

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6785H.03C  
 Bill No.: HCS for HB Nos. 3078 & 2672  
 Subject: Property, Real and Personal; Taxation and Revenue - Property; Tax Credits;  
 Veterans; Counties; Disabilities  
 Type: Original  
 Date: March 31, 2026

Bill Summary: This proposal provides local property tax credits for certain 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
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 or Up to \$942,907</b>	<b>\$0 or Up to \$942,907</b>

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

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

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</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
<b>Total Estimated Net Effect on FTE</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
<b>Local Government</b>	<b>\$0</b>	<b>\$0 or Could exceed (\$61,453,862)</b>	<b>\$0 or Could exceed (\$61,453,862)</b>

## 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 31<sup>st</sup> 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 estimated 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 estimated 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.

Officials from the **Department of Revenue (DOR)** assume 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 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 2,072 disabled veterans were homeowners who claimed \$1,446,197 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 \$1,446,197 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 we may have fewer PTC forms to process.

Officials from the **State Tax Commission (STC)** assume the 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 with a tax credit amount equal to 100% of the ad valorem taxes owed.

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

Officials from the **County Employees Retirement Fund (CERF)** assume there is insufficient data to quantify its exact impact. HCS/HBs 3078 & 2672 may result in an unknown fiscal impact to the County Employees' Retirement Fund.

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

Officials from the **St Louis City Assessor** assumed the following:

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%
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 RE taxes exempted under legislation (excludes blind pension fund)	\$1,315,545	All taxing jurisdictions
Average PP value	4,500	
Average PP tax amount	\$365	

Estimated # of 70% or more disabled veterans in City	3,400
Average PP tax amount x % of partially disabled veterans (at 70% or more)	\$1,241,000
Total PP taxes exempted under legislation	\$1,241,000 All taxing jurisdictions
Total taxes affected by legislation (Real and Personal)	
(\$2,556,545)	Loss to all taxing jurisdictions
\$511,309	Loss to City of St. Louis
(\$38,348)	Loss to Collector of Revenue Fund
(\$15,978)	Loss to Assessment Fund

#### Assumptions

20% of disabled veterans average a disability rating of 70% or more  
4% of disabled veterans have 100% disability rating

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.

**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 State Tax Commission 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.

#### §137.1054 - Missouri Disabled Veterans Personal Property Tax Credit Act

In response to similar legislation, HB 2672 (2026), officials from the **State Tax Commission** stated they have reviewed this proposal and determined it has an unknown negative fiscal impact on taxing jurisdictions, like school, ambulance, and fire districts reliant on property taxes for revenue. This proposal gives a tax credit on vehicles based on the percentage of service-

connected disability the veteran has suffered. The credit can be applied to two vehicles owned by the disabled veteran. 112,538 veterans could qualify for this tax credit, but STC is unable to calculate an impact because the number of vehicles owned and the values of those vehicles are not readily available.

Officials from the **Department of Revenue (DOR)** assume this provision creates a personal property tax credit that is to be applied by the counties to a disabled veterans personal property tax. DOR is not involved in personal property tax and therefore will not be fiscally impacted by this proposal.

In response to similar legislation, HB 2672 (2026), officials from the **Office of Administration – Budget & Planning (B&P)** 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.

**Oversight** notes that this legislation allows disable veterans, who are residents of the county and have a disability rating of seventy percent or higher, tax credit against his or her personal property on each qualifying vehicle for the tax year.

Oversight notes that according to the latest U.S. Census data there are **37,919** veterans with service-connected disability and have received a disability rating of seventy percent or greater, as certified by the United States Department of Veterans Affairs.

Source: [U.S. Census Data for veterans with 70% or greater disability](#)

**Oversight** calculated the fiscal impact, using the U.S. Census data estimates below:

Missouri Population 18 y/o and older	4,891,022	U.S. Census Data
Estimated Total Motor Vehicle Assessed value	\$20,190,535,140	STC Data 2025
Per Capita Motor Vehicle Assessed Value	\$4,128	Estimated total motor vehicle assessed value / Population 18y/o and older
Estimated Property tax Paid	\$1,329,503,922	Motor vehicle taxes paid per STC Data 2025
Per Capita Personal Property tax burden	\$272	Motor vehicle taxes paid / population
Potential Loss of local Revenue	\$10,307,347	Per capita motor vehicle tax burden x 37,919 eligible veterans

Source: <https://stc.mo.gov/wp-content/uploads/sites/5/2026/02/2025-property-tax-pie-chart.pdf>

Oversight notes that there are currently no available statistics indicating how many veterans’ own vehicles, or whether they own one or two vehicles, and would therefore qualify for this tax

credit. As a result, the fiscal impact estimate is based on assumptions and could ultimately be either more or less of the projected total.

