

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6167H.011  
 Bill No.: HB 2859  
 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 20, 2026

Bill Summary: This proposal reduces the assessment percentage of certain personal property and provides a personal property tax exemption for certain personal property upon adoption of a constitutional amendment authorizing such exemption.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2042)
<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 2042)
Blind Pension Fund (1621)	\$0	Up to (\$2,935,641)	Up to (\$2,935,641)	Up to (\$5,729,988)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>Up to (\$2,935,641)</b>	<b>Up to (\$2,935,641)</b>	<b>Up to (\$5,729,988)</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 2042)
<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 2042)
<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 2042)
<b>Local Government*</b>	<b>\$0</b>	<b>Up to (\$655,093,013)</b>	<b>Up to (\$655,093,013)</b>	<b>Up to (\$1,270,762,173)</b>

\*Oversight notes this impact could be 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**

**§137.102 - Motor Vehicle Property Tax Exemption**

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would allow all motor vehicles and farm equipment ten years and older to be exempt from both state and local personal property tax. B&P notes that this exemption would not become enacted unless and until voters approve a constitutional amendment. B&P further notes that the next General Election is in November 2026. Therefore, the earliest this exemption could become enacted is for calendar year 2027. B&P will reflect the potential loss from this provision as \$0 (no voter approval) or \$x.

B&P notes that the impact of this provision is directly affected by the assessment percentage rate changes that are also proposed in Section 137.115. To prevent double counting, B&P estimated the impact of this provision after the proposed impacts under Section 137.115. Therefore, the impacts of this provision will get smaller over time as the assessment percentage rate is reduced under Section 137.115.

B&P estimates that after all changes proposed in Section 137.115 have taken place this provision could result in additional reduced revenues to the Blind Pension Trust Fund of \$2,057,990 and to local funds of \$460,921,233 in FY28, if voter approved in November 2026.

Once the provisions under Section 137.115 have fully implemented, this provision could additionally reduce revenues to the Blind Pension Trust Fund by \$1,128,967 and to local funds by \$282,831,324. Table 1 shows the potential impact year, if voter approved, excluding impacts from lowering the assessment percentage in Section 137.115.

**B&P Table 1: Estimated Loss to the Blind Pension Fund from MV and Farm Machinery Exemption**

Tax Year	Fiscal Year	Motor Vehicles*	Farm Machinery*	Total*
TY 2027 & TY 2028	FY 2028 & FY 2029	(\$1,990,941)	(\$67,049)	(\$2,057,990)
TY 2029 & TY 2030	FY 2030 & FY 2031	(\$1,852,333)	(\$66,837)	(\$1,919,170)
TY 2031 & TY 2032	FY 2032 & FY 2033	(\$1,724,821)	(\$67,023)	(\$1,791,844)
TY 2033 & TY 2034	FY 2034 & FY 2035	(\$1,588,745)	(\$66,880)	(\$1,655,625)
TY 2035 & TY 2036	FY 2036 & FY 2037	(\$1,550,595)	(\$71,208)	(\$1,621,803)
TY 2037 & TY 2038	FY 2038 & FY 2039	(\$1,327,367)	(\$67,052)	(\$1,394,419)
TY 2039 & TY 2040	FY 2040 & FY 2041	(\$1,200,622)	(\$67,389)	(\$1,268,011)
TY 2041+	FY 2042+	(\$1,061,913)	(\$67,054)	(\$1,128,967)

*\*Loss only if exemption is voter approved prior to tax year.*

B&P Table 2: Estimated Loss to Locals from MV and Farm Machinery Exemption

Tax Year	Fiscal Year	Motor Vehicles*	Farm Machinery*	Total*
TY 2027 & TY 2028	FY 2028 & FY 2029	(\$445,904,548)	(\$15,016,685)	(\$460,921,233)
TY 2029 & TY 2030	FY 2030 & FY 2031	(\$416,144,529)	(\$15,015,492)	(\$431,160,021)
TY 2031 & TY 2032	FY 2032 & FY 2033	(\$386,471,616)	(\$15,017,501)	(\$401,489,117)
TY 2033 & TY 2034	FY 2034 & FY 2035	(\$356,692,789)	(\$15,015,386)	(\$371,708,175)
TY 2035 & TY 2036	FY 2036 & FY 2037	(\$347,319,741)	(\$15,949,982)	(\$363,269,723)
TY 2037 & TY 2038	FY 2038 & FY 2039	(\$297,236,020)	(\$15,014,983)	(\$312,251,003)
TY 2039 & TY 2040	FY 2040 & FY 2041	(\$267,502,526)	(\$15,014,428)	(\$282,516,954)
TY 2041+	FY 2042+	(\$237,814,706)	(\$15,016,618)	(\$252,831,324)

\*Loss only if exemption is voter approved prior to tax year.

