

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6569H.02P
 Bill No.: Perfected HCS for HB 2944
 Subject: Taxation and Revenue - Property; Real and Personal Property; Tax Credits; Elderly;
 State Tax Commission; Counties
 Type: Original
 Date: March 26, 2026

Bill Summary: This proposal modifies provisions relating to the local senior citizen homestead tax credit.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|--|--------------------------|----------------|----------------|
| General Revenue* | Up to (\$100,000) | Unknown | Unknown |
| Total Estimated Net Effect on General Revenue | Up to (\$100,000) | Unknown | Unknown |

*Oversight assumes the savings in revenue from reduced Senior Property tax Credit claims will not reach \$250,000.

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) | (Unknown) | (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

§137.1050 - Senior Citizen Homestead Tax Credit

In response to the previous version, officials from the **Office of Administration – Budget & Planning (B&P)** assumed this proposal would not impact:

- TSR
- The calculation under Article X, Section 18(e)
- B&P.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

In response to a previous version, officials from the **High Point R-III School District** assumed this proposal will have a fiscal impact but did not provide any additional information.

In response to the previous version, officials from the **Department of Health and Senior Services** assumed this provision required the Department of Health and Senior Services to establish and maintain an electronic portal for county designees to determine if senior citizen property tax credit participant is deceased.

Based on past experience implementing IT web services, the Department believes the cost to develop and implement a system would be up to \$100,000. Additional staff time would be required to maintain listings on the electronic portal, estimated to be 115 hours of staff time per year. It is assumed that the Department can absorb the costs (for staff time) of this bill with current resources. However, if the workload significantly increased or other legislation was enacted, additional resources would be requested through the appropriation process.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimated fiscal impact as provided by the Department of Health and Senior Services.

Responses regarding the proposed legislation, as amended by House Amendment 1

Officials from the **State Tax Commission** and **Department of Social Services** 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.

Officials from the **Department of Revenue (DOR)** assume this proposal modifies the local property homestead tax credit program run by counties. Should the amount of property tax for

seniors, veterans or the disabled be reduced by the changes in this proposal and those seniors, veterans or disabled claim the Senior Property Tax Credit administered by DOR, general revenue could be impacted.

DOR notes that if a senior, veteran or disabled person pays less in property tax, they may no longer be eligible to claim the same amount of the Senior Property Tax Credit. Currently a person can claim the Senior Property Tax Credit if:

- A. They are 65 years or older
- B. 100% Disabled Veteran as a result of military service
- C. 100% Disabled or
- D. 60 years of age or older and receiving surviving spouse benefits

Reducing what they pay could reduce the amount they can claim in the Senior Property Tax Credit program and therefore result in a savings to general revenue. This amount is however, unknown.

Oversight assumes the proposal may reduce the amount of real property tax paid by taxpayers who currently receive the Senior Property Tax, resulting in a savings to General Revenue. As this proposal only reduces qualifying taxpayers' liability by the increase in taxes from the initial credit year, Oversight assumes the savings in revenue from reduced Senior Property tax Credit claims will not reach \$250,000.

Officials from the **Metropolitan St. Louis Sewer District Employees Pension Plan** state, in 2024, voters in St. Louis City and St. Louis County approved a property tax on residential properties to raise money for capital projects to address flooding and erosion from stormwater. The District previously did not have a source of revenue to address the \$700+ million of identified needs. As written, the property tax credit for seniors will reduce collections by an estimated \$3.8 million per year, or more than 10% of total expected annual funding for this need that impacts our entire service area.

Officials from the **County Employees' Retirement Fund (CERF)** have reviewed this proposal. Data is not available to quantify the impact of the proposal but the County Employees' Retirement Fund assumes the proposal would have an unknown negative fiscal impact of an indeterminate amount. 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 contains provisions in subsections 10 and 13 that would be expected to reduce the current revenue stream by an indeterminate amount.

In response to similar legislation, HCS No. 2 for HB 2668, 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 |

In response to similar legislation, HCS No. 2 for HB 2668, 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 for the expansion of the tax credit to all taxing jurisdictions and levies.

Officials from the **St. Louis City Assessor** note that because of the tragic tornado damage to the City of St. Louis, the city has come to learn that many properties have passed through generations without updated ownership/title and where no death certificates were ever filed. The city knows that requiring on death certificates to be filed within 90 days is not going to be an effective way to determine change in ownership of many properties.

The St. Louis City Assessor also notes setting up and incorporating new processes and procedures for receiving data from the State Dept. of Health and Senior Services may require additional resources and programming costs, but the city is unable to estimate an amount.

Oversight assumes local political subdivisions may incur administrative costs to track and implement this proposal. Therefore, Oversight will show an unknown cost to counties in the fiscal note.

Officials from the **Platte County Board of Elections, St. Louis City Board of Elections, Public Education Employees' Retirement System, Joint Committee on Administrative Rules, Oversight Division, Kansas City Civilian Police Employees' Retirement, Kansas City Police Retirement System** and the **St. Louis County Board of Elections** 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 |
|--|------------------------------|-----------------------|-----------------------|
| GENERAL REVENUE | | | |
| <u>Cost</u> – DHSS (§137.1050) Creation of portal for senior tax credit participants p.3 | Up to (\$100,000) | \$0 | \$0 |
| <u>Saving</u> – HA 1 (§137.1050) Reduced claims for the Senior Property Tax Credit p.4-5 | \$0 | <u>Unknown</u> | <u>Unknown</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | Up to (\$100,000) | <u>Unknown</u> | <u>Unknown</u> |

| <u>FISCAL IMPACT – Local Government</u> | FY 2027 (10 Mo.) | FY 2028 | FY 2029 |
|--|---------------------|------------------|------------------|
| LOCAL POLITICAL SUBDIVISIONS | | | |
| <u>Cost</u> – Counties (§137.1050) To implement and track property tax credit participants p.4-5 | (Unknown) | (Unknown) | (Unknown) |
| <u>Revenue Loss</u> – HA 1 (§137.1050) SB190 Senior Tax Credit changes/expansion p.4-5 | \$0 | (Unknown) | (Unknown) |
| ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS | (Unknown) | (Unknown) | (Unknown) |

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

The proposed legislation modifies provisions relating to the local senior citizen homestead tax credit.

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
Office of Administration – Budget & Planning
State Tax Commission
Joint Committee on Administrative Rules
Oversight Division
Office of the Secretary of State
City of Kansas City
Platte County Board of Elections
St. Louis County Board of Elections
Public Education Employees' Retirement System
Sheriff's Retirement System
County Employees Retirement Fund
Department of Health and Senior Services
St Louis City Assessor
St Louis City Board of Elections
Kansas City Civilian Police Employees' Retirement
Kansas City Police Retirement System
Metro St. Louis Sewer District Employees Pension Plan



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