

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6785H.011
Bill No.: HB 3078
Subject: Property, Real and Personal; Taxation and Revenue - Property; Tax Credits;
Veterans; Counties; Disabilities
Type: Original
Date: March 2, 2026

Bill Summary: This proposal provides a homestead exemption for disabled veterans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	\$0	\$0 or Up to \$942,907	\$0 or Up to \$942,907
Total Estimated Net Effect on General Revenue	\$0	\$0 or Up to \$942,907	\$0 or Up to \$942,907

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	\$0	\$0 or (Could exceed \$189,199,612)	\$0 or (Could exceed \$189,199,612)

FISCAL ANALYSIS

ASSUMPTION

§137.1052 - Missouri Disabled Veteran Homestead Tax Credit Act

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this proposal would allow counties to grant a property tax credit to qualifying disabled veterans as early as tax year 2027. B&P notes that property taxes are due December 31st of each tax year. Therefore, while this will begin for tax year 2027, it will not impact local revenues until FY28 (December 31, 2027) at the earliest.

Counties may grant a tax credit from 0% to 100% of the local tax liability. B&P notes that this proposal excludes the statewide \$0.03 per \$100 value tax levy for the Blind Pension Trust Fund from the tax credit. The property tax credit will remain available to surviving spouses unless the spouse moves or remarries.

Local taxing jurisdictions must count the property tax credit as if the revenue were actually received. This requirement prevents participating districts from increasing their tax levies to offset the revenue lost from this credit. B&P notes that while counties may choose to opt-in, subcounty districts (schools, emergency services, SB 40, libraries, etc.) must participate if they are in a count that has opted to provide the credit.

B&P is unable to determine how many, if any, counties and veterans opt-in to this credit. Therefore, B&P will reflect potential impacts as \$0 (no one participates) to \$xx (max participation).

Other Tax Credits

Qualifying veterans may not combine this credit with any other credit related to their qualified residence. B&P notes that it appears this means taxpayers cannot combine this credit with:

- Senior and disabled property tax credit (PTC) (sections 135.010 to 135.035) – tax credit for qualifying property tax payments
- Homestead disaster credit (section 135.445) – tax credit for an insurance deductible on qualifying property impacted by a disaster.
- Disabled Access credit (section 135.562) – tax credit for costs related to making a primary residence handicap accessible
- Senior Property Tax Freeze (section 137.1050) – freezes local property taxes for seniors in participating counties
- Homestead Property Tax Freeze (section 137.1055) – freezes local property taxes for everyone in participating counties

However, the language does not appear to exclude using the Historic Preservation tax credit (sections 253.545 to 253.561) on property also receiving this tax credit.

B&P notes that this credit, the state PTC, and the local senior property tax freeze. Therefore, B&P assumes that qualifying veterans could choose which program they want to use.

Homestead Freeze – This credit is not optional for residents in counties that have opted in to the 5% or 0% credit. It is unclear whether this credit would supersede the homestead credit for counties that have approved both.

Disabled Access and Homestead Disaster credits – these credits are “relate to the eligible owner’s qualifying residence” but do not offset property taxes. The disabled access credit is available to low-income residents that must make their home handicap accessible. The disaster credit is used to offset insurance deductibles incurred during the 2025 weather disasters and has a 29 year carry forward.

Estimated Impacts

General Revenue - During tax year 2024, there were 1,235 veterans that claimed the PTC as a disabled veteran and property owner, for total PTC claims of \$942,907. B&P notes that some veterans aged 65 and older may have elected to claim the PTC as a senior rather than as a disabled veteran.

Under this proposal, some of these veterans could chose to use the local property tax credit instead and would thus no longer claim the PTC beginning with tax year 2027. Therefore, B&P estimates that this proposal could increase GR by up to \$942,907 annually beginning in FY28.

Blind Pension Trust Fund – This proposal excludes the Blind Pension Trust Fund from the property tax credit.

Local Tax Collections – Based on data from the U.S. Census Bureau, there are approximately 97,784 veterans with a service-connected disability residing in Missouri. In addition, the median home value was \$230,300 and the median real property tax liability was \$1,948 in Missouri during 2024.