Officials from the **Department of Social Services (DSS)** note the following:

Section 137.102 is added to exempt farm machinery and motor vehicles that were manufactured ten years prior to the current calendar years beginning January first of the calendar year immediately following the adoption of a constitutional amendment authorizing the exemption.

Blind Pension (BP) is funded from 0.03% (\$.03) of each \$100 assessed valuation of taxable property. Exempting motor vehicles and farm machinery manufactured ten years or more prior to the current calendar year of assessment from taxation could impact the amount received for the BP fund.

According to the [2024 State Tax Commission Annual Report](#), \$20,346,815,488 of the \$151,673,672,937 total assessed valuation for the State of Missouri comes from vehicles including recreational vehicles. Therefore, approximately \$6,104,045 [(\$20,346,815,488/100)\*0.03] is collected in the BP fund from motor vehicle tax revenue.

Motor vehicles are currently assessed based on a recommended guide of information for determining the true value of motor vehicle and includes vehicles that were manufactured 10 years or more prior to the current calendar year. According to the State Tax Commission, an estimate of the effect of exempting motor vehicles manufactured 10 years or more ago from taxation is unavailable, therefore the effect is unknown. For the purposes of this fiscal note, FSD assumes there will be a reduction in tax revenue from motor vehicles of up to 25%. Therefore, FSD estimates that the tax revenue from motor vehicles collected in the BP fund could decrease up to \$1,526,011 (\$6,104,044\*0.25).

According to the [2024 State Tax Commission Annual Report](#), \$601,977,993 of the \$151,673,672,937 total assessed valuation for the State of Missouri comes from Farm Machinery. Therefore, approximately \$180,593 [(\$601,977,993 /100) \*0.03] is collected in the BP fund from Farm Machinery tax revenue.

According to the State Tax Commission, an estimate on the effect of exempting farm machinery manufactured 10 years or more ago from taxation is unavailable, therefore the effect is unknown. For the purposes of this fiscal note, FSD assumes there will be a reduction in tax revenue from farm machinery of up to 25%. Therefore, FSD estimates that the tax revenue from farm machinery collected in the BP fund could decrease up to \$45,148 ( $\$180,593 * 0.25$ ).

It is unknown when or if a constitutional amendment authorizing the exemption of tangible personal property taxation will be approved by voters. FSD assumes the earliest this exemption could take effect is January 1, 2027, and the fiscal impact to the BP fund will begin in SFY 2028. Therefore, the fiscal impact to FSD is up to \$1,571,159 ( $\$1,526,011 + \$45,148 = \$1,571,159$ ) due to the provisions in Section 137.102 beginning in SFY 2028.

**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 real property owners (as personal property assessed values decrease).

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 some taxing entities will be able to increase the tax rate levied on other property to make up for the lost revenue from exempt assessments for motor vehicles that are at least ten years old and/or farm machinery. Some may not be able to.

Oversight notes this proposal is contingent on a voter approved amendment to the Constitution. Oversight will show the impact as either \$0 (Constitutional amendment is not approved by voters AND/OR the local political subdivisions may be able to increase the levy to all other taxpayers to replace the lost property tax revenues or the figures estimated by B&P to the Blind Pension Fund and local political subdivisions beginning in FY 2028).

Officials from the **St Louis City Assessor** note the following fiscal impact:

Year	2025	2026	2027
Market Value of farm machine & motor vehicle	1,709,269,760	1,709,269,760	0
Assessed Value of farm machine & motor vehicle	569,756,017	569,756,017	0
Taxes	\$46,219,748	\$46,219,748	\$0
Drop in Revenue once constitutional amendment authorizes exemption			-\$46,219,748
City of St. Louis tax effect			-\$9,243,950
Loss to Collector of Revenue fund			-\$693,296
Loss to Assessment fund			-\$288,873

\*Note: It is not clear if a constitutional amendment would exempt all personal property or just farm machinery and motor vehicles. This analysis only includes farm machinery and motor vehicles; it does not include all personal property.

