

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1491S.01I
Bill No.: SB 481
Subject: Housing; Mortgages and Deeds; Property, Real and Personal; Taxation and Revenue - Property; Taxation and Revenue - General; Corporations; Contracts and Contractors; Easements and Conveyances
Type: Original
Date: March 31, 2025

Bill Summary: This proposal enacts the "Missouri Homeowners' Association Act".

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
Blind Pension Fund*	\$0	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 or (Unknown)	\$0 or (Unknown)

Numbers within parentheses: () indicate costs or losses.

***Oversight** assumes the provisions of this proposal would not reach the \$250,000 threshold. Oversight is unclear of the number of homeowner associations in the State of Missouri and how much personal property and common ground is owned and/or leased by them. Homeowner Associations would need to have an assessed value of personal property and common ground greater than \$833,333,334 in order to meet the \$250,000 threshold.

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	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§442.621, 442.626, 442.631, 442.636, 442.641 & 442.646 – Missouri Homeowners’ Association Act

Officials from the **Office of Administration - Budget and Planning (B&P)** state, to the extent this exempts real and personal property currently subject to taxes, this proposal could impact revenues to the Blind Pension Trust Fund and TSR.

Officials from the **State Tax Commission (STC)** have determined 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, if approved, exempts personal property owned by homeowner’s associations from taxation. The agency would not have data to determine how many homeowner’s associations own personal property.

Oversight does not have information to the contrary. Oversight assumes if this proposal goes into effect as of January 1, 2026, it would exempt taxation on personal property and common ground owned and/or leased by homeowner associations and could potentially reduce the amount of revenue that is received by the Blind Pension Fund and local political subdivisions such as school districts, counties and cities. Therefore, Oversight will reflect a \$0 or unknown negative loss of revenue as assumed by the B&P and the STC for the fiscal impact of this proposal, starting in FY 2027.

Officials from the **Department of Economic Development**, the **Department of Labor and Industrial Relations**, the **Office of the Secretary of State** and the **Department of Revenue** 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 similar legislation from 2024, HB 2270, officials from the **Office of the State Courts Administrator** 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
BLIND PENSION FUND (0621)			
<u>Revenue Loss</u> – exempting taxation on personal property and common ground of homeowner associations §442.626.6	<u>\$0</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON THE BLIND PENSION FUND (0621)	<u>\$0</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Loss</u> – exempting taxation on personal property and common ground of homeowner associations §442.626.6	<u>\$0</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</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 establishes the "Missouri Homeowners' Association Act".

The act shall apply to all planned communities, as defined in the act, and all events and circumstances related to planned communities on and after January 1, 2026. The act shall not be construed to invalidate planned communities' existing governing documents or plats. Nothing in the act shall modify rights of a declarant, as defined in the act, or the holder of a security interest recorded prior to the planned community. The act shall not be varied by agreement, and rights conferred under the act shall not be waived. Each lot, as defined in the act, shall constitute a separate parcel of real estate, assessed and taxed consistent with its restricted use. Common ground and property of the association shall not be subject to taxation. (Section 442.626).

The act specifies standards and procedures for amending the declarations creating a planned community, and for appealing the amendments. (Section 442.631).

An owners' association shall be organized prior to conveyance of the first lot in a planned community, and shall be incorporated as a mutual benefit nonprofit corporation within 1 year of transfer of control from the declarant. The act provides for the owners' association to be governed by a board of directors, and specifies election procedures. (Section 442.636).

The act further lays out procedures for establishing the association's budget and assessments on lot owners; provides that any provision in the association's governing documents specifying a maximum assessment or maximum assessment increase shall be void; and details procedures for recovering delinquent assessments through the courts, including actions against tenants. (Section 442.641).

Lastly, the act includes provisions regarding binding arbitration, and regarding nonbinding dispute resolution between lot owners. (Section 442.646).

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 Economic Development
Department of Labor and Industrial Relations
Department of Revenue
Office of the Secretary of State
State Tax Commission
Office of the State Courts Administrator



Julie Morff
Director
March 31, 2025



Jessica Harris
Assistant Director
March 31, 2025