

COMMITTEE OF ORIGIN: Special Committee on Property Tax Reform

Currently, any political subdivision that received approval for a tax rate increase may levy a property tax rate to collect substantially the same amount of tax revenue as the amount of revenue that would have been derived by applying the voter-approved increased tax rate ceiling to the total assessed valuation of the political subdivision. However, the tax rate must not exceed the greater of the most recent voter-approved rate or the most recent adjusted voter-approved rate.

The bill removes the single tax rate in the exception and provides that the rates of levy for each subclass of real property, individually, and personal property, in the aggregate, must not exceed the greater of the most recent voter-approved rate or most recent adjusted voter approved rate.

Currently, if the tax revenue from various tax rates is different than the tax revenue that would have been determined from a single tax rate, then the political subdivision must revise the tax rates of those subclasses of real property, individually, and/or personal property, in the aggregate that had a tax rate reduction. This revision must yield an amount equal to the difference and must be apportioned among the subclasses of real property, individually, and/or personal property, in the aggregate, based on the relative assessed valuation of the class or subclasses that experienced the tax rate reduction. Additionally, for school districts that levy separate tax rates on each subclass of real property and personal property, in the aggregate, or that had voter-approved ballots that set or increased the subclass rates differently prior to 2011, a blended tax rate must be used to calculate the single tax rate.

This bill repeals this language. Political subdivisions are no longer required to compare revenues generated by multiple levies to a single-rate baseline or to adjust multiple levies based on a single-rate baseline.

The bill requires that, if voters in a political subdivision approve a levy increase prior to the expiration of a previously-approved temporary levy increase, the new tax rate ceiling will remain in effect only until the temporary levy increase expires under the terms originally approved by voters. At that time, the tax rate ceiling will be decreased by the amount of the temporary levy increase unless voters of the political subdivision are

asked to approve an additional permanent increase and such increase is approved.

This bill requires that, when voters in a political subdivision pass a tax rate increase, the political subdivision must use the current tax rate ceiling and the increase approved by the voters in establishing the rates of levy for the tax year immediately following the election. If the assessed valuation of real property in a political subdivision sees a reduction in value in the tax year immediately following the election, the political subdivision can raise its tax rates so that the revenue received from the local real property tax rates equals the amount the political subdivision would have received from the increased rates of levy had there been no reduction in the assessed valuation of real property in the political subdivision. In the event of an increased tax rate ceiling, the rate must be revenue neutral as required in Article X, Section 22 of the Constitution of Missouri. (Section 137.073, RSMo).

As it relates to setting property tax rates, the bill repeals the single property tax rate and replaces the language with that relating to multiple tax rates (Section 137.079, RSMo).

This bill provides that when a valuation of utility, industrial, commercial, railroad, and other real properties is made by a computer, computer-assisted method, or a computer program, the burden of proof to sustain the valuation must be on the assessor at any hearing or appeal.

The bill provides that, before any assessor may increase the assessed valuation of any parcel of utility, industrial, commercial, railroad, or other real property by more than 15% since the last assessment, the assessor must conduct a physical inspection of the property.

Currently, any county and city not within a county can opt out of implementing the provisions of certain sections of House bill 1150 (2002) and certain provisions of Senate bill 960, which includes setting separate levies to be calculated for each subclass of real property and for personal property using the assessed valuation for each class of real property and of personal property. Any county and city not within a county may also opt out of implementing certain provisions of House Bill 1150 (2002) and certain provisions of Senate Bill 960 as they relate to tax rate ceilings, blended tax rates, tax rate calculations, and credit card usage to pay property taxes.

This bill repeals the references to the provisions of House Bill 1150 (2002) and Senate Bill 960 (2004), as well as the corresponding procedures to opt out of or to implement these provisions.

The bill requires that, beginning January 1, 2027, each county and city not within a county must determine the assessed valuation, set and revise rates of levy, and make adjustments to current levies for each subclass of real property, individually, and for personal property, in the aggregate (Section 137.115, RSMo).

Currently, no school district can receive more state aid for its education program than it received per weighted average daily attendance for the school year 2005-06 from the foundation formula, unless it has an operating levy for school purposes of not less than \$2.75. This bill changes the operating levy floor to receive certain state aid to \$2.20 beginning the 2026-27 school year. For school districts that imposed a levy of \$2.75 in 2026, their maximum levy must be \$2.75 in 2027. After 2027, these school districts must set their levy as provided by the Missouri Constitution (Section 163.021, RSMo).

This bill contains a severability clause.

This bill is similar to HB 2668 (2026).