§137.115 – Reduced Personal Property Assessment Rates

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal reduces the personal property assessment value from its current rate of 33.33%. For calendar year 2027, the assessment percentage declines to 33.0%. Every other year through 2040, the assessment percentage is reduced by 2% from the previous year’s percentage. Beginning with calendar year 2041, personal property is to be assessed at 16% of its true value. Table 3 shows the reductions to the assessment percentages by tax year.

B&P Table 3: Assessment Percentages by Year

Tax Year	Personal Property	Livestock/Poultry/ Farm Equipment	Pollution Control/Tools & Equipment
2026	33.33%	12.00%	25.00%
2027	30%	12%	25%
2029	28%	12%	25%
2031	26%	12%	25%
2033	24%	12%	25%
2035	22%	12%	25%
2037	20%	12%	25%
2039	18%	12%	25%
2041	16%	12%	25%

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.

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 estimates that this proposal could reduce revenues to the Blind Pension Trust Fund by \$890,041 and local property tax collections by \$184,265,280 in FY28 and FY29. Once fully implemented in FY42, this proposal could reduce revenues to the Blind Pension Trust Fund by \$4,631,957 and local property tax collections by \$958,954,145. Table 4 shows the estimated impact per year.

B&P Table 4: Estimated Impact per Year

Tax Year	Fiscal Year	Blind Pension Fund	Local Impact
TY 2027 & TY 2028	FY 2028 & FY 2029	(\$890,041)	(\$184,265,280)
TY 2029 & TY 2030	FY 2030 & FY 2031	(\$1,424,601)	(\$294,935,118)
TY 2031 & TY 2032	FY 2032 & FY 2033	(\$1,959,160)	(\$405,604,956)
TY 2033 & TY 2034	FY 2034 & FY 2035	(\$2,493,720)	(\$516,274,794)
TY 2035 & TY 2036	FY 2036 & FY 2037	(\$3,028,279)	(\$626,944,631)
TY 2037 & TY 2038	FY 2038 & FY 2039	(\$3,562,839)	(\$737,614,469)
TY 2039 & TY 2040	FY 2040 & FY 2041	(\$4,097,398)	(\$848,284,307)
TY 2041+	FY 2042+	(\$4,631,957)	(\$958,954,145)

Tables 5 and 6 show the estimated impact to state and local funds by type of personal property.

B&amp;P Table 5: Estimated Blind Pension Fund Loss by Property Type

Tax Year	Fiscal Year	Motor Vehicles	All Other TPP	Centrally Assessed	Total Impact
TY 2027 & TY 2028	FY 2028 & FY 2029	(\$605,242)	(\$249,251)	(\$35,549)	(\$890,041)
TY 2029 & TY 2030	FY 2030 & FY 2031	(\$968,751)	(\$398,951)	(\$56,900)	(\$1,424,601)
TY 2031 & TY 2032	FY 2032 & FY 2033	(\$1,332,259)	(\$548,651)	(\$78,250)	(\$1,959,160)
TY 2033 & TY 2034	FY 2034 & FY 2035	(\$1,695,768)	(\$698,351)	(\$99,601)	(\$2,493,720)
TY 2035 & TY 2036	FY 2036 & FY 2037	(\$2,059,276)	(\$848,051)	(\$120,952)	(\$3,028,279)
TY 2037 & TY 2038	FY 2038 & FY 2039	(\$2,422,785)	(\$997,751)	(\$142,303)	(\$3,562,839)
TY 2039 & TY 2040	FY 2040 & FY 2041	(\$2,786,294)	(\$1,147,451)	(\$163,653)	(\$4,097,398)
TY 2041+	FY 2042+	(\$3,149,802)	(\$1,297,151)	(\$185,004)	(\$4,631,957)

