

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0482S.01I  
 Bill No.: SB 183  
 Subject: Taxation and Revenue - Property; Motor Vehicles  
 Type: Original  
 Date: February 17, 2025

Bill Summary: This proposal modifies provisions relating to the assessment of motor vehicles.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	\$0	(Unknown, less than \$200,000)	(Unknown, less than \$200,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>(Unknown, less than \$200,000)</b>	<b>(Unknown, less than \$200,000)</b>

\*Administrative costs of the State Tax Commission

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Blind Pension Fund (0621)	\$0	Unknown, Up to \$2,997,911	Unknown, Up to \$2,997,911
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>Unknown, Up to \$2,997,911</b>	<b>Unknown, Up to \$2,997,911</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<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>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue (State Tax Commission)	1 or more FTE	1 or more FTE	1 or more FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 or more FTE</b>	<b>1 or more FTE</b>	<b>1 or more FTE</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>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Local Government*</b>	<b>\$0</b>	<b>Unknown, More or less than \$668,469,292</b>	<b>Unknown, More or less than \$668,469,292</b>

\*Given that property taxes are designed to be revenue neutral, this impact could be reduced if taxing authorities are able to adjust the tax levy relative to the assessed value to produce roughly the same revenue from the prior year.

## FISCAL ANALYSIS

### ASSUMPTION

#### **Section 137.115 - Assessment of Motor Vehicles**

Officials from the **State Tax Commission** note this has an unknown fiscal impact on local taxing jurisdictions such as school districts, counties, and 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 estimated to be less than \$200,000 as well as the cost of licensing for each county in the state.

The bill allows for all currently assessed vehicles to use a previously assessed value in the depreciation schedule, but the MSRP would have to be obtained for each new vehicle and used vehicle purchased from outside of the state by Vehicle Identification Number. 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.

The use of a depreciation schedule would require that the vehicle values decrease each year regardless of the true market values which could cause a decrease in the assessments generated. 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 **Office of Administration - Budget and Planning (B&P)** note for tax year 2026, this proposal would require 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 and purchase the publication all assessors will use. STC may rebid the publication up to every three years.

For tax years beginning with 2026, each county assessor must use the MSRP and then depreciate the motor vehicle value following the proposed 25-year depreciation schedule. For used vehicles, county assessors are to take the 2024 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 – 2022. B&P then used published articles to estimate the average sales price for model year 2023 through 2025 vehicles. Based on research, B&P was able to obtain an average 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 2004 - 2026. B&P notes that the amounts shown are the percentage of market value remaining after depreciation.

Table 1: Proxy and Proposed Depreciation Schedule

Model Year	Current Remaining Value	Proposed Remaining Value	Difference	Model Year	Current Remaining Value	Proposed Remaining Value	Difference
2025 / 2026	85.0%	85.0%	0.0%	2014	26.1%	43.2%	17.1%
2024	75.0%	80.6%	5.6%	2013	23.5%	40.1%	16.6%
2023	67.5%	76.5%	9.0%	2012	21.2%	37.1%	15.9%
2022	61.7%	72.2%	10.5%	2011	19.1%	34.2%	15.1%
2021	54.7%	68.2%	13.5%	2010	17.2%	31.4%	14.2%
2020	49.2%	64.3%	15.1%	2009	15.4%	28.7%	13.3%
2019	44.3%	60.5%	16.2%	2008	13.9%	26.2%	12.3%
2018	39.9%	56.8%	16.9%	2007	12.5%	23.8%	11.3%
2017	35.9%	53.2%	17.3%	2006	11.2%	21.5%	10.3%
2016	32.3%	49.7%	17.4%	2005	10.0%	19.3%	9.3%
2015	29.0%	46.4%	17.4%				

*\*2004 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 assessed at 33.33% of their market value. Table 2 shows the estimated average current and proposed assessed values for model years 2004 – 2026.

