

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6552H.02C
 Bill No.: HCS for HB 3035
 Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Property, Real and Personal; Motor Vehicles; County Officials; State Tax Commission
 Type: Original
 Date: February 25, 2026

Bill Summary: This proposal modifies provisions relating to motor vehicle assessment valuations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0	(Unknown, less than \$200,000)	(Unknown, less than \$200,000)
Total Estimated Net Effect on General Revenue	\$0	(Unknown, less than \$200,000)	(Unknown, less than \$200,000)

*Administrative costs of the State Tax Commission

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Blind Pension Fund (1621)	\$0	(Could exceed \$380,114)	(Could exceed \$380,114)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Could exceed \$380,114)	(Could exceed \$380,114)

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
General Revenue	0 FTE	1 or more FTE	1 or more FTE
Total Estimated Net Effect on FTE	0 FTE	1 or more FTE	1 or more FTE

- 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	(Unknown, Could exceed \$85,086,571)	(Unknown, Could exceed \$85,086,571)

*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-Motor Vehicle Assessments

Officials from the **Office of Administration - Budget and Planning (B&P)** note for tax years beginning with 2027, each county assessor must use the MSRP and then depreciate the motor vehicle value following the proposed 12-year depreciation schedule. For used vehicles, county assessors are to take the 2026 market value and apply the appropriate depreciation rate(s) going forward.

Using sales data published by the U.S. Bureau of Transportation Statistics, B&P was able to determine the average price for new vehicles from 1990 – 2024. B&P then used published articles to estimate the average sales price for model year 2025 through 2027 vehicles. Based on research, B&P was able to obtain an average depreciation schedule similar to the one historically shown in the NADA publications. In addition, DOR provided data to B&P with the number of motor vehicles registered in Missouri by model year.

B&P then took the original sales data and applied the current depreciation schedule and the proposed schedule to determine the difference in market values. B&P notes that motor vehicles are assessed at 33.33% of their market value. Using data published by STC, B&P estimates that the statewide average personal property tax rate (2024) is 6.644%. B&P notes that the Blind Pension Trust Fund levies a statewide property tax of \$0.03 per \$100 value.

Therefore, B&P estimates that this proposal could decrease revenues to the Blind Pension Trust Fund by up to \$380,114 and local revenues by up to \$85,086,571. B&P notes that this provision would affect tax year 2027 assessments, which are not collected until FY28.

However, because this proposal requires assessors to depreciate used vehicles from their 2026 published market value, and not from their original MSRP, the full estimated revenue loss will not occur immediately. Rather, the revenue gain should occur gradually over the next 12 years – as assessments transition from current values less depreciation to original MSRP value less depreciation.

B&P notes the following about the above estimates:

- Sales date reflects actual sales and not MSRP. B&P notes that MSRP is typically higher (sometimes significantly) than the original actual sales price paid. Therefore, it is possible that newer vehicles could be assigned a higher market value (and hence assessed value and property tax liability) than they would under current law. This would result in a lower revenue loss than the amount shown above.
- This proposal would set all older vehicles (model year 2026 and prior) to their tax year 2025-estimated market value. B&P notes that tax year 2025 assessments are not yet

complete. Therefore, in order to provide estimates, B&P applied the depreciation schedule to each model year's average original sales price. B&P notes that 2025 determined market values could vary significantly from the proxy value that B&P has estimated. This could result in a larger or smaller revenue impact than the amounts shown above.

- The historical depreciation schedule is based on pre-COVID depreciation patterns. B&P is unable to determine how quickly motor vehicle depreciation will return to pre-COVID levels. Therefore, actual revenue impacts could be different from the amount shown above.
- These estimates are based on averages.
- The composition of vehicle types, model years, etc. in any given location could result in significantly different revenue impacts than the estimates shown above.

Officials from the **Department of Social Services (DSS)** assume Section 137.115 is amended to require the assessors to use a nationally recognized automotive trade publication to determine the value of motor vehicles for the tax year ending on or before December 31, 2026. The state tax commission shall determine which publication shall be used. Beginning January 1, 2027, assessors are required to use the manufacturer's suggested retail price for all manufactured motor vehicles as acquired annually by the state tax commission for the original value in money of all motor vehicle assessment valuations. The following twelve-year depreciation schedule shall be applied to each manufacturer's suggested retail price:

Year	Percent Depreciation
Current	15
1	25
2	30.9
3	36.8
4	42.7
5	48.6
6	54.5
7	60.4
8	66.3
9	72.2
10	78.1
11	84
Greater than 12	Minimum assessed value of \$300

Blind Pension (BP) is funded from 0.03% (\$0.03) of each \$100 assessed valuation of taxable property. Assessing vehicles based on the provisions of this legislation 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 = $\$6,104,045$, rounded up] in property tax revenue is collected from motor vehicles.

