

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3172S.06C  
Bill No.: SCS for SB 756  
Subject: Taxation and Revenue - Property; Political Subdivisions  
Type: Original  
Date: February 27, 2024

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Bill Summary: This proposal modifies a property tax credit for certain seniors.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **Section 137.1050 - Senior Property Tax Credit**

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal makes various changes to the local property tax credit granted under SB 190 (2023). This proposal:

- Clarifies that a taxpayer must be age 62 or older to qualify.
- Does not allow a tax credit for taxpayers with delinquent local taxes.
- Sets the initial base year as the later of: the year a taxpayer turns 62 or the year an ordinance/petition is passed. B&P notes that this will prevent the credit from being retroactive.
- Provides that any tax year with a lower liability than the base tax year will become the new base tax year. This provision could lead to additional reduced local revenues.
- Provides that a petition approved after an ordinance is passes shall supersede such ordinance.
- Clarifies that any political subdivision impacted by the property tax credit, not just a county, cannot increase their tax levy to compensate for lost revenue due to the property tax credit. This provision could lead to additional reduced local (sub-county) revenues.

B&P notes that the Blind Pension Trust Fund levies a tax of \$0.03 per \$100 on all property in Missouri. B&P assumes that because that tax levy is constitutional, this provision will not affect revenues to the Blind Pension Trust Fund. Therefore, local property tax revenues will decline by the full amount of the property tax credit, even though part of the credit could be attributable to growth in the Blind Pension Trust Fund revenues through increased assessment values. B&P notes that this this interaction between state and local levies could result in additional loss to local revenues over time.

Officials from the **Department of Revenue (DOR)** note SB 190 adopted during the 2023 legislative session granted counties the ability to create a program for seniors to lower the amount of property tax they owe. Counties trying to implement SB 190, found problems with some of the definitions in the bill. This proposal would clarify the definitions to allow easier implementation of the program. This program is voluntary for counties. DOR does not handle property tax so is unaware of how many counties are participating or plan to participate in this program.

DOR is not directly impacted by this proposal. However, should seniors that currently receive the Senior Property Tax Credit (PTC) pay less in property tax, that could lessen the amount of the PTC credit they receive. In FY 2022, there were 56,457 senior homeowners that claimed \$33,428,661 in PTC credits. Should some of these 56,457 leave in a county that participates and their property tax is reduced, they may not be eligible for as much PTC credit as they were

before. Should that happen, this could result in less PTC claims which would mean a savings to general revenue. The impact is unknown.

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** note this will cause a negative fiscal impact to the Newton County Health Department depending on the number of eligible residents and the decreased property taxes collected due to this bill.

Officials from the **Lincoln County Assessor** note this proposal provides cleanup for SB 190 from 2023 - tax revenue shortfalls and unfunded mandate to County Collectors for software updates.

Officials from the **Callaway County SB 40 Board** assume the proposed legislation has a fiscal impact of an indeterminate amount.

Officials from the **Mid-Continent Public Library** assume there is no way for the library to determine the fiscal impact as this is information held by the County, but any tax abatements or credits will have a financial impact on the District.

Officials from the **Rolling Hills Consolidated Library** note Rolling Hills Consolidated Library cannot calculate the fiscal impact of this bill because libraries do not have access to the data on the ages of the owners of real property in our district boundaries nor if that property is their primary residence. It is impossible to know how many residents who meet the requirements for this tax credit "rebate" would take the time to file and execute it.

Officials from the **State Tax Commission, Department of Social Services, Office of the Secretary of State, City of O'Fallon, Kansas City Police Dept., St Louis County Police Department, Joint Committee on Administrative Rules, Joint Committee on Public Employee Retirement,** and the **Office of the State Auditor** 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** assumes this proposal adds clarifying language for eligibility requirements and implementation measures for the property tax credit established in SB 190 (2023).

**Oversight** notes this credit is optional and a county must submit the proposal to voters or pass a county ordinance in order to participate.

**Oversight** notes Greene County and St. Charles County have both implemented the provisions of SB 190.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Current law authorizes a property tax credit for certain seniors who are eligible for Social Security retirement benefits. This act modifies the definition of "eligible credit amount" and adds a definition of "initial credit year".

This act also modifies the definition of "eligible taxpayer" by providing that a taxpayer shall be 62 years of age or older, rather than eligible for Social Security retirement benefits, and that the taxpayer shall not owe delinquent taxes, interest, or penalties to the county.

This act also provides that an ordinance authorizing a property tax credit that is adopted by a county shall not preclude such ordinance from being subsequently amended or superseded by a petition adopted pursuant to the act.

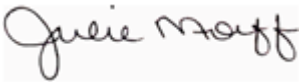
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

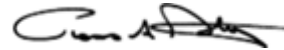
Office of Administration - Budget and Planning  
 Department of Revenue  
 City of Kansas City  
 Newton County Health Department  
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 Callaway County SB 40 Board

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Office of the Secretary of State  
City of O'Fallon  
Kansas City Police Dept.  
St Louis County Police Department  
Joint Committee on Administrative Rules  
Joint Committee on Public Employee Retirement  
Office of the State Auditor



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