COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0301S.04P
Bill No.: Perfected SS for SCS for SB 8
Subject: Taxation and Revenue - Property; Political Subdivisions; Motor Vehicles
Type: #Updated
Date: May 3, 2023

#Updated the impacts to the Blind Pension Fund and local political subdivisions as an updated local personal property tax rate and current depreciation schedule data was obtained by the Office of Administration - Budget and Planning pgs. (1, 2, 3-4, 6-9, 13, 14). Also updated the initial and ongoing costs to the State Tax Commission pgs. (1, 10, 13)

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund*	#$0 or (Unknown, less than $200,000)	#$0 or (Unknown, less than $200,000)	#$0 or (Unknown, less than $200,000)
Total Estimated Net Effect on General Revenue	**#$0 or (Unknown, less than $200,000)**	**#$0 or (Unknown, less than $200,000)**	**#$0 or (Unknown, less than $200,000)**

*Oversight assumes the STC would only be responsible for the costs of the appraisal system and software if the balance in the respective counties' assessment fund is less than or equal to one hundred thousand dollars.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Blind Pension Fund (0621)	$0	#(Could exceed $3,518,942)	#(Could exceed $3,518,942)
Total Estimated Net Effect on Other State Funds	**$0**	**#(Could exceed $3,518,942)**	**#(Could exceed $3,518,942)**

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Local Government	**(Unknown)**	**#(Could exceed $789,357,988)**	**#(Could exceed $789,357,988)**

FISCAL ANALYSIS

ASSUMPTION

Section 137.115.1 Personal Property Tax Assessment Value Percentage

Officials from the **Department of Revenue (DOR)** note current law requires that personal property be assessed at 33.3% of its true value in money as of January 1st of each calendar year. Section 137.115.1 would, starting January 1, 2024, require all personal property to be assessed at 31% of its true value in money. That rate would continue into the future.

This provision is silent on how to handle the collection of the constitutionally created Blind Pension Fund. Per the Constitution the calculation is based on the 33.3% rate. Therefore, this will have a negative fiscal impact on the Blind Pension Fund.

Property tax assessments are handled by county assessors and the State Tax Commission. This provision does not impact the Department and DOR defers to the State Tax Commission and the counties for their estimated fiscal impact.

#Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal reduces the personal property assessment value percentage from 33.33% to 31% beginning with tax year 2024. B&P further notes that property taxes are levied for a calendar year, with the taxes owed by December 31st of that year. Therefore, a reduction to a tax year's assessed value will impact collections for the following fiscal year. For example: tax year 2024 reduction will impact FY25 collections.

#B&P notes that subsection 9 of this provision changes the motor vehicle depreciation schedule, in addition to the assessment percentage decrease under this subsection. B&P further notes that the two changes combined will have a smaller impact than what would be shown if the two changes were calculated separately. Therefore, B&P will show the impact of reducing the assessment percentage for motor vehicles combined with the impact from the proposed deprecation schedule.

#Based on data published by STC, total property tax assessments were $135,148,692,788 in 2022. In addition, total estimate property taxes were $9,492,396,528. Based on additional data published by STC, B&P determined that approximately 25.75% of all personal property is assessed at the 33.33% rate (other items are already assessed at lower rates), of which 14.77% are motor vehicles. Therefore, B&P estimates that the market value for relevant personal property was approximately $104,412,806,460, of which $20,664,235,127 was for motor vehicles.

#Using data published by STC, B&P estimates that the statewide average personal property tax rate is 6.8%. B&P notes that the Blind Pension Trust Fund levies a statewide property tax of $0.03 per $100 value.

#Therefore, B&P estimates that this provision, excluding motor vehicles, could reduce revenues to the Blind Pension Trust Fund by $296,473 and local property tax collections by $66,138,490 annually beginning in FY25. Table 1 shows the estimated impact, less motor vehicles.