Motor vehicles are currently assessed based on a recommended guide of information for determining the true value of a motor vehicle and includes vehicles that are greater than fifteen years of age in the assessment. According to the State Tax Commission, there will be a decrease in assessment values for motor vehicles up to 15%, which will result in a reduction of taxes collected, but the amount is unknown. For the purposes of this fiscal note, Family Support Division (FSD) assumes that the decrease will not be more than 15%. Therefore, FSD estimates that the potential impact to the BP fund would be a decrease of up to $\$915,607$ ($\$6,104,045 * 0.15 = \$915,607$).

Tax Collection Calendar Year	2027
True Value of Motor Vehicles Assessed at Current Rate of 33 1/3%	$\$61,046,551,119$
Assessment Rate	33.33%
Assessed Value of Motor Vehicles	$\$20,346,815,488$
Tangible Personal Property Tax Collections for the BP fund (0.03% of each \$100 assessed)	$\$6,104,045$
Percentage Reduction in Motor Vehicle Assessment	15%
Reduction in Collections for the BP Fund	$\$915,607$

Therefore, FSD estimates that the fiscal impact to the BP fund due to the provisions in this legislation would be \$0 up to $\$915,607$ in SFY 28 and ongoing.

Officials from the **State Tax Commission** assume this has an unknown fiscal impact on local taxing jurisdictions such as school districts, counties, cities who rely on property tax assessments as a source of revenue. The bill would require additional FTE for the State Tax Commission to receive the Manufacturer Suggested Retail Price (MSRP) from a vendor and then configure that data to fit the multiple assessment programs used in the state.

The cost of the data is estimated to be less than $\$200,000$ as well as the cost of licensing for each county in the state. The bill allows for all currently assessed vehicles to use a previously assessed value in the depreciation schedule, but the MSRP would have to be obtained for each new vehicle and used vehicle purchased from outside of the state by Vehicle Identification Number. The current system uses average trade in value listed in the October issue of the nationally recognized price guide and that value will be less than the starting value of MSRP in most cases which could cause an increase in assessments. The use of a depreciation schedule would require that the vehicle values decrease each year regardless of the true market values which could cause a decrease in the assessments generated.

The bill also requires the software used in the counties to meet minimum standards which could require a cost to some counties for upgrades. The bill treats taxpayers differently based on the model vehicle they own. Vehicles don't depreciate equally, and this disparity means that some taxpayers, truck owners or owners of certain models of Toyota for example, will be treated better

because their vehicles hold their value better than other vehicles like certain models of electric vehicles and SUVs.

In response to a previous version, officials from the **City of Kansas City** assumed the proposed legislation has a negative fiscal impact of an indeterminate amount.

In response to a previous version, officials from the **St. Louis City Assessor** assumed the proposed legislation will have an impact as it will shorten the valuation of vehicles to a 12-year table where existing methodology would take 20 years or more to reach minimum value status. This will likely cause all taxing jurisdictions and other offices that get funds from property tax collections (like the Collector of Revenue Fund and the Assessment Fund) to see significant decreases in the amount of property tax collected starting in 2027; or at least for those at their tax rate ceiling. As of 2027, personal property values and taxes will drop significantly and then will likely stay at that lower level perpetually unless there is another legislative change to valuation methodology in the future.

There is no correlation between the market value tables currently used (which can go up or down, and by different amounts for various vehicles even if by the same manufacturer) and a depreciation table. For that reason, no side-by-side comparison is possible. A historical comparison could be accomplished but would take an enormous amount of time and effort to compile and is not likely in the immediate future. Logically, it is likely that the greatest deductions would impact large trucks used for commercial purposes.

Officials from the **County Employees Retirement Fund (CERF)** assume the proposal may result in reductions in contribution revenue to CERF of an unknown amount annually. A certain portion of the moneys that are used to fund the County Employees' Retirement Fund are tied to the collection of property taxes. Data is not available to quantify how changes to motor vehicle assessments would impact contribution revenue but CERF assumes there would be a negative impact.

In response to a previous version, officials from the **Republic R-III School District** assumed if passed, this bill would reduce revenue from personal property tax. It is difficult to determine this with depreciation and such but would estimate that the district would lose one third of its vehicle personal property tax revenue the first year this bill would take effect.

