

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2152S.01I  
Bill No.: SB 599  
Subject: Taxation and Revenue - Property  
Type: Original  
Date: April 4, 2025

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

**FISCAL SUMMARY**

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

\*Oversight assumes the fiscal impact could exceed the \$250,000 threshold.

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

\*Oversight assumes the fiscal impact could exceed the \$250,000 threshold.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Responses regarding the proposed legislation as a whole

Officials from the **State Tax Commission** assume this has a possible negative fiscal impact on local taxing jurisdictions such as school districts, counties, cities who rely on property tax assessments as a source of revenue. Under the criteria of SB 599, all properties with an assessment percentage above the counties ratio study percentage could appeal their assessment to the Board of Equalization who would be required to lower the value to equal the ratio study percentage. Approximately half of the properties could qualify for the reduction so this could lead to a significant reduction on revenue for the local taxing jurisdictions.

Officials from the **Office of Administration - Budget and Planning (B&P)** note Section 137.132 would allow a property owner to appeal their property tax assessment for real property in subclasses (1) and (3) if the ratio of assessed value to true value is greater than the average ratio determined during an assessment ration study.

This provision would apply to all real property excluding agriculture and horticulture, which are in subclass (2). B&P notes that based on data published by STC, residential real property accounted for 54.52% and commercial real property accounted for 20.16% of all property taxes paid in 2023.

B&P further notes that an average ratio is determined by averaging all the assessments to market value across an area. Therefore, half of all property owners would qualify for an assessment reduction under this proposal.

The Blind Pension Trust Fund levies a statewide property tax of \$0.03 per \$100 valuation. B&P estimates that this proposal could significantly reduce revenues to the Blind Pension Trust Fund as well as local property tax funds.

In response to a somewhat similar proposal this year, (SB 87), officials from the **Department of Revenue (DOR)** noted the Department of Revenue administers the Senior Property tax credit (PTC) that gives seniors a tax credit for the amount of residential property tax paid or the amount of property tax paid as part of their rent.

Here is the amount claimed each of the last three years.

Tax Year	Number of Filers	Amount Claimed
2021	131,235	\$79,049,535
2022	127,132	\$73,974,469
2023	104,723	\$60,042,965

If the assessment rate on the property goes down, then the amount of property tax paid goes down and the amount of the Senior Property Tax Credit that can be claimed would go down.

Since the renter's credit is based on the total amount of rent paid, and this proposal does not require rents to decrease, DOR assumes this will not impact the renters claiming the credit.

This proposal is assumed to mostly impact the homeowners. When the homeowner's residential property tax is reduced as outlined by this proposal, this would result in a reduction of the amount of credits being issued. DOR notes the PTC credit is not only based on the amount of property tax paid but also the income of the taxpayer. Due to how the credit is awarded, DOR is not able to determine exactly how much this will reduce what can be claimed due to the income limits on the tax credits. In FY 2023, 46,135 homeowners claimed \$26,910,694 in credits.

**Oversight** assumes this proposal would potentially limit the assessed value of individual properties to the overall level of assessment.

**Oversight** notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property  $((\text{Total Assessed Value}/100) \times .03)$ . Because this proposal limits the assessed value portion of this equation, the Blind Pension Fund will experience a decrease in revenue relative to what it would have received under current law.

Per the STC's [website](#), total assessed value for residential property was \$82,783,490,689 in 2024. If this proposal reduced the total assessed value by 1.5%, the loss to the blind pension fund is estimated at (\$372,526).

Total Assessed Value (Current)	\$82,783,490,689
Total Assessed Value if reduced by 1.5% (example)	\$81,541,738,329
Difference	(\$1,241,752,360)
Divided by 100	(\$12,417,524)
Multiplied by 0.03 (Estimated Changed)	(\$372,526)

**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 higher tax rate relative to current law thus distributing more of the tax burden to other property owners.

Some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum. For these taxing entities, any decrease in the assessed values would not be offset by a higher tax rate rather it would result in a loss of revenue.