B&P notes that property taxes are calculated on assessed value, rather than market value. Assessed value is currently 19% of market value. Therefore, during 2024 the median assessed home value in Missouri was \$43,753. Removing the Blind Pension tax levy of \$13.13 (\$0.03 per \$100 assessed value) from the median real property taxes paid of \$1,948, B&P estimates that the median local real property tax was \$1,935 in 2024.

Using the number of disabled veterans, B&P estimates that if all counties participate and if all qualifying veterans within those counties participate, this provision could reduce local property tax revenues by \$189,199,612 (\$1,935 median local liability x 97,784 disabled veterans) annually.

In response to similar legislation, HB 2588 (2026), officials from the **Department of Revenue (DOR)** assumed this proposal allows a qualified veteran to receive a tax credit they can use against the residential property tax they owe. The qualified veteran must be honorably discharged and have a 100% disability rating from the U.S Department of Veterans Affairs. This proposal allows a county to adopt an ordinance to offer this tax credit, starting January 1, 2027.

The qualified veterans who own their primary residence can apply to receive to the county to receive the tax credit. The credit is then applied to their residential property tax bill. It should be noted that a qualified veteran receiving this tax credit would not be allowed to qualify for any other property tax credit program including the Senior Property Tax credit (PTC).

DOR is only involved with residential property tax through the PTC program. It should be noted that if a veteran is paying real property tax, they may currently be eligible to claim the Senior Property Tax Credit (PTC) based on their income. Currently a person can claim the PTC 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

The PTC has income limits for qualification. If the veteran meets the income requirements and are receiving the PTC; no longer owing property tax would exempt them from receiving this credit in the future. The credit for homeowners starts at \$1,550 and phases downward based on their increasing income. No longer being eligible for the PTC or being eligible for a lesser amount, would result in a savings to general revenue.

The TY 2024 data shows that 1,235 disabled veterans were homeowners who claimed \$942,907 in PTC credits. It should be noted that a person who is claiming the PTC must check one of the boxes indicating they qualify for the credit. If a taxpayer is over the age of 65 and a disabled veteran, they may have checked the over 65 box, as it is the first one listed on the form. Therefore, the number of disabled veterans claiming the PTC could be higher. This proposal could result in a savings to general revenue of up to \$942,907 if all counties participate in offering this tax credit.

DOR is not involved in property tax except for the redemption of the PTC tax credit; therefore, this will not fiscally impact DOR. The only administrative impact is that DOR may have fewer PTC forms to process.

Officials from the **State Tax Commission (STC)** assume this proposal has a negative fiscal impact on taxing jurisdictions, like school, ambulance, and fire districts reliant on property taxes for revenue. According to the U.S. Department of Veteran Affairs, Missouri currently has 20,407 veterans who have a 100% service-connected disability and receive benefits from the federal government. According to US Census data, 78.1% of veterans are homeowners in Missouri, meaning the exemption could apply to 15,938 veterans. According to US Census housing data, the 1-year median home value in Missouri is 254,400. This equates to an assessed value of

\$48,336 per home and \$770,379,168 (15,938 x \$48,336) of assessed value that qualifies for the exemption. Residential real property accounted for \$82,783,490,689 of assessed value and approximately brought in \$5,496,107,919 of property taxes for taxing jurisdictions across the state.

STC calculates that this proposal could cost \$51,146,515 $([\$5,496,107,919 \times \$770,379,168] / \$82,783,490,689)$ spread out across taxing jurisdictions around the state. It is important to note that the proposal requires a county to opt into the program. The total cost is applicable only if every county in the state and the City of St Louis opt into it.

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

Officials from the **Newton County Health Department** assume this would create a negative fiscal impact on the Newton County Health Department by reducing the amount of property tax collected due to the provisions of this bill.

Officials from the **County Employees Retirement Fund (CERF)** assume there is insufficient data to quantify its exact impact. HB 3078 may result in an unknown fiscal impact to the County Employees' Retirement Fund.

