

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3855S.07C
 Bill No.: SCS for SB 919
 Subject: Counties; State Tax Commission; Taxation and Revenue - Property
 Type: Original
 Date: March 30, 2026

Bill Summary: This proposal modifies provisions relating to property taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	\$0	Unknown	Unknown
Total Estimated Net Effect on General Revenue	\$0	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
Blind Pension Fund (1621)*	\$0	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Unknown)	(Unknown)

*Oversight cannot reasonably estimate the net effect on the Blind Pension Fund with the information available. Oversight assumes the impact could exceed \$250,000 threshold. 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	(Unknown)	(Unknown)

*Oversight assumes the loss to local political subdivisions could be substantial.

FISCAL ANALYSIS

ASSUMPTION

§137.016 - Classification of Property

Oversight notes this provision prohibits an assessor from reclassifying real property without first conducting an in-person consultation with the owner of the property. Oversight assumes there could be costs to local taxing entities for additional consultation requirements. Oversight will show an unknown cost to local political subdivisions.

Officials from the **St Louis City Assessor** note it is not clear if a phone conversation, an email communication or a virtual meeting adhere to the requirements of an “in-person” consultation.

§137.115.10 - Real Property Assessed Values

Officials from the **Office of Administration - Budget and Planning (B&P)** note this provision would prohibit assessors from increasing the assessment on any one parcel over 15%, regardless of the findings of a physical inspection.

B&P notes that this hard 15% assessment growth limit would apply to properties that have undergone significant renovations and improvements. Thus, assessors may be unable to increase a property’s assessment value in conjunction with increased market value due to improvements. This could result in forgone revenue to both the counties and the Blind Pension Fund (\$0.03 per \$100 value on all taxable property).

Officials from the **St Louis City Assessor** assume this requirement to not increase any value by more than 15% will cause for unfair and unequal assessments. Additions, remodeling, and renovation of a structure often cause increases of more than 15%. Buildings that are vacant, boarded, and then gut-rehabbed would only be increased a fraction of their value, while other property owners pay proportionally more. This could be unconstitutional per Article X, Section 3 of the Missouri Constitution, requiring uniformity.

If properties are not currently equalized, then values will continue to be unequal. Example, two similar homes, one at \$60k and one at \$80k should be increased to a value of \$90k. The \$80k home can be raised and it will be less than 15% increase. However, the \$60k home can only be raised to \$69k (15% limit), even though they should both be the same. Value and taxation will be unequal.

Oversight notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property $((\text{Total Assessed Value}/100)*.03)$. Because this proposal limits the assessed value portion of this equation, the Blind Pension Fund will experience a decrease in revenue relative to what it would have received under current law.

Oversight does not have information to the contrary and therefore, Oversight will reflect the impact as provided by the Office of Administration - Budget and Planning.

§§137.1058 and 137.1055- Property Tax Credit

Officials from the **Department of Revenue (DOR)** note this provision attempts to create a credit that is to be applied to a person's property tax to negate the amount of increased property tax they would owe. The credit is equal to the amount of new tax they owe on their real property each year over their base year. DOR does not handle property tax, but DOR does handle the Senior Property tax credit. The Senior Property tax credit allows certain lower income seniors to receive a refundable tax credit from the state for the tax they pay on their real property. Should this new provision cause them to owe less property tax in the future, then the amount of the Senior Property tax credit DOR must pay out may be reduced.

DOR is unable to determine at this time how much the Senior Property tax credit may be impacted in the future.

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

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this section would replace the existing 5% and 0% growth limited property tax credits under Section 137.1055 (repealed) with one 2.5% or CPI, whichever is lower, growth limited credit for all counties. This provision would also create a property tax credit for personal property tax liabilities.

Real Property - This proposal would require counties to provide taxpayers with a credit amount equal to their current real property tax liability less their liability in tax year 2024. B&P notes that this credit covers all real property including residential, agricultural, and commercial. The initial credit year (2024 or year of annexation / new ownership) can be increased each year by 2.5% or CPI, whichever is lower. The baseline tax liability amount will be increased to account for any new voter approved levy increases.

For example: Person A owes \$1,000 in 2004. In 2027, person A owes \$1,250. Person A's tax credit base amount for 2027 would be \$1,000 initial base credit x 2.5% x 3 years = \$1,075 new base credit. This would result in a \$175 credit on their real property tax for tax year 2027.