#Table 1: Estimated Revenue Impact from Reduced Assessment Percentage

Property Type	Assessment %	Blind Pension	Local
Tangible Personal	31.00%	($729,846)	($163,406,845)
Motor Vehicles Only	31.00%	($433,373)	($97,268,355)
Impact, except for MV		($296,473)	($66,138,490)

Officials from the **Department of Social Services (DSS)** note tangible personal property that is not livestock; farm machinery; pollution control tools and equipment; grain and other agricultural crops; poultry; and historic motor vehicles, historic aircraft, and aircraft built from kits is currently assessed at 33 1/3 percent of true value. According to the 2022 State Tax Commission Annual Report, the total assessed valuation of tangible personal property that is not livestock; farm machinery; pollution control tools and equipment; grain and other agricultural crops; poultry; and historic motor vehicles, historic aircraft, and aircraft built from kits is $27,716,731,850. However, the reduction in the assessed valuation of motor vehicles from the proposed changes in section 137.115.9 will reduce the total assessed valuation. According to the State Tax Commission, the proposed change in section 137.115.9 could result in a reduction in tax revenue from motor vehicles of up to 25%. Therefore, FSD estimates the assessed valuation from tangible personal property in the tax collection year 2025 will be $22,551,883,126 [$27,716,731,850 – ($20,659,394,897*0.25)].

Tangible personal property that is not livestock; farm machinery; pollution control tools and equipment; grain and other agricultural crops; poultry; and historic motor vehicles, historic aircraft, and aircraft built from kits is currently assessed at 33 1/3 percent of true value. Therefore, the $22,551,883,126 in these types of tangible property tax assessments is currently 33 1/3% of the true value of personal property, which means the true value of the these types of personal property assessed is $67,662,415,620 ($22,551,883,126/.3333).

The proposed reduction in assessments of tangible personal property that is not livestock; farm machinery; pollution control tools and equipment; grain and other agricultural crops; poultry;

and historic motor vehicles, historic aircraft, and aircraft built from kits will affect the BP fund as follows:

Calendar Year	True Value of Tangible Personal Property*	Assessment Rate, as amended per year	Amended Assessed Value of Tangible Personal Property*	BP Fund Collections Tangible Personal Property Tax*	Reduction in Collections for the BP Fund
2024	$67,662,415,620	33 1/3%	$22,551,883,126	$6,765,565	$0
2025	$67,662,415,620	31%	$20,975,348,842	$6,292,605	$472,960

*Not Livestock, Farm Machinery, Poultry, and Pollution Control Tools and Equipment

Therefore, FSD estimates that the fiscal impact to the BP fund as a result of this legislation would be $1,587,667 in SFY 2024 and $2,060,627 ($1,587,667+$472,960) in SFY 2025 and ongoing.

Oversight assumes this proposal reduces the percentage at which personal property is assessed, effectively reducing the assessed value of personal property over time. Oversight notes the revenue growth in property tax is determined by the following method:

Last year's revenues plus an allowance for growth equal to either:
- Inflation;
- Growth in total assessed value, or;
- 5%, whichever is lowest.

Oversight notes property tax revenues are designed to be relatively revenue neutral from year to year. The tax rate is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth. Therefore, this proposal may result in a higher tax rate relative to current law thus distributing more of the tax burden to real property owners (as personal property assessed values decrease).

Oversight notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum or are at a fixed rate. For these taxing entities, any decrease in the assessed values would not be offset by a higher tax rate (relative to current law), rather it would result in an actual loss of revenue.

Based on information provided by the Office of the State Auditor, **Oversight** notes, in 2020, there were over 2,500 tax entities with 4,000 different tax rates. Of those entities, 2,980 tax rate ceilings were below the entities' statutory or voter approved maximum tax rate and 1,098 tax rate ceilings were at the entities' statutory or voter approved maximum rate. (These numbers do not include entities, which use a multi-rate method and calculate a separate tax rate for each subclass of property.)

Oversight notes the proposed reduction in the percentage at which personal property is assessed could reduce the maximum allowed revenue growth (relative to current law) which could impact all taxing entities. Oversight will show B&P's estimated impact for all local political subdivisions on the fiscal note.

