



SB 3 Information and Talking Points

Background

In June, Gov. Mike Kehoe called a special session of the Missouri General Assembly to consider various pieces of legislation intended to assist with funding for tornado relief, capital projects that were not passed during the regular session, and tax incentives to lure the Kansas City Chiefs and Kansas City Royals to remain in the state of Missouri.

During the Legislative process, language was added to SB 3 that placed property tax caps and reductions on primary residences in most counties in the state of Missouri. The structure of these freezes largely resembles those contained in the SB 190 senior citizen tax credit program that is currently being implemented in various counties around the state.

On June 14, Gov. Kehoe signed Senate Bill (SB) 3 into law.

Summary

County Classifications

- Defines "five percent county" and "zero percent county" based on population and county seat size.
- Lists specific population ranges for counties qualifying under each classification.

** These counties are NOT subject to the property tax provisions contained in SB3: Boone, Camden, Clay, Cole, Dent, Greene, Jackson, Howard, Laclede, Maries, Miller, Moniteau, Morgan, Phelps, Pulaski, St. Louis County, St. Louis City, and Wright

Eligible Taxpayer Criteria

- Eligible taxpayers must be Missouri residents, owners of record, and liable for property taxes on their homestead.
- Taxpayers can only claim one primary residence.

Property Tax Credit Calculation

- Credit amount is the difference between current and initial property tax liability, with specific limits on increases.
- Five percent counties allow a maximum increase of five percent or CPI (whichever is greater), while zero percent counties have no increase, which may result in a levy and revenue reduction.

Implementation and Voting

- Counties must place a property tax credit proposal on the ballot by April 2026.

We are of the opinion that this matter may only be placed on the April 2026 ballot (and not the November 2025 ballot) because provisions contained in SB 3 will not take legal effect until September 9, 2025. This Sept. 9 date falls after the August deadline to place a matter on the November 2025 ballot.

- A majority vote in favor will grant the credit to eligible taxpayers.

Credit Application and Notification

- Counties granting credits must apply them to property tax calculations and notify taxpayers of the credit amount.
- New construction, voter approved tax levy increase or annexation will adjust the initial credit year tax liability accordingly.

What YOU need to know

- The 5% cap in SB 3 is based on tax liability, not assessed value. Assessed value will continue to rise while the tax liability is what will be capped or frozen/reduced.
- SB 3 is about individual parcel's assessments – not the aggregate, which is different from our current Hancock rollback methodology.
- If you have multiple counties in your district, implementation could be especially challenging.
- Who is responsible for putting something on the April ballot is not clearly defined.
- How your county will calculate and provide the information on the credit by levy (operating vs debt service) is unclear.
- There are questions about debt service and no tax rate increase bond issues that need to be answered.
- 5% cap is not a guarantee of 5% and 0% does not mean revenue neutral.
- Expect lawsuits to be filed about this new law.

What This Means for XXX County

Because we are in a ___% county, our county is required to place an item on the ballot - by no later than the April 2026 election - a question of whether to grant a property tax credit to homeowners on their primary residence.

Impact of a Property Tax Credit on XXX School District

XXX School District receives ___% of our revenue from local property taxes. This is approximately \$___.

A ___% tax credit would result in a decrease of approximately \$XXX dollars for our district.

A decrease in revenue could result in a reduction in staff, programs or services.

To increase our revenue, we would need a voter approved tax levy increase.

As a staff member/resident of this community, you need to understand the impact of a property tax credit on our school district.