Personal Property - This proposal would require counties to provide taxpayers with a credit equal the full amount of tax liability above the amount that was owed on an item during tax year 2024 or the initial year of ownership, whichever is later.

Counties must include the tax credit amounts as if they were received revenues when determining tax rate levies. In addition, the tax credit shall apply to all property tax jurisdictions, not just the county property tax levy.

No taxpayer will be allowed to claim this property tax credit and the senior property tax freeze under Section 137.1050. B&P notes that most seniors would likely continue to use the senior credit under Section 137.1050 as it is more generous.

B&P notes that the Blind Pension Trust Fund levies a property tax of \$0.03 per \$100 value per Article III, Section 38(b). This tax is levied on all taxable property in the state. Since this tax is constitutional, B&P assumes that the property tax credit will not be applied to the state levy. Therefore, over time local revenues will be shifted to the state fund as property tax credit values grow.

Officials from the **St Louis City Assessor** note there does not appear to be any consideration for new construction, alterations, additions, etc. that could cause for a change in value and/or taxes. A person that purchases a “shell” home for \$20k and then spends \$100-\$200k in renovations, could unfairly benefit from having taxes limited to 2.5% per year (5% per reassessment) over the tax amount on the \$20k structure even though the property has been changed.

Business personal property may be reported as a lump sum and not itemized. It would not be possible to implement this section without requirements for itemized reporting of assets. Administratively, information would need to be provided so the assessor can determine which items may qualify from year to year.

Implementation to “freeze” taxes for all new vehicle and property accounts for when property tax is first incurred will likely require substantial programming changes which could be costly.

Oversight assumes this proposal repeals the property tax credits implemented in SB 3 (2025) and replaces them with a credit for increases to a taxpayer’s property tax liability limited to a 2.5% increase *or* inflation, whichever is *lower*. This would include all real property and personal property.

Therefore, Oversight will show a loss to local political subdivisions.

Officials from the **County Employees Retirement Fund (CERF)** assume this section would likely have a negative fiscal impact to CERF by reducing the revenues that are used to fund CERF. A certain portion of the moneys that are used to fund the County Employees’ Retirement Fund are tied to the collection of property taxes.

Responses regarding the proposed legislation as a whole

In response to a previous version, officials from the **State Tax Commission (STC)** reviewed this proposal and have determined it will have a negative fiscal impact on taxing jurisdictions such as

school districts, counties, cities and other taxing jurisdictions across the state that are supported by property taxes. The bill caps assessments at 15% for real property. Assessments are currently calculated using the market value of the property, and housing markets don't always track with the consumer price index. Capping assessments will lead to disparity and inequity within the property taxation system.

Officials from the **Callaway County SB 40 Board** assume Callaway County Special Services (CCSS) is a locally funded Senate Bill 40 board that relies on property tax revenue to provide services and supports for individuals with intellectual and developmental disabilities in Callaway County.

SCS SB 919 modifies provisions related to property classification, assessment procedures, and valuation practices. While the legislation does not directly change SB40 levy authority, changes to property classification and assessment processes may affect the underlying assessed valuation used to generate local property tax revenue.

Because CCSS depends on stable and predictable property tax revenues to fund essential services, any policy changes that reduce assessed valuation or increase successful appeals could impact future funding capacity. Even modest reductions in valuation growth may affect the availability of services and supports for vulnerable individuals and families. CCSS respectfully encourages consideration of the potential impacts on local service systems and emphasizes the importance of maintaining stable funding or providing sustainable replacement mechanisms if reductions occur.

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

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

Officials from the **St Louis City Assessor** note the change to 138.390 (2)(a) to change the ratio standard from 90% down to 75% does not comport with professional standards and practices. Virtually all states use the International Association of Assessing Officer standards for ratio tolerance of 90% to 110%. The assessor is unaware of any state with a ratio standard at 75%. AI search shows the lowest level listed is an 85% standard.

Lowering the threshold will have the impact of locking bad and inaccurate assessments in place all across the state. Instead of all counties trying to be at a professional level of 90%, which is only achieved with uniformity, there will be widespread disparity from county to county with counties being "compliant" even though they are at all different levels; anywhere from 75% to 100%.

This legislation is telling Assessors they only need to be 75% accurate. Assessors don't need a lower bar. They need the tools to do their jobs effectively and treat taxpayers fairly. Locking in low assessments and arbitrarily dumbing down standards will diminish the integrity of Missouri's property tax program

In response to a previous version, officials from the **Gasconade County Assessor** assumed Gasconade County's current State Tax Commission residential assessment ratio is 76.56%.