SA 1: Section 137.115.9 Motor Vehicle Property Tax Assessment Method

Officials from the **Department of Revenue** note this provision changes how the assessment rate will be determined for motor vehicles. Property tax assessments are handled by county assessors and the State Tax Commission and per this proposal would be responsible for the creation of the manufacturer's suggested retail value database. This provision does not impact the Department and DOR defers to the State Tax Commission and the counties for their estimated fiscal impact.

#Officials from the **Office of Administration - Budget and Planning (B&P)** For tax year 2023, this proposal would county assessors to use a national publication other than the currently required NADA guide when determining the market value for motor vehicles. The STC shall determine which publication all assessors will use and the assessors may then use the values published in any of the three previous October issues.

#For tax years beginning with 2024, each county assessor must use the MSRP and then depreciate the motor vehicle value following the proposed 20-year depreciation schedule. For used vehicles, county assessors are to take the 2023 market value and apply the appropriate depreciation rate(s) going forward.

#Using sales data published by the U.S. Bureau of Transportation Statistics, B&P was able to determine the average price for new vehicles from 1990 – 2021. B&P then used published articles to estimate the average sales price for new vehicles in 2022 and 2023. Based on research, B&P was able to obtain a depreciation schedule similar to the one historically shown in the NADA publications. In addition, DOR provided data to B&P with the number of motor vehicles registered in Missouri by model year. Table 1 shows the comparison between the estimated current depreciation schedules used in NADA versus the proposed schedule for model years 2003 - 2023. B&P notes that the amounts shown are the percentage of market value remaining after depreciation.

#Table 2: Proxy and Proposed Depreciation Schedule

Model Year	Current Remaining Value	Proposed Remaining Value	Difference
2023	85.0%	85.0%	0.0%
2022	75.0%	75.0%	0.0%
2021	67.5%	65.0%	(2.5%)
2020	61.7%	55.0%	(6.7%)
2019	54.7%	45.0%	(9.7%)

Model Year	Proposed Remaining Value	Proposed Remaining Value	Difference
2012	26.1%	5.0%	(21.1%)
2011	23.5%	5.0%	(18.5%)
2010	21.2%	5.0%	(16.2%)
2009	19.1%	5.0%	(14.1%)
2008	17.2%	5.0%	(12.2%)

2018	49.2%	35.0%	(14.2%)	2007	15.4%	5.0%	(10.4%)
2017	44.3%	25.0%	(19.3%)	2006	13.9%	5.0%	(8.9%)
2016	39.9%	15.0%	(24.9%)	2005	12.5%	5.0%	(7.5%)
2015	35.9%	5.0%	(30.9%)	2004	11.2%	5.0%	(6.2%)
2014	32.3%	5.0%	(27.3%)	2003	10.0%	5.0%	(5.0%)
2013	29.0%	5.0%	(24.0%)				

**2002 and older estimates calculated, but not shown.*

#B&P then took the original sales data and applied the current depreciation schedule and the proposed schedule to determine the difference in market values. B&P notes that motor vehicles are then assessed at 33.33% of their market value, while farm machinery is assessed at 12% of market value. However, this proposal would also reduce the assessment percentage for motor vehicles to 31% of their market value. This impact was calculated simultaneously with the proposed depreciation schedule in order to prevent overestimating either proposed change. Table 3 shows the estimated average current and proposed assessed values for model years 2003 – 2023.