Oversight notes that §137.1054.4(2) says the eligible veteran shall remain responsible for all taxes levied for the blind pension fund, which shall not be subject to any credit authorized under this section. Accordingly, Oversight will not reflect any reduction to the Blind Pension Fund stemming from this legislation.

Oversight notes that §137.1054.7(1)-(3) says that even if a taxpayer receives a personal property tax credit, local governments must treat the credited amount as if they actually received the full tax payment.

Oversight notes that §137.1054.8 say that county is not required to adopt or authorize the personal tax credit and adoption shall be solely at the discretion of the governing body.

Therefore, Oversight will reflect the revenue impact as a range from zero (if the county does not adopt the provision) to an amount that could be more or less than the total calculated above.

In response to similar legislation, HB 2672 (2026), officials from the **St Louis City Assessor** assumed the following:

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

Average PP value	4,500
Average PP tax amount	\$365
Estimated # of 100% disabled veterans in City	680
Estimated # of less than 100% disabled veterans in City	3,400
Average PP tax amount x % of partially disabled veterans (at 50%)	\$620,500
Average PP tax amount x 100% disabled veterans	\$248,200

Total taxes affected by legislation

(\$868,700)	Loss to all taxing jurisdictions
(\$173,740)	Loss to City of St. Louis
(\$13,031)	Loss to Collector of Revenue Fund
(\$5,429)	Loss to Assessment Fund

In response to similar legislation, HB 2672 (2026), officials from the **City of Kansas City** assumed the proposed legislation has a negative fiscal impact of an indeterminate amount.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect an estimated loss up to \$10,307,347 in the fiscal note, for local political subdivision, beginning in FY 2028.

Responses regarding the proposed legislation as a whole

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 **Callaway County SB 40 Board** note Callaway County Special Services (CCSS) is a locally funded Senate Bill 40 board that provides services and supports for individuals with intellectual and developmental disabilities in Callaway County.

CCSS recognizes and appreciates the service and sacrifice of disabled veterans and the importance of policies that support them.

HCS HB 3078 authorizes counties to adopt property tax credits for certain disabled veterans. Because SB40 boards rely on local property tax revenues, any reduction in collections resulting from adoption of such credits may have an impact on funding available for services. The extent of the fiscal impact will depend on local implementation decisions and participation levels. CCSS will continue to monitor the potential effects of this legislation to ensure the long-term sustainability of services for individuals with intellectual and developmental disabilities and their families.

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** note the JCPER's review of HCS HB 3078 indicates that its provisions 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 **Department of Public Safety – Veteran's Commission, Department of Social Services, Kansas City Police Department, Branson 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 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
<b>GENERAL REVENUE</b>			
<u>Revenue Gain</u> – DOR (§137.1052) Veterans no longer claiming the Senior Property Tax Credit, <b>if</b> adopted by county p.5	\$0	\$0 or Up to \$942,907	\$0 or Up to \$942,907
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0</b>	<b>\$0 or Up to \$942,907</b>	<b>\$0 or Up to \$942,907</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost</u> – Counties (§137.1052) To implement and monitor, <b>if</b> adopted by county p.6	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss</u> – (§137.1052) Property tax credit to qualifying disabled veterans, <b>if</b> adopted by county p.6	\$0	\$0 or (Up to \$51,146,515)	\$0 or (Up to \$51,146,515)
<u>Revenue Loss</u> - (§137.1054) Motor Vehicle Tax Credit for disabled veterans p.10	\$0	\$0 to (More or less than \$10,307,347)	\$0 to (More or less than \$10,307,347)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0</b>	<b>\$0 or could exceed (\$61,453,862)</b>	<b>\$0 or could exceed (\$61,453,862)</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill provides local property tax credits for certain disabled veterans.

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)  
Joint Committee on Public Employee Retirement (JCPER)  
Eastern Clay Ambulance District  
St Louis City Assessor  
Boone County SB 40 (Boone County Family Resources)  
Department of Social Services  
Kansas City Police Department  
St. Louis County Police Department  
Branson Police Department  
Calloway County SB 40 Board



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