Under the structure established in SB 919, this ratio places the county in the "freeze" category. This means:

- The base year remains the initial credit year of 2024
- Future reassessment growth is restricted
- Only new construction and voter-approved levy increases may generate additional revenue
- Inflationary growth and market appreciation are excluded from taxable value

In practice, this produces the same fiscal outcome as Senate Bill 3.

The bill therefore does not merely provide taxpayer relief — it restructures the property tax system from a market-value system into a capped-revenue system for affected counties.

Fiscal Impact to Gasconade County

Using current parcel data and assuming full participation of eligible taxpayers, the estimated impacts are:

- Total estimated revenue loss (2027): \$647,416

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.

Officials from the **Department of Social Services, Joint Committee on Public Employee Retirement, St. Louis County Police Department, Branson Police Department,** and the **Phelps County Sheriff** 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 a previous version, officials from the **Kansas City Police Department** assume 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Savings</u> – DOR (§§137.1058 & 137.1055) Reduction in Property Tax Credits	\$0	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	<u>Unknown</u>	<u>Unknown</u>
BLIND PENSION FUND (1621)			
<u>Revenue Loss</u> – (§137.115.10) 15% Limit on assessment increases for real property p.3	\$0	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON BLIND PENSION FUND (1621)	\$0	<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> – (§137.016) Additional consultation requirements p.3	\$0	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Revenue Loss</u> – Counties (§137.115.10) 15% Limit on assessment increases for real property p.3	\$0	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Revenue Loss</u> – Local Political Subdivisions (§137.1058) changes to property tax credit p.4-5	\$0	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act modifies several provisions relating to property taxes.

CLASSIFICATION OF PROPERTY

This act prohibits an assessor from reclassifying real property without first conducting an in-person consultation with the owner of record of such property. An assessor shall be deemed to be in compliance with this provision if the assessor can document a good-faith effort to contact the owner of record, as described in the act. (Section 137.016)

REAL PROPERTY ASSESSED VALUES

Current law provides that an assessor shall not increase the assessed valuation of any parcel of residential real property by more than fifteen percent since the last reassessment without first conducting a physical inspection of the property and providing notice to the taxpayer. This act modifies such provision by prohibiting any increase in assessments of residential real property in excess of fifteen percent. Additionally, a property owner may request the assessor to conduct a physical inspection, provided that the assessed value shall not increase as a result of such inspection. (Section 137.115.10)

REAL PROPERTY TAX CREDIT

Current law authorizes certain counties to provide a tax credit for the property tax liabilities owed on an eligible taxpayer's homestead. This act repeals such provision and instead provides that all counties shall provide a property tax credit for any real property owned by an eligible taxpayer, provided that the real property tax liability owed on the taxpayer's real property may be increased by no more than 2.5% per year or the percent increase in inflation, whichever is less. However, for any county in which any subclass of real property is considered to be valued below its true value in money, as determined in the act, the amount by which a taxpayer's real property tax liability may increase shall not exceed 7.5% per year, provided that this provision shall no longer apply to a county once such subclass of real property in such county is no longer considered to be valued below its true value in money.

Additionally, the act provides that no personal property tax liability owed on any individual item of personal property shall not be increased above the liability owed on such item during the 2024 tax year or the first year an eligible taxpayer first incurs personal property tax liability on such personal property, whichever occurs later. Any eligible taxpayer experiencing such an increase shall be eligible for a credit on the eligible taxpayer's personal property tax liability in an amount equal to such increase, as described in the act. (Sections 137.1058 and 137.1055)

STATE TAX COMMISSION RATIO STUDIES

Current law requires the State Tax Commission to equalize the valuation of each class and subclass of property among the respective counties. This act requires the Commission to utilize ratio studies to determine whether a class or subclass is valued below or above its true value. Such values shall be no less than 75% and no more than 100% of true market value, as described in the act. (Section 138.390)

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
Office of Administration - Budget and Planning
Department of Social Services
State Tax Commission
Gasconade County Assessor
St. Louis County Police Dept
Phelps County Sheriff
Kansas City Police Dept.
St. Louis County Police Dept
County Employees Retirement Fund (CERF)
Calloway County SB 40 Board
St Louis City Assessor



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