#Table 3: Estimated Current and Proposed Average Assessed Value

Model Year	Est. Current Assessment	Est. Proposed Assessment	Difference	Model Year	Est. Current Assessment	Est. Proposed Assessment	Difference
2023	$14,213	$13,231	($982)	2012	$3,028	$540	($2,488)
2022	$11,909	$11,087	($822)	2011	$2,789	$552	($2,237)
2021	$10,218	$9,160	($1,058)	2010	$2,500	$549	($1,951)
2020	$8,065	$6,692	($1,373)	2009	$1,669	$407	($1,262)
2019	$6,922	$5,301	($1,621)	2008	$1,516	$410	($1,106)
2018	$6,130	$4,059	($2,071)	2007	$1,382	$418	($964)
2017	$5,482	$2,880	($2,602)	2006	$1,243	$416	($827)
2016	$4,901	$1,715	($3,186)	2005	$1,032	$384	($648)
2015	$4,353	$565	($3,788)	2004	$898	$373	($525)
2014	$3,818	$550	($3,268)	2003	$762	$355	($407)
2013	$3,416	$548	($2,868)				

**2002 and older estimates calculated, but not shown.*

#Using data published by STC, B&P estimates that the statewide average personal property tax rate is 6.8%. B&P notes that the Blind Pension Trust Fund levies a statewide property tax of $0.03 per $100 value. Table 4 shows the estimated state and local revenue impact by model year.

#Table 4: Estimated Revenue Impact by Model Year

Model Year	# Registered MVs	Est. Blind Pension Loss	Est. Local Revenue Loss
2023	93,124	($27,006)	($6,158,290)
2022	250,577	($62,644)	($13,866,931)
2021	281,533	($90,091)	($20,056,411)
2020	287,551	($117,896)	($26,584,090)
2019	331,860	($162,611)	($36,219,200)
2018	338,301	($209,747)	($47,176,074)
2017	366,085	($285,546)	($64,138,092)
2016	348,732	($334,783)	($74,809,989)
2015	348,451	($397,234)	($88,875,912)
2014	318,691	($312,317)	($70,127,955)
2013	297,730	($256,048)	($57,494,640)
2012	273,170	($204,878)	($45,761,438)
2011	233,800	($156,646)	($35,217,294)
2010	204,757	($120,807)	($26,896,880)
2009	170,742	($64,882)	($14,507,948)
2008	241,668	($79,750)	($17,997,016)
2007	244,129	($70,797)	($15,846,413)
2006	234,404	($58,601)	($13,051,615)
2005	221,323	($42,051)	($9,658,536)
2004	214,644	($34,343)	($7,587,665)
2003	179,193	($21,503)	($4,911,680)
2002 and older	1,403,602	($112,288)	($26,275,429)
Total Estimated Impact		**($3,222,469)**	**($723,219,498)**

#Therefore, B&P estimates that this provision could decrease revenues to the Blind Pension Trust Fund by up to $3,222,469 and local revenues by up to $723,219,498. B&P notes that this provision would affect tax year 2024 assessments, which are not collected until FY25.

#Summary
B&P estimates that this proposal could reduce revenues to the Blind Pension Trust Fund by up to $3,518,942 and local revenues by up to $789,357,988 starting in FY25. Table 5 shows a summary of the estimated impact.

#Table 5: Summary

Impact	Est. Blind Pension Loss	Est. Local Revenue Loss
Personal Property Assessment Reduction	($296,473)	($66,138,490)
MV Depreciation and Assessment Reduction	($3,222,469)	($723,219,498)
Total Estimated Impact	($3,518,942)	($789,357,988)

Officials from the **Department of Social Services** note the Blind Pension (BP) is funded from 0.03% of each $100 assessed valuation of taxable property. Assessing vehicles and farm machinery based on a depreciation table until the vehicle is nine years old and removing vehicles over nine years from assessment could impact the amount received for the BP fund.

According to the 2022 State Tax Commission Annual Report, $20,659,394,897 of the $135,215,666,531 total assessed valuation for the State of Missouri comes from vehicles including recreational vehicles. Therefore, approximately $6,197,818 [($20,659,394,897/100)*0.03] in property tax revenue is collected from motor vehicles. Motor vehicles are currently assessed based on a recommended guide of information for determining the true value of motor vehicle and includes vehicles that are older than nine years old in the assessment. According to the State Tax Commission, the proposed change to assess vehicles based on a depreciation table until the vehicle is nine years old could result in a reduction in tax revenue from motor vehicles of up to 25%. Therefore, FSD estimates that tax revenue from motor vehicles collected in the BP fund could decrease up to $1,549,455 ($6,197,818*0.25).