B&amp;P Table 6: Estimated Local Loss by Property Type

Tax Year	Fiscal Year	Motor Vehicles	All Other TPP	Centrally Assessed	Total Impact
TY 2027 & TY 2028	FY 2028 & FY 2029	(\$125,303,228)	(\$51,602,343)	(\$7,359,709)	(\$184,265,280)
TY 2029 & TY 2030	FY 2030 & FY 2031	(\$200,560,422)	(\$82,594,742)	(\$11,779,954)	(\$294,935,118)
TY 2031 & TY 2032	FY 2032 & FY 2033	(\$275,817,615)	(\$113,587,140)	(\$16,200,200)	(\$405,604,956)
TY 2033 & TY 2034	FY 2034 & FY 2035	(\$351,074,809)	(\$144,579,539)	(\$20,620,446)	(\$516,274,794)
TY 2035 & TY 2036	FY 2036 & FY 2037	(\$426,332,003)	(\$175,571,937)	(\$25,040,691)	(\$626,944,631)
TY 2037 & TY 2038	FY 2038 & FY 2039	(\$501,589,197)	(\$206,564,336)	(\$29,460,937)	(\$737,614,469)
TY 2039 & TY 2040	FY 2040 & FY 2041	(\$576,846,391)	(\$237,556,734)	(\$33,881,182)	(\$848,284,307)
TY 2041+	FY 2042+	(\$652,103,584)	(\$268,549,132)	(\$38,301,428)	(\$958,954,145)

Officials from the **Department of Social Services (DSS)** note Section 137.115 is amended to incrementally reduce the assessment rate of personal property from 33 1/3% beginning January 1, 2027, to 16% in calendar year 2041 and ongoing.

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.

According to the [2024 State Tax Commission Annual Report](#), \$28,332,407,102 of the \$151,673,672,937 total assessed valuation for the State of Missouri comes from tangible personal property that is not livestock; farm machinery; pollution control tools and equipment; grain and other agricultural crops; historic motor vehicles, historic aircraft, and aircraft built from kits.

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 is currently assessed at 33 1/3 percent of true value in money. Therefore, the \$28,332,407,102 in these types of tangible property tax assessments reported in 2024 is 33 1/3% of the true value of personal property, therefore; the true value assessed of these types of personal property was \$85,005,721,878 (\$28,332,407,102/0.3333).

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
2026	\$85,005,721,878	33.33%	\$28,332,407,102	\$8,499,722	\$0
2027	\$85,005,721,878	30%	\$25,501,716,563	\$7,650,515	\$849,207
2029	\$85,005,721,878	28%	\$23,801,602,126	\$7,140,481	\$1,359,241
2031	\$85,005,721,878	26%	\$22,101,487,688	\$6,630,446	\$1,869,276
2033	\$85,005,721,878	24%	\$20,401,373,251	\$6,120,412	\$2,379,310
2035	\$85,005,721,878	22%	\$18,701,258,813	\$5,610,378	\$2,889,344
2037	\$85,005,721,878	20%	\$17,001,144,376	\$5,100,343	\$3,399,379
2039	\$85,005,721,878	18%	\$15,301,029,938	\$4,590,309	\$3,909,413
2041	\$85,005,721,878	16%	\$13,600,915,500	\$4,080,275	\$4,419,447

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

Therefore, the fiscal impact to FSD due to the provisions in Section 137.115 is up to \$849,207 in SFY 28, \$1,359,241 in SFY 30, \$1,869,276 in SFY 32, \$2,379,310 in SFY 34, \$2,889,344 in SFY 36, \$3,399,379 in SFY 38, \$3,909,413 in SFY 40, and \$4,419,447 in SFY 42 and ongoing. Therefore, FSD estimates that the fiscal impact as a result of this legislation to the BP fund is a decrease up to \$2,420,366 in SFY 28 and SFY 29; \$2,930,401 in SFY 30 and SFY 31;

\$3,440,435 in SFY 32 and SFY 33; \$3,950,470 in SFY 34 and SFY 35; \$4,460,504 in SFY 36 and SFY 37; \$4,970,538 in SFY 38 and SFY 39; \$5,480,573 in SFY 40 and SFY 41; and \$5,990,607 in SFY 42 and ongoing.

Officials from the **St Louis City Assessor** note the following fiscal impact:

<b>Year</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Market Value of all Personal Property	3,787,767,002	3,787,767,002	3,787,767,002
Assessed Value of all Personal Property	1,262,587,738	1,136,330,101	1,136,330,101
Assessment Percentage Rate	33.33%	30.00%	30.00%
Taxes	\$102,423,642	\$92,181,370	\$92,181,370
Drop from Prior Year level (all tax districts)		(\$10,242,272)	\$0
City of St. Louis tax effect		(\$2,048,454)	\$0
Loss to Collector of Revenue fund		(\$153,634)	\$0
Loss to Assessment fund		(\$64,014)	\$0

