

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6496H.03C
 Bill No.: HCS No. 2. for HB 2668
 Subject: Taxation and Revenue - Property; Property, Real and Personal; Political Subdivisions; County Officials; Counties
 Type: Original
 Date: February 27, 2026

Bill Summary: This proposal modifies provisions governing property taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(Unknown) to Unknown	\$0	\$0
Total Estimated Net Effect on General Revenue	(Unknown) to Unknown	\$0	\$0

*Oversight notes due to the proposal shifting the taxing issues to November, there is a potential for savings in elections costs but is unable to quantify how much. Oversight further notes the cost of the November taxing ballot issues could increase in part due to an increase in the number of ballot issues and ballot pages, but is unable to quantify how much. Oversight assumes the net impact would not exceed the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government*	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown)

*Oversight cannot reasonably estimate the net effect on local political subdivisions with the information available.

FISCAL ANALYSIS

ASSUMPTION

§§64.401, 67.496, 67.799, 67.990, 67.1531, 67.1880, 68.235, 68.250, 71.800, 71.802, 80.460, 90.500, 92.010, 92.035, 94.250, 94.340, 94.350, 94.400, 115.706, 137.037, 137.065, 137.565, 137.1040, 162.223, 162.441, 162.84, 164.021, 164.151, 167.231, 178.881, 182.010, 182.020, 182.030, 182.100, 182.140, 182.655, 184.350, 184.351, 184.353, 184.604, 190.040, 190.296, 198.260, 198.263, 198.310, 204.250, 205.563, 205.979, 206.070, 206.120, 210.860, 233.172, 233.200, 233.345, 233.455, 233.460, 235.175, 238.232, 247.130, 247.470, 249.110, 249.1106, 249.1150, 250.060, 257.360, 257.370, 262.598, 263.452, 263.472, 278.240, 278.280, 321.225, 321.240, 321.241, 321.243, 321.244, 321.610, 650.408 – Ballot Language

Oversight does not anticipate a fiscal impact from these provisions. However, Oversight received a limited number of responses from local political subdivisions related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

§67.457 - Neighborhood Improvement Districts

In response to a previous version, officials from the **Department of Revenue (DOR)** noted this proposal repeals the duplicated language regarding neighborhood improvement districts. This will not fiscally impact DOR.

Oversight does not have any information to the contrary. Officials from the DOR assume the provision will have no fiscal impact on their organization. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

§§67.1551, 71.800, 115.123, 182.015, 184.350, 184.351, 184.353, 184.359, 184.604, 204.250, 205.563, 205.979, 210.860, 233.172, 233.510, 247.130, 247.550, 249.110, 249.1150, 250.060, 262.598, 321.241, 321.244, 321.610, 650.399 – Election Dates

In response to a previous version, officials from the **Department of Social Services (DSS)** noted the proposed legislation in these sections amends provisions relating to election days, tax rates and levies set by local taxing authorities. These provisions do not change the manner in which property is assessed. Therefore, there is no fiscal impact to the Blind Pension Fund.

In response to a previous version, officials from the **Platte County Board of Elections** noted requiring local questions to be posed only at General Elections will cause multiple page ballots. This will increase costs, doubling paper orders (about \$20,000 per election), as well as being burdensome to poll workers and to voters.

In response to a previous version, officials from the **St. Louis County Board of Elections** assumed this would substantially increase the length of the ballot for a General Election. Depending on the length of that increase, the board estimates a cost increase of anywhere from \$100,000 to \$250,000. This is due to increased costs of printing, postage and additional election workers

In response to a previous version, officials from the **Department of Revenue (DOR)** noted this proposal changes the local election date for tax issues to only being held at a general election rather than a primary or special election. These changes will not fiscally impact DOR.

Oversight notes any election in any political subdivision of this state for a tax, bond, or levy shall be held on the general election day. As a result, the state's proportional share is expected to decrease in multiple jurisdictions, yet the overall cost of the election may increase. Therefore, Oversight will reflect a potential unknown savings to an unknown cost in FY27 on the fiscal note.

