

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5493S.01I  
 Bill No.: SB 1202  
 Subject: Taxation and Revenue - Property; Utilities  
 Type: Original  
 Date: February 3, 2026

Bill Summary: This proposal modifies provisions relating to the assessment of certain broadband communications equipment.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2034)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2034)
Blind Pension Fund (1621)	\$0	(\$41,838)	(\$41,838)	(\$41,838)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>(\$41,838)</b>	<b>(\$41,838)</b>	<b>(\$41,838)</b>

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2034)
<b>Total Estimated Net Effect on All Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2034)
<b>Total Estimated Net Effect on FTE</b>	<b>0</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.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2034)
<b>Local Government</b>	<b>\$0</b>	<b>(\$9,253,990)</b>	<b>(\$9,253,990)</b>	<b>(\$9,253,990)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§137.010, 137.080, & 137.115 - Assessment of Certain Broadband Communications Equipment

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would classify equipment used to provide broadband communication services as tangible personal property for the purpose of property taxes. For such equipment placed in service after August 27, 2026 this proposal would apply a 12% assessment percentage for tax year 2027 through 2033. Beginning with tax year 2034, the assessment of such property shall be increased to 33.33%. B&P notes that this proposal does not address how property placed into service before August 28, 2026 should be assessed.

To the extent that this changes property tax assessments, this proposal could impact revenues to the Blind Pension Trust Fund and local property tax funds.

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

Officials from the **State Tax Commission (STC)** have reviewed this proposal and have determined it will have a negative fiscal impact on taxing jurisdictions such as school districts, counties, cities and other taxing jurisdictions across the state that are supported by property taxes. The bill reduces the assessment ratio for personal property used to install broadband from the statutorily required 33 1/3% to 12%. STC is unable to estimate how much this will cost due to the unavailability of the data. Some of this personal property is assessed locally while the STC assesses the rest.

In response to similar legislation (HB 2711, 2026), officials from the **State Tax Commission (STC)** determined the proposal will have a negative fiscal impact on taxing jurisdictions such as school districts, counties, cities and other taxing jurisdictions across the state that are supported by property taxes.

According to the STC 2024 report, broadband and fiber companies paid \$14,467,509 in personal property taxes across the state based on \$218,030,171 of assessed value. If the assessment ratio is dropped to 12%, the assessed value these companies would be paying taxes on would drop to \$78,569,431 ( $[\$218,030,171 / .333] * .12$ ).

Taxes collected on that new total would equal \$5,213,517 ( $[\$78,569,431 * \$14,467,509] / \$218,030,171$ ). The total cost to taxing jurisdictions across the state would be \$9,253,990 ( $\$14,030,171 - \$5,213,517$ ).

Officials from the **St Louis City Assessor** assume the following:

Year	Taxes under current law	Taxes under new legislation
2026	\$6,084,150	\$6,084,150
2027	\$6,084,150	\$5,529,044
2028	\$6,084,150	\$4,973,938
2029	\$6,084,150	\$4,418,832
2030	\$6,084,150	\$3,863,726
2031	\$6,084,150	\$3,308,620
2032	\$6,084,150	\$2,753,514
2033	\$6,084,150	\$2,198,408
2034	\$6,084,150	\$2,754,673
2035	\$6,084,150	\$3,309,779
2036	\$6,084,150	\$3,864,885
2037	\$6,084,150	\$4,419,991
2038	\$6,084,150	\$4,975,097
2039	\$6,084,150	\$5,530,203
2040	\$6,084,150	\$6,085,309
Total	\$91,262,250	\$64,070,171

Total loss in taxes from impact of legislation to all tax jurisdictions	(\$27,192,079)
Loss in taxes to City of St. Louis	(\$5,438,416)
Loss to the Collector of Revenue Fund	(\$407,881)
Loss to the Assessment Fund	(\$169,950)

*\*Assumptions - All equipment affected is 7 year equipment on the MACRS table. The same amount of equipment is added each year as is taken off each year*

Officials from the **Callaway County SB 40 Board** assume Senate Bill 1202 (SB 1202) modifies Missouri law relating to the assessment of broadband communications equipment by reducing the assessment percentage for qualifying equipment placed in service on or after August 28, 2026, from 33% to 12% of true value through tax year 2033. While the bill does not eliminate personal property taxes, it imposes a significant, category-specific reduction in assessed value that will reduce levy revenue over time.

Senate Bill 40 organizations, including Callaway County Special Services (CCSS), rely on local property tax levy revenue to assess community needs and sustain a coordinated network of essential, community-based services serving more than 230 individuals with intellectual and developmental disabilities (IDD) and their families in Callaway County.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimated loss of revenue to political subdivisions as provided by the State Tax Commission.

Oversight assumes this provision will reduce the assessed value of broadband machinery and equipment placed in service after August 28, 2026, from 33⅓% to 12% for tax years 2027 through 2033.

Oversight assumes this proposal will result in local property tax revenue losses in FY28 through FY34. Beginning on January 1, 2034 (FY35), such property will be assessed at the current 33⅓% rate; therefore, Oversight assumes no fiscal impact beginning in FY35.

Oversight notes property tax revenues are designed to be relatively 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.

Oversight notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum or 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 the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property ((Total Assessed Value/100)\*.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.

Oversight notes based on the difference in assessed value of (\$139,460,740) estimated by the STC, Oversight assumes a loss of revenue to the Blind Pension Fund of approximately (\$41,838).

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. Upon the 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. A general listing of political subdivisions included in our database is available upon request.

Officials from the **Department of Revenue, Department of Economic Development, Department of Social Services, Newton County Health Department, Kansas City Police Dept., St. Louis County Police Dept,** and the **Joint Committee on Public Employee Retirement** 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2034)
<b>BLIND PENSION FUND (1621)</b>				
<u>Revenue Loss</u> – (§§137.010-137.115) Changes to assessment of broadband communications equipment	\$0	(\$41,838)	(\$41,838)	(\$41,838)
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND (1621)</b>	<b>\$0</b>	<b>(\$41,838)</b>	<b>(\$41,838)</b>	<b>(\$41,838)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2034)
<b>LOCAL POLITICAL SUBDIVISIONS</b>				
<u>Revenue Loss</u> – (§§137.010-137.115) Changes to assessment of broadband communications equipment	\$0	(\$9,253,990)	(\$9,253,990)	(\$9,253,990)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0</b>	<b>(\$9,253,990)</b>	<b>(\$9,253,990)</b>	<b>(\$9,253,990)</b>

FISCAL IMPACT – Small Business

A direct fiscal impact on small businesses could be expected as a result of this proposal.

FISCAL DESCRIPTION

This act provides that the definition of "tangible personal property" shall, for the purposes of property taxation, include machinery and equipment used to provide broadband communications service, as described in the act. (Section 137.010)

This act also creates a new subclass of tangible personal property that includes machinery and equipment used to provide broadband communications service and that is placed in service on or

after August 28, 2026. All such property shall be assessed at 12% of its true value in money for the 2027-2033 calendar years, and at 33.3% of its true value in money for the 2034 and all subsequent calendar years. (Sections 137.080 and 137.115)

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 Revenue  
State Tax Commission  
City of Kansas City  
St Louis City Assessor  
Callaway County SB 40 Board  
Department of Economic Development  
Department of Social Services  
Newton County Health Department  
Kansas City Police Dept.  
St. Louis County Police Dept  
Joint Committee on Public Employee Retirement

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February 3, 2026