<b>Year</b>	<b>2026</b>	<b>2029</b>	<b>2041</b>
Market Value of all Personal Property	3,787,767,002	3,787,767,002	3,787,767,002
Assessed Value of all Personal Property	1,262,587,738	1,060,574,760	606,042,720
Assessment Percentage Rate	33.33%	28.00%	16.00%
Taxes	\$102,423,642	\$86,035,946	\$49,163,398
Drop from Prior Year level (all tax districts)		(\$6,145,425)	(\$6,145,425)
City of St. Louis tax effect		(\$1,229,085)	(\$1,229,085)
Loss to Collector of Revenue fund		(\$92,181)	(\$92,181)
Loss to Assessment fund		(\$38,409)	(\$38,409)

**Oversight** notes this provision reduces the assessment percentage of certain personal property.

Personal Property (Vehicles)

Using the current assessment rate and value per the State Tax Commission’s 2024 Annual [Report](#), Oversight estimates the full value of vehicles for 2024 in the table below.

Assessed Value Current	Full Value (Assessed Value/33.33%)
\$20,346,815,488	\$61,101,548,012

Oversight estimates the difference in assessed values throughout the implementation of the future proposed rate reductions in the table below.

Personal Property (Vehicles)

Tax year	Rate	Assessed Value Proposed	Difference in Assessed Value
2026 (Current)	33%	-	-
2027	30%	\$18,330,464,404	(\$2,016,351,084)
2028	30%	\$18,330,464,404	(\$2,016,351,084)
2029	28%	\$17,108,433,443	(\$3,238,382,045)
2030	28%	\$17,108,433,443	(\$3,238,382,045)
2031	26%	\$15,886,402,483	(\$4,460,413,005)
2032	26%	\$15,886,402,483	(\$4,460,413,005)
2033	24%	\$14,664,371,523	(\$5,682,443,965)
2034	24%	\$14,664,371,523	(\$5,682,443,965)
2035	22%	\$13,442,340,563	(\$6,904,474,925)
2036	22%	\$13,442,340,563	(\$6,904,474,925)
2037	20%	\$12,220,309,602	(\$8,126,505,886)
2038	20%	\$12,220,309,602	(\$8,126,505,886)
2039	18%	\$10,998,278,642	(\$9,348,536,846)
2040	18%	\$10,998,278,642	(\$9,348,536,846)
2041+	16%	\$9,776,247,682	(\$10,570,567,806)

Personal Property (Other)

Using the current assessment rate and value per the State Tax Commission’s 2024 Annual Report, Oversight estimates the full value of other personal property for 2024 in the table below.

Personal Property (Other)

Assessed Value Current	Full Value (Assessed Value/33.33%)
\$7,881,474,797	\$23,668,092,483

Oversight estimates the difference in assessed values throughout the implementation of the future proposed rate reductions in the table below.

**Personal Property (Other)**

Tax year	Rate	Assessed Value Proposed	Difference in Assessed Value
2026 (Current)	33%	-	-
2027	30%	\$7,100,427,745	(\$781,047,052)
2028	30%	\$7,100,427,745	(\$781,047,052)
2029	28%	\$6,627,065,895	(\$1,254,408,902)
2030	28%	\$6,627,065,895	(\$1,254,408,902)
2031	26%	\$6,153,704,046	(\$1,727,770,751)
2032	26%	\$6,153,704,046	(\$1,727,770,751)
2033	24%	\$5,680,342,196	(\$2,201,132,601)
2034	24%	\$5,680,342,196	(\$2,201,132,601)
2035	22%	\$5,206,980,346	(\$2,674,494,451)
2036	22%	\$5,206,980,346	(\$2,674,494,451)
2037	20%	\$4,733,618,497	(\$3,147,856,300)
2038	20%	\$4,733,618,497	(\$3,147,856,300)
2039	18%	\$4,260,256,647	(\$3,621,218,150)
2040	18%	\$4,260,256,647	(\$3,621,218,150)
2041+	16%	\$3,786,894,797	(\$4,094,580,000)

**Personal Property (Centrally Assessed)**

Using the current assessment rate and value per the State Tax Commission’s 2024 Annual Report, Oversight estimates the full value of centrally assessed personal property for 2024 in the table below.

Assessed Value Current	Full Value (Assessed Value/33.33%)
\$1,292,714,196	\$3,882,024,613

Oversight estimates the difference in assessed values throughout the implementation of the future proposed rate reductions in the table below.