Oversight notes due to the proposal shifting the taxing issues to November, there is a potential for savings in elections costs but is unable to quantify how much. Oversight will show an unknown savings to local election authorities on the fiscal note.

Oversight notes the cost of the November taxing ballot issues could increase in part due to an increase in the number of ballot issues and ballot pages. Oversight will show a potential unknown cost beginning in FY 2027 on the fiscal note.

Oversight assumes some local political subdivisions may face increased costs beginning in the April 2027 election (FY 2028) as less entities share in the proportional cost. Oversight will show a potential unknown cost to local political subdivisions beginning in FY 2028 and recurring bi-annually for each year thereafter.

Beginning in November of 2026 (FY 2027), Oversight assumes some local political subdivisions may see proportional cost savings as more entities would now share in the cost of the tax issues. Oversight will show a potential unknown savings to general revenue and local political subdivisions beginning in FY 2027.

§137.039 – Tax Abatements

In response to a previous version, officials from the **State Tax Commission (STC)** noted this provision will have an unknown negative impact for taxing jurisdictions relying on property taxes as a source of revenue.

Currently, a taxing jurisdiction can shift part of the tax burden to other property owners outside of the tax abatement to mitigate revenue losses under the Hancock Amendment. This provision would require the taxing jurisdiction to reduce the levy and hold these property owners harmless when abatements are used.

Officials from the **County Employees' Retirement Fund (CERF)** assume this section may 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. 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 this section to potentially result in a deterioration of CERF's funding over time. Unless the funding is replaced with other sources, this section likely has serious implications for CERF's long-term sustainability.

Oversight assumes this proposal requires political subdivisions to decrease the real property tax levy to reduce the amount of tax revenue such political subdivision received from the additional tax abatement revenue.

Oversight is uncertain how many taxing entities who receive tax abatement or similar incentives would need to reduce their levy under this proposal. Therefore, Oversight will show an unknown negative impact to local political subdivisions for the loss in real property tax revenue.

§137.481 – Township Property Tax Ballots

Oversight notes this provisions states all township governments may submit questions related to real property tax or personal property tax in either April or November. This exception shall not extend to any other taxing entities within the township government.

Oversight does not anticipate a fiscal impact from this provision. However, Oversight received a limited number of responses from local political subdivisions related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

§137.1050 - SB190 Senior Tax Credit Clarification

In response to a previous version, officials from the **Department of Social Services (DSS)** noted §137.1050 has been revised to require counties to implement a property tax credit when they have the authority to do so. The provisions also apply the tax credit to all property levies, clarify definitions, and introduce new requirements for tax statements.

Blind Pension (BP) is funded from 0.03% (3 cents) of each \$100 assessed valuation of taxable property. Providing a real property tax credit to eligible owner as defined above will affect the growth of the BP fund but will not decrease the current amount collected in the fund. Therefore, there is no fiscal impact to the BP fund for section 137.1050.

Officials from the **St. Louis City Assessor** noted the following fiscal impact from the proposed changes to the Senior Tax Freeze Credit to apply to all taxing jurisdictions; currently only the City taxes are frozen.

Current credit (City only)	Credit if all taxing jurisdictions included	Diff in taxes	Fund
\$520,121	\$2,600,605	(\$2,080,484)	Loss to all taxing jurisdictions (except the City)
		\$0	No impact to City (Credit is already being applied)
		(\$31,207)	Loss to Collector of Revenue Fund
		(\$13,003)	Loss to Assessment Fund

Officials from the **County Employees' Retirement Fund (CERF)** notes that there is insufficient information to quantify the exact impact but CERF assumes that the impact would be negative.

Officials from the **Department of Revenue (DOR)** assume this modifies the homestead property tax credit. This tax credit program is administered by the counties. DOR defers to the counties for impact.

Officials from the **City of Kansas City** proposed legislation will likely have a negative fiscal impact of an indeterminate amount on Kansas City. In particular, the amendments to RSMo. 137.1050 which will require credits to particular levies such as debt service will reduce actual revenues received by the City.

Oversight will show an unknown, negative fiscal impact to local political subdivisions.

