

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2991S.01I
Bill No.: SB 759
Subject: County Government; State Tax Commission; Taxation and Revenue - Property
Type: Original
Date: April 8, 2025

Bill Summary: This proposal modifies provisions relating to erroneous property classifications.

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 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§138.430 – Erroneous Property Classifications

Officials from the **State Tax Commission (STC)** 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 **Office of the State Courts Administrator** did not respond to **Oversight’s** request for fiscal impact for this proposal.

Oversight assumes this language codifies in statute procedures for taxpayers who are a party to an erroneous property classification by county assessors on how they may recover any costs and fees associated with such classification. Oversight used information from STC’s website regarding open appeals as of 3/25/2025 to create the following chart.

<u>County</u>	<u>Number of Open Appeals</u>	<u>BOE Value</u>	<u>Proposed Value</u>
Benton	8	\$531,290	\$245,712
Bollinger	8	\$1,644,400	\$781,223
Boone	42	\$192,378,100	\$91,395,441
Butler	3	\$1,664,400	\$893,450
Cape Girardeau	6	\$43,656,530	\$23,374,946
Clay	67	\$158,469,160	\$95,788,242
Cole	1	\$9,600	\$1,800
Henry	1	\$3,248,700	\$0
Jackson	21	\$37,314,733	\$20,888,579
Montgomery	8	\$9,665,900	\$5,637,820
Randolph	14	\$17,148,510	\$8,146,955
St. Francois	21	\$21,104,579	\$16,122,069
St. Louis	608	\$700,341,760	\$66,959,589
St. Louis Qty	1	\$13,475,680	\$7,541,490
Ste. Genevieve	2	\$940,170	\$771,430
Texas	1	\$21,150	\$15,070
TOTALS	812	\$1,201,614,662	\$338,563,816
1% of the open appeals are erroneous	8	\$12,016,147	\$3,385,638
Damages at 10% of original assessed value	1	\$1,201,615	\$338,564

Oversight notes this chart list the open appeals as of 3/25/2025 by county that are listed as an overvaluation for the grounds for appeal. Oversight only used appeals from January 2024 and forward. Oversight inquired STC to determine the number to use in Oversight’s example. Using the proposed value above, if 1% of the open appeals cases are considered erroneous from this proposal and those cases could potentially have a civil case filed where damages would be awarded at 10% of the original assessed value, it would be possible for the damages to have an impact on county funds from this example.

Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of additional agency 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 is unable to determine how many of the open cases have the potential to be erroneous where a taxpayer would file a civil lawsuit to recover damages as outlined in this proposal. Oversight assumes any potential awards from a civil lawsuit would be awarded to the taxpayer and potentially impact county funds. Therefore, Oversight will reflect a \$0 to unknown cost to county funds to account for any potential recovery of damages sought by the taxpayer from this proposal.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other counties & 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 FUNDS			
<u>Cost</u> – potential recovery of damages from an erroneous property classification filed in a civil lawsuit by the taxpayer against the county assessor §138.430	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON COUNTY FUNDS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

FISCAL IMPACT – Small Business

Small businesses could be impacted by this proposal if they have a civil case involving an erroneous property classification of real property.

FISCAL DESCRIPTION

Current law provides that a taxpayer shall be awarded costs and reasonable attorney's fees for any appeal of an assessor's classification of real property that is found by the State Tax Commission or a court of competent jurisdiction to be an erroneous classification. This act provides that any such decision shall include the recovery of such costs.

The act provides that any taxpayer not receiving such costs and fees derived from any decision made on or after January 1, 2024, shall have a cause of action to recover such costs and fees, as well as the costs and fees associated with initiating such cause of action. Such taxpayer shall also be entitled to recover damages in an amount equal to ten percent of the original assessed value of the property that was erroneously classified.

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

State Tax Commission



Julie Morff
Director
April 8, 2025



Jessica Harris
Assistant Director
April 8, 2025