Personal Property (Centrally Assessed)

Tax year	Rate	Assessed Value Proposed	Difference in Assessed Value
2026 (Current)	33%	-	-
2027	30%	\$1,164,607,384	(\$128,106,812)
2028	30%	\$1,164,607,384	(\$128,106,812)
2029	28%	\$1,086,966,892	(\$205,747,304)
2030	28%	\$1,086,966,892	(\$205,747,304)
2031	26%	\$1,009,326,399	(\$283,387,797)
2032	26%	\$1,009,326,399	(\$283,387,797)
2033	24%	\$931,685,907	(\$361,028,289)
2034	24%	\$931,685,907	(\$361,028,289)
2035	22%	\$854,045,415	(\$438,668,781)
2036	22%	\$854,045,415	(\$438,668,781)
2037	20%	\$776,404,923	(\$516,309,273)
2038	20%	\$776,404,923	(\$516,309,273)
2039	18%	\$698,764,430	(\$593,949,766)
2040	18%	\$698,764,430	(\$593,949,766)
2041+	16%	\$621,123,938	(\$671,590,258)

**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  $((\text{Total Assessed Value}/100) \cdot .03)$ . 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 fiscal impact to the Blind Pension Fund for all personal property in the table below:

Impact to the Blind Pension Fund

Tax year	Total Difference in Assessed Value (Combined motor vehicle, other and centrally assessed)	Blind Pension Fund Impact (difference in assessed value /100 * .03)
2026 (Current)	-	-
2027	(\$2,925,504,949)	(\$877,651)
2028	(\$2,925,504,949)	(\$877,651)
2029	(\$4,698,538,251)	(\$1,409,561)
2030	(\$4,698,538,251)	(\$1,409,561)
2031	(\$6,471,571,553)	(\$1,941,471)
2032	(\$6,471,571,553)	(\$1,941,471)
2033	(\$8,244,604,855)	(\$2,473,381)
2034	(\$8,244,604,855)	(\$2,473,381)
2035	(\$10,017,638,157)	(\$3,005,291)
2036	(\$10,017,638,157)	(\$3,005,291)
2037	(\$11,790,671,459)	(\$3,537,201)
2038	(\$11,790,671,459)	(\$3,537,201)
2039	(\$13,563,704,762)	(\$4,069,111)
2040	(\$13,563,704,762)	(\$4,069,111)
2041+	(\$15,336,738,064)	(\$4,601,021)

Oversight calculated an effective local tax rate using the amount of tax paid and the assessed value of personal property per the State Tax Commission’s Property Tax Burden report on their [website](#).

Property Type	Property Tax Paid*	Assessed Value	Effective Local Tax Rate
Personal Property (Vehicles)	\$1,351,348,105	\$20,339,439,541	6.64%
Personal Property (Other)	\$582,873,141	\$8,781,905,663	6.64%

Assuming an estimated local property tax rate of 6.64%, Oversight estimates the fiscal impact to locals in the table below.

Estimated Impact to Local Political Subdivisions

Tax year	Total Difference in Assessed Value	Local Impact (difference in assessed value x effective local tax rate)
2026 (Current)	-	-
2027	(\$2,925,504,949)	(\$194,171,780)
2028	(\$2,925,504,949)	(\$194,171,780)
2029	(\$4,698,538,251)	(\$311,851,647)
2030	(\$4,698,538,251)	(\$311,851,647)
2031	(\$6,471,571,553)	(\$429,531,514)
2032	(\$6,471,571,553)	(\$429,531,514)
2033	(\$8,244,604,855)	(\$547,211,381)
2034	(\$8,244,604,855)	(\$547,211,381)
2035	(\$10,017,638,157)	(\$664,891,248)
2036	(\$10,017,638,157)	(\$664,891,248)
2037	(\$11,790,671,459)	(\$782,571,115)
2038	(\$11,790,671,459)	(\$782,571,115)
2039	(\$13,563,704,762)	(\$900,250,982)
2040	(\$13,563,704,762)	(\$900,250,982)
2041+	(\$15,336,738,064)	(\$1,017,930,849)

**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 real property owners (as personal property assessed values decrease).

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 some taxing entities will be able to increase the tax rate levied on other property to make up for the lost revenue from a reduction in personal property assessed values. Some may not be able to.

Responses regarding the proposed legislation as a whole

Officials from the **Office of Administration - Budget and Planning (B&P)** estimate that this proposal could reduce revenues to the Blind Pension Fund by \$890,041 or \$2,948,031 (exemptions receive voter approval) and local property tax revenues by \$184,265,280 or \$645,186,513 in FY28.