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

In response to similar legislation, HB 2869 (2026), officials from the **St Louis City Assessor** assumed the following:

Missouri homes occupied by veterans	10%
Veteran home ownership rate	78%
Median value of veteran's homes in MO	\$160,000
% of MO veterans with a 100% service-connected disability rating	4.00%
MO Veteran Population in City of St. Louis	17,000

of veterans w/disability x veteran home ownership rate 530
Taxes on typical veteran's home (\$160k value) \$2,489
Blind Pension fund as % of taxes collected 0.3403%
% of taxes collected (excludes Blind Pension Fund) 99.6597%

Total # of MO Veterans	399,154	
Vets with service-connected disability rating	95,566	23.94%
100% service-connected disability rating	14,905	3.73%

Total RE taxes exempted under legislation (excludes blind pension fund)

\$1,315,545 All taxing jurisdictions
\$263,109 City portion

Total taxes affected by legislation (Real and Personal)

(\$1,315,545) Loss to all taxing jurisdictions
(\$263,109) Loss to City of St. Louis
(\$19,733) Loss to Collector of Revenue Fund
(\$8,222) Loss to Assessment Fund

**It is assumed 100% of taxes will be exempted for all qualifying under the legislation.*

In response to similar legislation, HB 2869 (2026), officials from **Boone County SB 40 (Boone County Family Resources)** assumed 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.

Officials from the **Department of Social Services, 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.

In response to similar legislation, HB 2869 (2026), 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.

Oversight is uncertain how many taxing districts would initiate approval of the proposed tax credit. Therefore, Oversight will show a range of impact of \$0 (not adopted by county) up to the loss in revenue estimated by the Office of Administration - Budget and Planning to local political subdivisions beginning in FY 2028.

Oversight assumes there could be costs to implement and monitor individual credits for local taxing entities to approve the property tax credit. Oversight will show a range of impact of \$0 (not adopted by county) to an unknown cost to local political subdivisions for implementation.

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>Revenue Gain</u> – DOR (§137.1052) Veterans no longer claiming the Senior Property Tax Credit, if adopted by county p.4	\$0	\$0 or Up to \$942,907	\$0 or Up to \$942,907
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	\$0 or Up to \$942,907	\$0 or Up to \$942,907

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> – Counties (§137.1052) To implement and monitor, if adopted by county p.6	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss</u> – (§137.1052) Property tax credit to qualifying disabled veterans, if adopted by county p.4	\$0	\$0 or (Up to \$189,199,612)	\$0 or (Up to \$189,199,612)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	\$0 or (Could exceed \$189,199,612)	\$0 or (Could exceed \$189,199,612)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill establishes the "Missouri Disabled Veteran Homestead Tax Credit Act".

Beginning January 1, 2027, if adopted by county order, ordinance, or resolution, a county can grant an annual real property tax credit for the primary residence of a disabled veteran that has a market value not to exceed \$500,000.

The tax credit can only be used for the primary residence and up to five acres. However, if the total market value of the dwelling and surrounding acreage does not exceed \$500,000, ownership of additional acreage will not disqualify an owner from eligibility for the tax credit.

The county may grant a tax credit for any percentage of the qualified amount that does not exceed 100% of the disabled veteran's property tax liability. Before January of any year, the governing body of a county may adjust this tax credit percentage for the next general reassessment year by ordinance.

If the qualifying disabled veteran passes, this real property tax credit must carry over to the benefit of the surviving spouse, as long as certain conditions are met.

This real property tax credit must not reduce assessed valuations and must not be construed as an exemption.

If an eligible owner receives this real property tax credit, he or she must no longer be eligible for any other real property tax relief or tax credit relating to the owner's qualifying residence.

For the purpose of calculating property tax levies, the total amount of these real property tax credits must be considered tax revenue actually received by the county or other political subdivision.

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 Revenue
State Tax Commission
City of Kansas City
Newton County Health Department
County Employees Retirement Fund (CERF)
Eastern Clay Ambulance District
St Louis City Assessor
Boone County SB 40 (Boone County Family Resources)

L.R. No. 6785H.011

Bill No. HB 3078

Page **10** of **10**

March 2, 2026

Department of Social Services
Kansas City Police Department
St. Louis County Police Department
Branson Police Department



Julie Morff
Director
March 2, 2026



Jessica Harris
Assistant Director
March 2, 2026