

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1166S.03C
Bill No.: SCS for SB 85
Subject: Taxation and Revenue - Property
Type: Original
Date: March 20, 2025

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§137.076, 137.180 & 137.355 – Assessment of Property

Officials from the **State Tax Commission (STC)** have reviewed this proposal and determined it will have a negative fiscal impact on county assessor offices across the state. Currently, assessors are only required to inspect a property if the assessed valuation is rising by more than 15%. To inspect every property being assessed at a rate higher than 4% would require most assessors across the state to hire additional staff.

Oversight inquired the STC regarding if the provisions of this proposal would generate additional costs to the STC for any additional cases heard by the Board of Equalization regarding the change in the percentage on property inspections. STC states that no additional costs would be incurred by the change in the percentage on property inspections.

Oversight does not have any information to the contrary. Oversight has no additional information regarding the number of staff each county assessor's office has and whether current staff can handle the percentage change on property inspections. Therefore, Oversight will reflect a \$0 (no additional staff needed) **or** unknown cost as provided by the STC.

Officials from **Kansas City** 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 these agencies.

Officials from the **City of Clarence** responded to **Oversight** but did not provide a fiscal impact statement for this proposal.

Oversight received a limited number of responses from counties and county assessors related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties and county assessors 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
COUNTY ASSESSORS			
<u>Cost – additional staff needed to inspect properties that increase in assessment by more than 4% (§137.076)*</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON COUNTY ASSESSORS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act prohibits county assessors from using any computer program to make a final determination of the true value in money of any real or personal property if such computer program determines that the true value in money of such property has increased by more than four percent since the most recent assessment. In any such case, the assessor shall only assign a final true value in money of such property after the property has been evaluated in person by personnel who are knowledgeable and experienced with appraisal practices in the county in which the property is located. The act defines "computer program" as any computer, computer-assisted mass appraisal system, or any other program that utilizes mathematical techniques or artificial intelligence to estimate property values. (Section 137.076)

Additionally, current law requires assessors to provide notice to taxpayers when the valuation of the taxpayer's real property has increased. This act requires an assessor to provide any third party documents, reports, or other data that was relied upon in the computation of assessed value. (Sections 137.180 and 137.355)

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

L.R. No. 1166S.03C
Bill No. SCS for SB 85
Page 5 of 5
March 20, 2025

SOURCES OF INFORMATION

State Tax Commission
City of Clarence
Kansas City



Julie Morff
Director
March 20, 2025



Jessica Harris
Assistant Director
March 20, 2025