By FY42 this proposal could reduce revenues to the Blind Pension Fund by \$4,631,957 or \$5,760,924 (exemptions receive voter approval) and local property tax revenues by \$958,954,145 or \$1,211,785,469 annually. Table 7 shows the potential impacts by year.

B&P Table 7: Summary of Estimated Impacts

Tax Year	Fiscal Year	Blind Pension Loss - Low	Blind Pension Loss – High*	Local Loss - Low	Local Loss – High*
TY 2027 & TY 2028	FY 2028 & FY 2029	(\$890,041)	(\$2,948,031)	(\$184,265,280)	(\$645,186,513)
TY 2029 & TY 2030	FY 2030 & FY 2031	(\$1,424,601)	(\$3,343,771)	(\$294,935,118)	(\$726,095,139)
TY 2031 & TY 2032	FY 2032 & FY 2033	(\$1,959,160)	(\$3,751,004)	(\$405,604,956)	(\$807,094,073)
TY 2033 & TY 2034	FY 2034 & FY 2035	(\$2,493,720)	(\$4,149,345)	(\$516,274,794)	(\$887,982,969)
TY 2035 & TY 2036	FY 2036 & FY 2037	(\$3,028,279)	(\$4,650,082)	(\$626,944,631)	(\$990,214,354)
TY 2037 & TY 2038	FY 2038 & FY 2039	(\$3,562,839)	(\$4,957,258)	(\$737,614,469)	(\$1,049,865,472)
TY 2039 & TY 2040	FY 2040 & FY 2041	(\$4,097,398)	(\$5,365,409)	(\$848,284,307)	(\$1,130,801,261)
TY 2041+	FY 2042+	(\$4,631,957)	(\$5,760,924)	(\$958,954,145)	(\$1,211,785,469)

\*Amount reflects voter approval for the motor vehicle and farm machinery exemption.

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 X .192= \$29,121,345,204 assessed valuation) and 18.55% of property taxes collected were attributed to personal property (\$10,427,068,714 \* .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\*.30). The tax collections from the reduced valuation would equal \$1,742,541,663 ([\$26,235,446,130 \* \$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.

The same methodology was used to determine the fiscal impact of subsequently going from an assessment ratio of 30% down to 28% in 2029 and from 28% down to 26% in 2031. In 2029 the cost to taxing jurisdictions would be \$116,171,924 and in 2031 the cost to taxing jurisdictions would be \$116,169,267.

Officials from the **City of Kansas City** assume the proposed legislation will have a negative fiscal impact. For FY2025, we collected \$33.2M in personal property taxes and we assume a significant portion is associated with motor vehicles and farm equipment.

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

Officials from the **Boone County Assessor** assume a loss of (\$4,500,000) in FY2027 and a loss of (\$2,700,000) in FY 2029.

Officials from the **County Employees' Retirement Fund (CERF)** note HB 2859 would decrease the assessment percentage for personal property from 33.3% by a certain percentage every other year until the assessment percentage reaches 16% in 2041.

CERF indicates the proposal would have a negative fiscal impact to the County Employees' Retirement Fund. A certain portion of the moneys that are used to fund the County Employees' Retirement Fund are tied to the collection of property taxes. This proposal, by reducing the assessment percentage of personal property and potentially exempting farm machinery and motor vehicles from personal property tax, would reduce the moneys that fund CERF. CERF notes that the amount of these revenues fluctuates from year to year. There is insufficient information to quantify the exact impact on CERF's revenues but CERF assumes the impact would be negative. This proposal presents serious implications for CERF's funding because a significant portion of the current contribution stream could ultimately be materially reduced or lost entirely. Unless the revenues are replaced with other sources of revenue, there would be severe implications for CERF's sustainability including a deterioration of CERF's funding over time and the possibility that the plan assets might be depleted, which would impair the ability of the Plan to pay benefits when due to retirees and beneficiaries.

Officials from the **Gasconade County Assessor** note in Gasconade County, reducing the personal property assessment ratio to 30% next year would result in an estimated \$138,316.14 annual loss in revenue. That shortfall alone would necessitate levy adjustments to maintain existing services, shifting a portion of the tax burden from personal property to real property owners. At a steady rate of 2% loss in assessed value each cycle, the county can estimate a minimum of \$ 92,210.76 decrease in revenue each cycle. Once the assessed ratio reaches 16%, Gasconade County would have lost approximately \$783,791.46 in annual revenue compared to current assessed values.