According to the 2022 State Tax Commission Annual Report, $509,487,451 of the $135,215,666,531 total assess valuation for the State of Missouri comes from Farm Machinery. Therefore, approximately $152,846 [($509,487,451/100)*0.03] is collected in the BP fund from Farm Machinery tax revenue. The State Tax Commission is unable to identify the age of farm machinery or provide an estimate on the effect of exempting farm machinery that is older than nine years of age from taxation, therefore the effect is unknown. FSD assumes that it will result in a reduction in tax revenue from farm machinery of up to 25%. Therefore, FSD estimates that the tax revenue from farm machinery collected in the BP fund could decrease up to $38,212 ($152,846*0.25).

There is no effective date outlined in the legislation for the proposed changes to section 137.115.9, so it is assumed that the change is effective August 28, 2023 and the tax collections will be reduced beginning in SFY 24.

The fiscal impact from the provisions of 137.115.9 is up to $1,587,667 ($1,549,455+$38,212) beginning in SFY 24.

#Oversight does not have any information to the contrary. Therefore, Oversight will reflect B&P's estimated impact in the fiscal note.

SA 1: Section 137.115.9 – Farm Machinery Property Tax Assessment

Oversight notes B&P's estimated impact does not include farm tractors or machinery. Oversight is unable to estimate the quantity and current value of farm machinery that may be impacted by this proposal. Oversight notes per the STC website, agricultural property makes up 1.45% of the total assessed value, or about $1,959,656,045. Oversight will show a negative unknown impact for this provision.

SA 2: Programming and Appraisal System Costs

Oversight notes the cost of the appraisal data necessary for this proposal is unknown. Oversight notes the costs will be deducted from each counties assessment fund unless the county fund has a balance of less than $100,000. Oversight assumes the initial administrative costs to the State Tax Commission and/or the county assessment funds to implement the proposal could reach the $250,000 threshold. Oversight will show the potential unknown cost to counties and/or the general revenue fund starting in FY 2024.

Oversight notes the Office of Administration - Budget and Planning estimates this proposal could reduce revenues to the Blind Pension Trust Fund and local taxing entities beginning in FY 2025. Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by B&P to show the loss in property tax revenue for the Blind Pension Fund and all local political subdivisions.

Responses regarding the proposed legislation as a whole

Officials from the **State Tax Commission (STC)** note this has an unknown fiscal impact on local taxing jurisdictions such as school districts, counties, cities who rely on property tax assessments as a source of revenue. The bill would require additional FTE for the State Tax Commission to receive the Manufacturer Suggested Retail Price (MSRP) from a vendor and then configure that data to fit the multiple assessment programs used in the state. The cost of the data is unknown as well, but will be deducted from each counties assessment fund unless the county fund has a balance of less than $100,000. The bill does not allow for all currently assessed vehicles to use a previously assessed value in the depreciation schedule so the MSRP would have to be obtained for all new and used vehicles by Vehicle Identification Number. An amendment adds farm equipment to the motor vehicles and requires a MSRP value for each piece and puts them on the same depreciation schedule.

#In response to a similar proposal from this year (HCS SB 133), officials from the **State Tax Commission** assume the cost of the data as well as the cost of licensing for each county in the state has been estimated to be less than $200,000.

#Oversight is unsure when the STC will incur the additional costs and require the additional FTE. Therefore, Oversight will reflect this fiscal impact to the STC in fiscal years 2024 and 2025.

STC notes in 2022, farm equipment accounted for 1.8% of the total tangible personal property assessment. It is not possible to know how much of the farm equipment is over 10 years of age. The depreciation schedule ends after 10 years so approximately fifty percent of the vehicles in the state would be assessed at $1.00 true market value. The current system uses average trade in value listed in the October issue of the National Automobile Dealers Association guide and that value will be less than the starting value of MSRP in most cases, which could cause an increase in assessments of the vehicles less than 10 years old. The use of a depreciation schedule would require that the vehicle values decrease each year regardless of the true market values.