In response to a previous version, officials from the **Adair County SB 40 DD Board** assumed 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 the county's 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 the board’s 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.

In response to a previous version, officials from the **Callaway County SB 40 Board** assumed House Bill 3035 changes how motor vehicles are assessed for personal property taxation by adopting a standardized MSRP-based valuation model with a fixed depreciation schedule. While intended to promote consistency, this approach is likely to reduce assessed motor vehicle values over time, resulting in decreased personal property tax revenues for local taxing entities.

This poses a material fiscal risk for Senate Bill 40 organizations such as Callaway County Special Services (CCSS), which relies on local property tax revenue to fund essential supports for more than 230 individuals with intellectual and developmental disabilities (IDD) and their families. In Callaway County, personal property taxes represent approximately 27.24% of the SB40 developmental disability levy in 2025. Any sustained decline in this revenue source would directly affect service capacity.

Officials from the **Joint Committee on Public Employee Retirement** have reviewed the proposal and indicate that it will not affect retirement plan benefits as defined in Section 105.660(9).

In response to a previous version, officials from the **Branson Police Department** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **Newton County Health Department, Phelps County Sherriff, 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 only reflects the responses that we have received from state agencies and political subdivisions; however, other schools, county assessors, county collectors, and 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.

Oversight notes this proposal would impact the assessed value of personal property over time.

Oversight notes property tax revenues are designed to be 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 (as personal property assessed values decrease).

Oversight notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum, and some 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 assume the proposal will have a direct fiscal impact on state and local revenues. Oversight does not have any information to the contrary. Therefore, Oversight will reflect B&P's estimated impact in the fiscal note.

Oversight notes B&P's estimated impact is based on average sales price not MSRP. B&P does not have access to MSRP data. Oversight does not have information to the contrary and therefore, Oversight will reflect an unknown amount that could exceed the estimates provided by the Office of Administration - Budget and Planning (B&P).

Oversight notes B&P's estimated impact does not include farm tractors or machinery. Oversight is unable to estimate the quantity and current value of farm machinery that may be impacted by this proposal. Oversight notes per the STC [website](#), agricultural property makes up 1.45% of the total assessed value, or about \$1,959,656,045. Oversight will show a negative unknown impact for this provision.

Oversight is unsure when the STC will incur the additional costs and require the additional FTE. Therefore, Oversight will reflect this fiscal impact to the STC in fiscal years 2028 and 2029.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost</u> – State Tax Commission (§137.115) Software/programming and additional FTE costs p.5	\$0	(Unknown, less than \$200,000)	(Unknown, less than \$200,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	(Unknown, less than \$200,000)	(Unknown, less than \$200,000)
BLIND PENSION FUND (1621)			
<u>Revenue Reduction</u> – (§137.115.9) Motor vehicles - reduction in property taxes from change in personal property assessed valuation method p.3	\$0	(Unknown, could exceed \$380,114)	(Unknown, could exceed \$380,114)
<u>Revenue Change</u> – (§137.115.9) Farm Machinery - reduction in property taxes from change in personal property assessed valuation method p.8	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION FUND (1621)	<u>\$0</u>	(Could exceed \$380,114)	(Could exceed \$380,114)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> – Counties – (§137.115) to Administer the changes in assessment from this proposal p.8	\$0	(Unknown)	(Unknown)
<u>Revenue Reduction</u> – (§137.115.9) Motor vehicles - reduction in property taxes from change in personal property assessed valuation method p.3	\$0	(Unknown, could exceed \$85,086,571)	(Unknown, could exceed \$85,086,571)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<u>Revenue Change</u> – (\$137.115.9) Farm machinery - reduction in property taxes from change in personal property assessed valuation method p.8	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	(Unknown, Could exceed (\$85,086,571))	(Unknown, Could exceed (\$85,086,571))

*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

Small businesses that own personal property could see a reduction in property taxes. Small businesses that own real property could see an increase in property taxes.

FISCAL DESCRIPTION

This proposal modifies provisions relating to motor vehicle assessment valuations.

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
- Department of Social Services
- State Tax Commission
- Newton County Health Department
- Phelps County Sherriff
- Kansas City Police Department
- St. Louis County Police Department
- Branson Police Department
- Adair County SB 40 DD Board
- Boone County SB 40 (Boone County Family Resources)
- Callaway County SB 40 Board
- City of Kansas City
- St. Louis City Assessor
- County Employees Retirement Fund (CERF)

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Joint Committee on Public Employee Retirement
Republic R-III School District



Julie Morff
Director
February 25, 2026



Jessica Harris
Assistant Director
February 25, 2026