Officials from the **Republic R-III School District** assume this Bill will certainly have a negative fiscal impact on school districts across the state. In the Republic School District, the district receives approximately 57% of its revenue from local funding.

Personal property from vehicles is part of that revenue source. Over time, this part of the district's revenue would be cut in half. A rough estimate of that cut would be \$3.5 million when fully implemented.

Officials from the Joint Committee On Public Employee Retirement (JCPER) indicate that this proposal 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 **Adair County SB 40 DD Board** note 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 our 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.

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 its 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 **Jasper County SB 40 Board** assume the bill's significant reduction in personal property assessments—and the potential exemption of older vehicles and farm equipment—would sharply reduce our primary revenue source.

SB 40 Boards rely on local property taxes to fund essential services for individuals with developmental disabilities, including transportation, employment supports, residential services, therapies and early intervention. Personal property taxes make up a substantial portion of the

board's tax base. Under HB 2859, the board would face a long-term decline in revenue of more than 50%, with immediate and severe reductions if the proposed constitutional amendment is adopted.

Officials from the **Office of Administration, Newton County Health Department, Kansas City Police Dept., St. Louis County Police Dept** and the **Office of the State Auditor** 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 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	Fully Implemented (FY 2042)
<b>BLIND PENSION FUND</b>				
<u>Potential Revenue Loss –</u> (\$137.102) Motor vehicle/Farm Vehicle property tax exemption, if approved by voters p.3-4	\$0	\$0 or (\$2,057,990)	\$0 or (\$2,057,990)	\$0 or (\$1,128,967)
<u>Revenue Loss –</u> (\$137.115) Reduced personal property assessment rates p.14	\$0	(\$877,651)	(\$877,651)	(\$4,601,021)
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b>\$0</b>	<b>Up to (\$2,935,641)</b>	<b>Up to (\$2,935,641)</b>	<b>Up to (\$5,729,988)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2042)
<b>LOCAL POLITICAL SUBDIVISIONS</b>				
<u>Potential Costs –</u> Assessors (§137.102) to track and implement, if approved by voters – p.6	\$0	(Unknown)	(Unknown)	(Unknown)
<u>Potential Revenue Loss –</u> (\$137.102) Motor vehicle/Farm Vehicle property tax exemption, if approved by voters p.3-4	\$0	\$0 or (\$460,921,233)	\$0 or (\$460,921,233)	\$0 or (\$252,831,324)
<u>Potential Revenue Loss –</u> (\$137.115) Reduced personal property assessment rates p.15	\$0	(\$194,171,780)	(\$194,171,780)	(\$1,017,930,849)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2042)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS*</b>	<b>\$0</b>	<b>Up to (\$655,093,013)</b>	<b>Up to (\$655,093,013)</b>	<b>Up to (\$1,270,762,173)</b>

\*Given that property taxes are designed to be revenue neutral, this impact could be reduced if taxing authorities are able to adjust the tax levy relative to the assessed value to produce roughly the same revenue from the prior year.

FISCAL IMPACT – Small Business

**Oversight** assumes there could be an impact to small businesses because taxing jurisdictions may be able to increase the levy to all other property owners to make up for the lost revenue in personal property taxes. In addition, Oversight assumes certain small businesses that own personal property could be positively impacted by this proposal.

FISCAL DESCRIPTION

Beginning January 1st of the calendar year immediately following the adoption of a constitutional amendment authorizing the exemption of tangible personal property from taxation under Article X, Section 6 of the Constitution of Missouri, this bill will exempt farm machinery and motor vehicles from personal property taxation.

Currently, assessors annually assess all personal property at 33.3% of its true value in money. Beginning January 1, 2027, the percentage of the true value in money at which personal property is assessed will be 30% of its true value in money and the amount will be reduced every two years by 2% until the calendar year 2041. For calendar year 2041, and every year thereafter, personal property must be assessed at 16% 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

Department of Social Services  
 Office of Administration - Budget and Planning  
 State Tax Commission (STC)  
 Office of the State Auditor  
 Office of Administration  
 Boone County Assessor  
 Gasconade County Assessor

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County Employees' Retirement Fund (CERF)  
Republic R-III School District  
Adair County SB 40 DD Board  
Boone County SB 40 (Boone County Family Resources)  
Jasper County SB 40 Board  
Newton County Health Department  
Kansas City Police Dept.  
St. Louis County Police Dept



Julie Morff  
Director  
January 20, 2026



Jessica Harris  
Assistant Director  
January 20, 2026