proposal would constitute a "substantial proposed change" in future plan benefits as defined in section 105.660(10). Pursuant to section 105.670, actuarial cost statements 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 **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.

In Boone County alone, BCFR receives approximately \$4.5 million annually from personal property taxes, representing 28% of our operating budget. Eliminating this revenue source would immediately and substantially reduce the funding available for critical services, creating a significant negative impact on Boone Countians with developmental disabilities.

Officials from the **Callaway County SB 40 Board** assume House Bill 2329 (HB 2329) modifies Missouri law by phasing down the assessment percentage applied to tangible personal property beginning in 2027, ultimately reducing the assessment rate to 18 percent of true value. While the bill provides broad taxpayer relief, it results in a permanent reduction in personal property tax revenues 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. The phased reduction in assessment percentages under HB 2329 would substantially erode this revenue source, requiring corresponding reductions in services unless a sustainable replacement funding mechanism is established.

Officials from the **Pulaski County SB 40 Board** note in Pulaski County, revenue from personal property taxes accounts for 19% of the board's tax levy. Eliminating or reducing this funding would immediately and negatively impact the services the board provides. Without a sustainable and equitable mechanism to replace this revenue, individuals who rely on these supports will face reduced access to critical programs that enable independence, inclusion, and quality of life.

Officials from the **Department of Revenue, Office of the State Auditor, Office of Administration, Newton County Health Department, Phelps County Sheriff, 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.

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

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 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 notes officials from B&P, STC, and DSS each 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.

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	FY 2028	FY 2029	Fully Implemented (FY 2030)
<b>BLIND PENSION FUND (1621)</b>				
<u>Revenue Loss – (\$137.115) Personal property change in assessed value p.5</u>	\$0	(\$1,365,800)	(\$2,731,598)	(\$4,097,398)
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND (1621)</b>	<b>\$0</b>	<b>(\$1,365,800)</b>	<b>(\$2,731,598)</b>	<b>(\$4,097,398)</b>

<u>FISCAL IMPACT – State Government</u>	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2030)
<b>LOCAL POLITICAL SUBDIVISIONS</b>				
<u>Revenue Loss – (\$137.115)</u> Personal property change in assessed value p.4	\$0	(\$282,761,435)	(\$565,522,871)	(\$848,284,307)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0</b>	<b>(\$282,761,435)</b>	<b>(\$565,522,871)</b>	<b>(\$848,284,307)</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill provides that, beginning January 1, 2027, the percentage of the true value in money at which personal property is assessed will be reduced over a period of three years until it will be assessed at 18% 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 (B&P)
- Department of Social Services (DSS)
- State Tax Commission (STC)
- Department of Revenue
- Office of the State Auditor
- Office of Administration
- City of Kansas City
- Washington County Assessor
- Eastern Clay Ambulance District
- Wentzville R-IV School District
- Joint Committee on Public Employee Retirement (JCPER)
- Boone County SB 40 (Boone County Family Resources)
- Callaway County SB 40 Board

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Pulaski County SB 40 Board  
Newton County Health Department  
Phelps County Sheriff  
Kansas City Police Department  
St. Louis County Police Department



Julie Morff  
Director  
January 25, 2026



Jessica Harris  
Assistant Director  
January 25, 2026