§137.1055 – Property Tax Credit Limit

In response to similar legislation, Perfected HCS for HBs 2780 & 2668 (2026), officials from the **County Employees' Retirement Fund (CERF)** noted this section would have a negative fiscal impact to CERF.

Oversight will show an unknown, negative fiscal impact to local political subdivisions from this provision.

§162.223 – Consolidating School Districts

Officials from the **Department of Elementary and Secondary Education (DESE)** this provision would allow voters to consolidate their school districts. If voters were to consolidate their districts this could have a minor impact to the Foundation Formula (School Finance) application/calculations. It's unsure if these modifications would be able to be handled appropriately by the current/existing application in place today. Assumed the Foundation

Formula (School Finance) is where these changes would be needed in order to provide proper funding per provisions for the proposal.

Also, assumed these changes/modifications are able to be programmed into the existing Foundation Formula (School Finance) application/code.

Cost of FY27=\$146,286, FY28=\$29,989 and FY29=\$30,739.

No additional impact on DESE as the foundation formula is based on a performance levy of \$3.43 (see attached <https://dese.mo.gov/media/pdf/missouri-school-funding-formula>). The performance levy is set and does not change no matter the local property taxes of a district. Because of this the proposed legislation will not have an impact on DESE outside of some modifications to the Foundation Formula application. However, this could have significant impact on LEAs.

Responses regarding the proposed legislation as a whole

Officials from the **Adair County SB 40 DD Board** assume 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 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 supports, 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 supports to individuals with disabilities and their families would be significantly compromised, with broader consequences for the community as a whole.

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

Officials from the **Office of Administration - Budget and Planning (B&P), Department of Social Services, Phelps County Sheriff, Branson Police Dept, Kansas City Police Dept., St.**

Louis County Police Dept, Public Education Employees' Retirement System (PSRS/PEERS), Kansas City Civilian Police Employees' Retirement, Kansas City Police Retirement System, and Sheriff's Retirement System 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
GENERAL REVENUE			
<u>Savings</u> - (Various Sections) Shifting elections from to November p.4	Unknown	\$0	\$0
<u>Cost</u> - (Various Sections) Increased cost for November ballot issues p.4	(Unknown)	\$0	\$0
<u>Cost</u> – (\$163.223) OA-ITSD Formula Calculations p.7	(\$146,286)	(\$29,989)	(\$30,739)
ESTIMATED NET EFFECT ON GENERAL REVENUE	Unknown, greater than or less than (\$146,286)	(\$29,989)	(\$30,739)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> – Local Election Authorities (Various Sections) Shifting elections to November p.4	\$0	Unknown	\$0
<u>Cost</u> - Local Election Authorities (Various Sections) Increased ballot length in November elections p.4	(Unknown)	\$0	\$0
<u>Savings</u> - (Various Sections) decrease in proportional cost for November election to locals p.4	Unknown	\$0	\$0

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<u>Cost - (Various Sections) increase in proportional cost for April election to locals p.4</u>	\$0	(Unknown)	\$0
<u>Revenue Loss – (\$137.039) Levy decrease for localities receiving tax abatement p.4-5</u>	\$0	(Unknown)	(Unknown)
<u>Revenue Loss (\$137.1050) SB190 Senior Tax Credit changes p.6</u>	\$0	(Unknown)	(Unknown)
<u>Revenue Loss (\$137.1055) Property Tax Credit changes p.6</u>	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

The proposed modifies provisions governing property taxes.

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 Revenue
- Department of Social Services
- Department of Elementary and Secondary Education
- State Tax Commission
- Department of Social Services
- Office of Administration - Budget and Planning
- Platte County Board of Elections
- St. Louis County Board of Elections
- County Employees’ Retirement Fund (CERF)
- City of Kansas City

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Adair County SB 40 DD Board
Phelps County Sheriff
Branson Police Dept
Kansas City Police Dept.
St. Louis County Police Dept
Public Education Employees' Retirement System (PSRS/PEERS)
Sheriff's Retirement System
Eastern Clay Ambulance District
Kansas City Civilian Police Employees' Retirement
Kansas City Police Retirement System

Julie Morff
Director



Jessica Harris
Assistant Director
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