

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0919H.01P
 Bill No.: Perfected HB 349
 Subject: Taxation and Revenue - Property; Property, Real and Personal; State Tax Commission; Motor Vehicles; Counties; Department of Revenue
 Type: Original
 Date: April 10, 2025

Bill Summary: This proposal modifies provisions relating to motor vehicle assessment valuations.

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 (0621)*	\$0	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 or (Unknown)	\$0 or (Unknown)

***Oversight** notes considering the small portion of vehicles affected by this proposal estimated by the Office of Administration - Budget and Planning, Oversight assumes the fiscal impact to the Blind Pension Fund would not exceed (\$250,000).

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

*Oversight notes this proposal limits the assessed value portion of the property tax equation; therefore, local governments may experience a decrease in revenue relative to what would have been received under current law. Given that property taxes are designed to be revenue neutral, this impact could be reduced if taxing authorities are able to adjust the tax levy relative to the assessed value to produce roughly the same revenue from the prior year.

FISCAL ANALYSIS

ASSUMPTION

Section 137.115 - Motor Vehicle Assessment Valuations

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would no longer allow county assessors to use a market value higher than what is published in the NADA guide for vehicles up to two years old. B&P does not know how many, if any, assessors have chosen to use higher values for new vehicles.

Therefore, this provision could impact the Blind Pension Trust Fund (statewide levy of \$0.03 per \$100 value) and local property tax funds. However, B&P estimates that any potential impact will likely be minimal. Based data provided by DOR, approximately 4.2% of all registered motor vehicles are up to two years old.

Officials at the **State Tax Commission** assume that this proposal has an unknown fiscal impact on local taxing jurisdictions such as school districts, counties, and cities who rely on property tax assessments as a source of revenue. The commission is unable to calculate the impact because data for the number of vehicles that are physically inspected isn't available.

Officials from the **City of Kansas City** assume this legislation will have a negative fiscal impact of an indeterminate amount.

Officials from the **Callaway County SB 40 Board** assume this legislation will have a fiscal impact of an indeterminate amount.

Officials from the **Mid-Continent Public Library** assume there is insufficient data to provide a calculation of revenue loss.

Officials from the **Department of Social Services, Newton County Health Department, Lincoln County Assessor, Kansas City Police Dept.,** and the **St. Louis County Police Dept** 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.

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.

Oversight notes according to the [Alliance for Automotive Innovation](#), The Missouri average age of vehicles is 13.2 years; The national average is 12.2.

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 $((\text{Total Assessed Value}/100) \cdot .03)$.

Oversight assumes this proposal limits the market value and therefore the assessed value portion of this equation, the Blind Pension Fund may experience a decrease in revenue relative to what it would have received under current law. Oversight assumes, considering the small portion of vehicles affected by this proposal estimated by the Office of Administration - Budget and Planning, the fiscal impact to the Blind Pension Fund would not exceed (\$250,000).

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 (as personal property assessed values decrease).

Oversight notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum and some 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 assumes this proposal limits the market value of certain personal property and therefore the assessed value of certain personal property over time. Therefore, Oversight will show an unknown loss in property tax revenue to local political subdivisions beginning in FY 2027.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
BLIND PENSION FUND			
<u>Revenue Loss</u> - §137.115 - Limit on market value of vehicles up to two years old	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	\$0	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Loss</u> - \$137.115 - Limit on market value of vehicles up to two years old	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

Small businesses that own personal property could see a reduction in property taxes. Conversely, taxing jurisdictions may be able to increase the levy to all other property owners to make up for the lost revenue.

FISCAL DESCRIPTION

Currently, for vehicles less than two years older than the model year, a county assessor may use a value other than the average trade-in value without performing a physical inspection. This bill specifies that, the true value of motor vehicles is equal to, but no higher than, the trade-in value as published in the October issue of the National Automobile Dealers' Association Official Used Car Guide.

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
 Callaway County SB 40 Board
 Mid-Continent Public Library
 Newton County Health Department

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