Table 2: 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
2025 / 2026	\$14,092	\$14,092	\$0	2014	\$3,088	\$5,111	\$2,023
2024	\$12,099	\$13,002	\$903	2013	\$2,770	\$4,727	\$1,957
2023	\$10,576	\$11,986	\$1,410	2012	\$2,462	\$4,308	\$1,846
2022	\$9,609	\$11,244	\$1,635	2011	\$2,268	\$4,062	\$1,794
2021	\$8,288	\$10,333	\$2,045	2010	\$2,030	\$3,707	\$1,677
2020	\$6,437	\$8,412	\$1,975	2009	\$1,347	\$2,510	\$1,163
2019	\$5,611	\$7,663	\$2,052	2008	\$1,227	\$2,312	\$1,085
2018	\$4,976	\$7,083	\$2,107	2007	\$1,123	\$2,138	\$1,015
2017	\$4,446	\$6,589	\$2,143	2006	\$1,003	\$1,924	\$921

2016	\$3,971	\$6,110	\$2,139	2005	\$827	\$1,595	\$768
2015	\$3,520	\$5,631	\$2,111				

*\*2003 and older estimates calculated, but not shown.*

Using data published by STC, B&P estimates that the statewide average personal property tax rate is 6.7173%. B&P notes that the Blind Pension Trust Fund levies a statewide property tax of \$0.03 per \$100 value. Table 3 shows the estimated state and local revenue impact by model year.

Table 3: Estimated Revenue Impact by Model Year

Model Year	# Registered MVs	Est. Blind Pension Impact	Est. Local Revenue Impact
2025 / 2026	49,199	\$0	\$0
2024	255,490	\$68,982	\$15,429,041
2023	271,625	\$114,083	\$25,611,521
2022	272,597	\$133,573	\$29,805,756
2021	298,822	\$182,281	\$40,866,897
2020	297,830	\$175,720	\$39,337,386
2019	337,515	\$209,259	\$46,313,808
2018	336,133	\$211,764	\$47,361,140
2017	363,284	\$232,502	\$52,062,230
2016	339,448	\$217,247	\$48,554,642
2015	343,737	\$216,554	\$48,525,352
2014	307,719	\$187,709	\$41,628,226
2013	291,638	\$172,066	\$38,166,665

Model Year	# Registered MVs	Est. Blind Pension Impact	Est. Local Revenue Impact
2012	260,600	\$143,330	\$32,171,070
2011	228,369	\$123,319	\$27,397,429
2010	191,489	\$95,745	\$21,475,491
2009	166,481	\$58,268	\$12,947,227
2008	220,359	\$72,718	\$15,987,045
2007	237,213	\$71,164	\$16,102,018
2006	212,109	\$59,391	\$13,063,793
2005	215,103	\$49,474	\$11,047,690
2024	192,888	\$38,578	\$8,602,805
2023	174,839	\$29,723	\$6,605,417
2002 and older	1,344,611	\$134,461	\$29,406,643
Total Estimated Impact		\$2,997,911	\$668,469,292

Therefore, B&P estimates that this proposal could increase revenues to the Blind Pension Trust Fund by up to \$2,997,911 and local revenues by up to \$668,469,292. B&P notes that this provision would affect tax year 2026 assessments, which are not collected until FY27.

However, because this proposal requires assessors to depreciate used vehicles from their 2025 published market value, and not from their original MSRP, the full estimated revenue loss will likely not occur immediately. Rather, the revenue gain should occur gradually over the next 26 years – as assessments are transition from current values less depreciation to original MSRP value less depreciation.

B&P notes the following about the above estimates:

- Sales date reflects actual sales and not MSRP. B&P notes that MSRP is typically higher (sometimes significantly) than the original actual sales price paid. Therefore, it is possible that newer vehicles could be assigned a higher market value (and hence assessed

value and property tax liability) than they would under current law. This would result in a lower revenue loss than the amount shown above.

- This proposal would set all older vehicles (model year 2026 and prior) to their tax year 2025-estimated market value. B&P notes that tax year 2025 assessments are not yet complete. Therefore, in order to provide estimates, B&P applied the depreciation schedule to each model year's average original sales price. B&P notes that 2025 determined market values could vary significantly from the proxy value that B&P has estimated. This could result in a larger or smaller revenue impacts than the amounts shown above.
- The historical depreciation schedule is based on pre-COVID depreciation patterns. B&P is unable to determine how quickly motor vehicle depreciation will return to pre-COVID levels. Therefore, actual revenue impacts could be different from the amount shown above.
- These estimates are based on averages.
- The composition of vehicle types, model years, etc. in any given location could result in significantly different revenue impacts than the estimates shown above.