STC notes the reduction in assessment percentage from thirty-three and a third percent to thirty-one percent would reduce tax collected on personal property tax collections by approximately

$200 million. The bill also requires all of the software used in the counties to meet minimum standards which could require a cost to some counties for upgrades.

Officials from the **Howell County Assessor** note if the purpose of this legislation is to reduce taxes on citizens, it will only move the tax burden over to real property and increase the burden residential property carries at this time and potentially may cause more harm to homeowners.

In Howell County, the personal property this targets is 67% of the total personal property assessed value and generated $3,410,920 of local funding in 2022. Statewide it is 21% of total assessed value generating $1,987,103,270 of local funding. This proposal does not offer any method of replacement as required by law.

Officials from Howell County note a 9-year depreciation schedule is too rapid for vehicles, a more appropriate schedule is 15 years as it will still reduce taxes annually but not create as large a shift in the tax burden to real property.

Adding farm machinery to this is problematic as there is no centralized list of who owns farm machinery and the assessment of farm machinery is voluntary reporting under current statutes. This will add another $300,000 in lost revenue.

Reducing the assessment rate will cost Howell County $472,561.

Requiring payment out of the current assessment fund may be a Hancock amendment violation as an unfunded mandate.

Total estimated local revenue loss in Howell County $4,183,400

Officials from Howell County assume reducing the assessment rate will cause programming expense to all counties that may cost $1,000 to $5,000 per county.

Officials from the **Miller County Assessor** assume the revenue that will be lost for Miller County if this act is put in place is $1,518,032.

This figure was calculated by running several reports. Miller County's Total Assessed value for 2022 was $131,166,116 last year. The county has 12,421 vehicles that would be affected by the 10-year cap on vehicles at $300. That would lower the assessed value by $24,147,370. The average levy for the county in 2022 was $5.1204. Miller County was projected to have a growth of 3% in assessed valuation for the 2023 year, $135,101,099.48. The total impact of this bill would lower the assessed value for Miller County Missouri by $29,646,739, which equates to $1,518,031.62 tax dollars lost to their entities. 79%

2022 Assessed Value	$131,166,116.00
3% Growth	$3,934,983.48
2023 Projected Assessed Value without SB 8	$135,101,099.48

SB 8 Assessed Value Decrease (10 year Cap/MSRP)	$27,164,190.00
Assessed Value difference	$107,936,909.48
Changing rate from 33.3% to 31%	$2,482,548.92
2023 Projected Assessed Value with SB 8	$105,454,360.56
Assessed Value difference	$29,646,739
Average Tax Levy for Miller County	5.1204
Revenue Loss if SB 8 is voted in	$1,518,032

The **County Employees' Retirement Fund (CERF)** indicates that it would have a negative fiscal impact to the County Employees' Retirement Fund. A certain portion of the moneys that are used to fund the County Employees' Retirement Fund are tied to the collection of property taxes. The bill, by reducing the assessment percentage of personal property from 33.3% to 31% would reduce the moneys that fund CERF. In FY2021 (the most recent year for which CERF has complete information), the CERF received total fee revenues of $35,587,162. The following amounts received were tied to the collection of property taxes:

2021 Collector Late Property Tax Fees: $15,397,498 (43% of fee revenue)

2021 Assessor Late Assessment Filing Fees: $11,106,885 (31% of fee revenue)

Total: $26,504,383 (74% of fee revenue)

CERF notes that the amount of these revenues fluctuates from year to year. CERF notes that there is insufficient information to quantify the exact impact on CERF's revenue streams but CERF assumes that the impact would be negative. CERF would expect the changes in the perfected version of SS/SCS/SB 8 to result in a deterioration of CERF's funding over time. Unless those fees are replaced with other sources, it likely has severe implications for CERF's sustainability including the possibility that the plan assets might be depleted.