**Oversight** assumes there could be costs for implementation and computer programming. Oversight will show an unknown cost to county assessors to implement this proposal beginning in FY 2027.

**Oversight** assumes there could be a saving to General Revenue from a reduction the amount of Senior Citizen Property Tax Credits claimed. Oversight will show a range of impact of \$0 (no reduction) to an unknown savings. Oversight estimates a 1% reduction in the 2023 FY credit amount would equal about \$269,107, therefore Oversight assumes this fiscal impact could exceed the \$250,000 threshold.

**Oversight** a will show a negative unknown reduction in revenue to the Blind Pension Fund and local political subdivisions beginning in FY 2027.

**Oversight** assumes there could be an unknown negative fiscal impact on 1<sup>st</sup> class charter counties and St. Louis City for increased reimbursements to taxpayers for property tax appeals. Oversight a will show a range of impact of \$0 (no additional cost) to an unknown cost beginning in FY 2027.

Officials from the **Department of Social Services** assume the proposal will have no fiscal impact on their organization.

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

**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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE</b>			
<u>Cost Avoidance</u> - §137.132 - Reduction in property tax credit redemptions if taxpayers pay less in property taxes	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
<b>BLIND PENSION FUND</b>			
<u>Revenue Loss</u> - §137.132 - from a change in assessed value	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE BLIND PENSION FUND</b>	<b><u>\$0</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Loss</u> - §137.132 - from a change in assessed value	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Costs</u> - County Assessors - computer programing, administrative costs, and implementation of proposal	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Costs</u> - 1 <sup>st</sup> class charter counties/St. Louis City - §138.434 - increase in reimbursement limits	<u>\$0</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

### FISCAL IMPACT – Small Business

There could be a fiscal impact to small businesses if tax rates are adjusted relative to changes in assessed value.

### FISCAL DESCRIPTION

This act modifies provisions relating to property taxes.

### PROPERTY TAX ASSESSMENTS

This act provides that if the common level of assessment, as defined in the act, in a subclass is lower than the individual level of assessment, as defined in the act, of any parcel in such subclass, then the individual level of assessment for such parcel shall be reduced to the common level of assessment. Such reduction shall be made upon an appeal by the taxpayer. (Section 137.132)

### PROPERTY TAX APPEALS

Current law provides that, in any appeal in which an assessor fails to provide evidence of a physical inspection required by law, the taxpayer shall prevail as a matter of law. This act also provides that the assessor's increased assessed valuation shall be void in its entirety and the previous assessed valuation shall be applied. (Section 138.060)

Current law authorizes any first class charter county or city not within a county to require, by ordinance or charter, the reimbursement of just and reasonable appraisal costs, attorney fees, and court costs resulting from hearings before the State Tax Commission for taxpayer appeals of property assessments. This act requires such reimbursements. This act also increases the maximum amount of fees to be reimbursed from \$1,000 to \$5,000 for residential property appeals, and from \$4,000 to \$5,000 for utility, industrial railroad, or other subclass three property appeals. (Section 138.434)

### PROTESTED PROPERTY TAXES

Current law requires a taxpayer to file a written protest of property taxes with the collector at the same time such taxpayer makes full payment of such taxes. This act repeals such requirement. This act also provides that the interest due to a taxpayer whose protested taxes were distributed to a taxing authority shall be calculated from the date that the protested taxes were distributed to the taxing authority through the date of the refund

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Any taxpayer determined by a circuit court or the State Tax Commission to be entitled to a refund of property taxes shall receive such refund from the collector within thirty days of the final determination of the refund amount by the circuit court or State Tax Commission. If such

refund is not issued within thirty days, the taxpayer shall be entitled to interest on the refund as calculated under current law. (Section 139.031)

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  
State Tax Commission  
Department of Social Services  
City of Kansas City



Julie Morff  
Director  
April 4, 2025



Jessica Harris  
Assistant Director  
April 4, 2025