In response to a similar proposal this year (HB 816), officials from the **Jefferson County Assessor** note this bill will save county government budgets from having to purchase data from J.D. Power and Associates, which have increased their cost significantly since 2022. Jefferson County was quoted by J.D. Power and Associates \$60,700 for personal property vehicle valuation data. This is a 13% increase from 2024, and a 25% increase from the cost incurred in 2023 for the same data. Similar data from Price Digest has been quoted to Jefferson County at \$13,040 for 2025. This is a \$47,660 decrease from the J.D. Power quote. For Third-Class Counties, the savings from having another vendor provide the data would assist with the hiring of staff necessary to meet their statutory obligations.

**Oversight** notes this proposal allows assessors to use a nationally recognized automotive trade publication such as the NADA, Kelley Blue Book, Edmunds, or other similar publication.

**Oversight** assumes if every county experienced a savings from being able to use an alternative to automotive trade publication similar to the one referenced by the Jefferson County Assessor, the savings is estimated at \$5,480,900 ( $\$47,660 \times 115$ ). Oversight will reflect an unknown savings for county assessors beginning in FY 2026.

**Oversight** notes this proposal would impact the assessed value of personal property over time. This reduction could also reduce the calculation used to determine the maximum allowed revenue.

**Oversight** notes property tax revenues are designed to be 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 lower tax rate (as overall personal property assessed values decrease).

**Oversight** notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum, and some 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.

**Oversight** notes officials from B&P assume the proposal will have a direct fiscal impact on state and local revenues. Oversight does not have any information to the contrary. Therefore, Oversight will reflect B&P’s estimated impact in the fiscal note.

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

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

Officials from the **Mid-Continent Public Library** assume there is insufficient data provided to calculate the revenue loss to the District.

Officials from the **Kansas City Police Dept., Department of Social Services, Newton County Health Department, Phelps County Sheriff, Joint Committee on Public Employee Retirement (JCPER), and the St. Louis County Police Dept** 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** will show the unknown impact to the Blind Pension Fund and the local political subdivisions as estimated by Office of Administration - Budget and Planning.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE</b>			
<u>Cost - §137.115 - STC - Software/programming and additional FTE costs</u>	\$0	<u>Unknown, less than (\$200,000)</u>	<u>Unknown, less than (\$200,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0</b>	<b><u>Unknown, less than (\$200,000)</u></b>	<b><u>Unknown, less than (\$200,000)</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>BLIND PENSION FUND</b>			
<u>Revenue Increase</u> - §137.115.9 – Motor vehicles - increase in property taxes from change in personal property assessed valuation method	\$0	Unknown, Up to \$2,997,911	Unknown, Up to \$2,997,911
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b>\$0</b>	<b>Unknown, Up to \$2,997,911</b>	<b>Unknown, Up to \$2,997,911</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Savings</u> - §137.115 - County Assessors - Changes to selection process for trade-in value publications	\$0	Unknown	Unknown
<u>Costs</u> -§137.115 - County Assessors - to administer the changes in assessment from this proposal	\$0	(Unknown)	(Unknown)
<u>Revenue Increase</u> - §137.115 - Motor vehicles - increase in property taxes from change in personal property assessed valuation method*	\$0	Unknown, More or less than \$668,469,292	Unknown, More or less than \$668,469,292
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0</b>	<b>Unknown, More or less than \$668,469,292</b>	<b>Unknown, More or less than \$668,469,292</b>

\*Given that property taxes are designed to be revenue neutral, this impact could be reduced if taxing authorities are able to adjust the tax levy relative to the assessed value to produce roughly the same revenue from the prior year.



FISCAL IMPACT – Small Business

Small businesses that own personal property could see an increase in property taxes. Small businesses that own real property could see a decrease in property taxes.

FISCAL DESCRIPTION

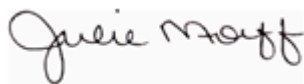
Current law requires assessors to use the National Automobile Dealers' Association Official Used Car Guide to determine the true value of motor vehicles. This act instead requires assessors to use the manufacturer's suggested retail price (MSRP) published in a nationally-recognized automotive trade publication chosen by the State Tax Commission. The publication chosen by the Commission shall be used for periods of at least three years and may be reauthorized by the Commission.

Beginning January 1, 2026, assessors shall apply the twenty-five year depreciation table provided in the act to determine the assessed value of a motor vehicle. In no case shall the assessed value of a vehicle be less than one hundred dollars.

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  
Callaway County SB 40 Board  
City of Kansas City  
Mid-Continent Public Library  
Kansas City Police Dept.  
Newton County Health Department  
Phelps County Sheriff  
St. Louis County Police Dept  
Joint Committee on Public Employee Retirement (JCPER)



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