Officials from the **Office of the State Auditor (SAO)** 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 SAO.

Officials from the **Cole Camp Ambulance District** assume the proposal will have no fiscal impact on their organization.

Officials from the **City of Kansas City** state this legislation would have a negative fiscal impact on Kansas City in lost revenue of $2.2 million in the first year after the legislation takes effect and $1.2 - $1.3 million in the subsequent two years.

Officials from the **Newton County Health Department** state the proposal would cause a negative fiscal impact in the amount of decreased property taxes collected due to the number of households eligible.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
Cost – State Tax Commission – §137.115.9(1) – Software/programming costs and FTE/other administrative costs p. (10)	#(Unknown, less than $200,000)	#(Unknown, less than $200,000)	#(Unknown, less than $200,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**#(Unknown, less than $200,000)**	**#(Unknown, less than $200,000)**	**#(Unknown, less than $200,000)**
BLIND PENSION FUND			
Revenue Loss - §137.115.1 – Reduction in property taxes from reduction in personal property assessed valuation percentage to 31% p. (4)	$0	#Could exceed ($296,473)	#Could exceed ($296,473)
Revenue Loss - §137.115.9 – motor vehicles - change in property taxes from change in personal property assessed valuation method p. (8)	$0	#Up to ($3,222,469)	#Up to ($3,222,469)
#Revenue Loss - §137.115.9 – farm machinery - change in property taxes from change in personal property assessed valuation method p. (9)*	$0	#(Unknown)	#(Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	**$0**	**(Could exceed $3,518,942)**	**(Could exceed $3,518,942)**

*#**Oversight** assumes the revenue reduction from the change in the farm machinery assessed valuation method could reach the $250,000 threshold

FISCAL IMPACT – Local Government	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISIONS			
Costs – Counties – §137.115 - to administer the changes in assessment from this proposal p. (10-11)	(Unknown)	(Unknown)	(Unknown)
Loss – §137.115.1 - Loss of property tax revenues from reduction in personal property assessed value percentage to 31% p. (4)	$0	#(Could exceed $66,138,490)	#(Could exceed $66,138,490)
Revenue Loss - §137.115.9 – motor vehicles - change in property taxes from change in personal property assessed valuation method p. (8)	$0	#Up to ($723,219,498)	#Up to ($723,219,498)
Revenue Loss - §137.115.9 – farm machinery - change in property taxes from change in personal property assessed valuation method p. (9)	$0	#(Unknown)	#(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	**(Unknown)**	**#(Could exceed $789,357,988)**	**#(Could exceed $789,357,988)**

FISCAL IMPACT – Small Business

Oversight assumes there would be an impact to small businesses that pay property taxes.

FISCAL DESCRIPTION

Current law requires that personal property be assessed at 33.3% of its true value in money. Beginning January 1, 2024, this act requires that personal property be assessed at 31% of its true value in money.

Current law requires assessors to use the trade-in value published in the October issue of the National Automobile Dealers' Association Official Used Car Guide to determine the true value of motor vehicles for the purposes of property tax assessments. This act instead requires assessors to use the manufacturer's suggested retail price from the year of manufacture of the motor vehicle or farm machinery and apply the ten-year depreciation table provided in the act to determine the true value in money of motor vehicles and farm machinery.

When the manufacturer's suggested retail price data is not available from an approved source or the assessor deems it not appropriate for a vehicle, the assessor may obtain a manufacturer's suggested retail price from a source that he or she deems reliable and shall apply the depreciation schedule provided by the act.

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

State Tax Commission
Department of Revenue
Office of the State Auditor
Office of Administration - Budget and Planning
Department of Social Services
Howell County Assessor
Cole Camp Ambulance District
Miller County Assessor
County Employees' Retirement Fund (CERF)
City of Kansas City
Newton County Health Department

Julie Morff
Director
May 3, 2023

Ross Strope
Assistant Director
May 3, 2023