

# Missouri

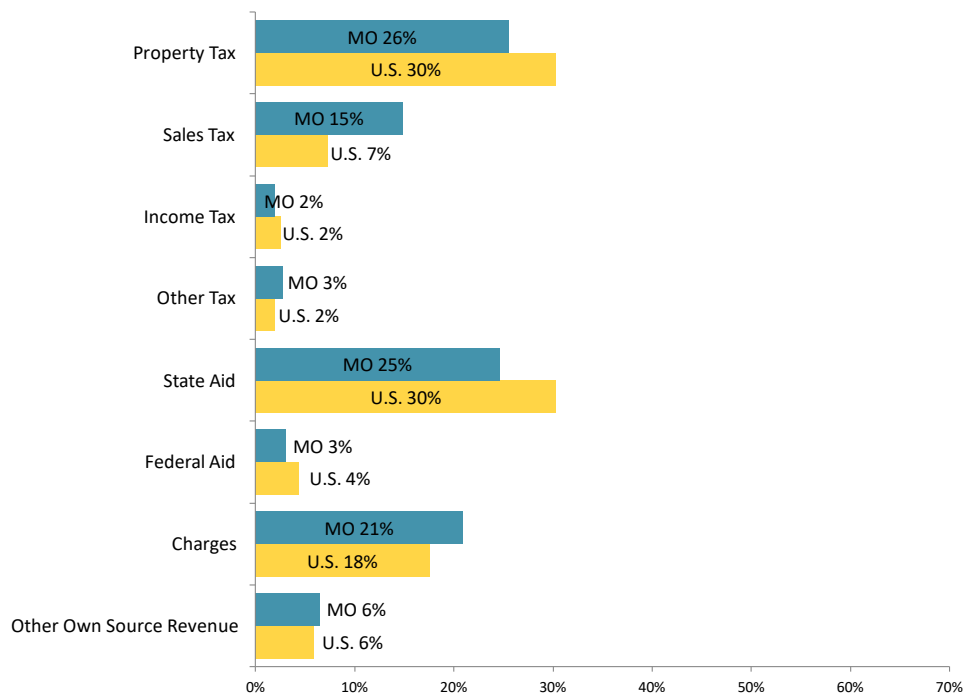
## Highlights

Missouri has a large number of active local governments, many of which are authorized to levy property taxes. Property taxes represent about one quarter of local general revenue (figure MO-1), but for many local governments, this is the predominant source of funds for the most important services such as education and public safety.

The degree of reliance on property taxes varies considerably from county to county depending on their ability to impose sales taxes and other forms of charges and taxes. The tax bases of schools, libraries, and some fire districts are supported entirely by property taxes. The cities of St. Louis and Kansas City are also authorized to impose income taxes.

In 2021, personal property made up 18.4 percent of Missouri’s property tax base, one of the highest in the country (Significant Features of the Property Tax). In addition, the state has a classified property tax system, with eight different classes having varying assessment ratios. Residential property is assessed at 19 percent of market value, so a \$100,000 home would be assessed at \$19,000 (Significant Features of the Property Tax).

**Figure MO-1**  
**Sources of Local General Revenue, Missouri and U.S., 2020**



Source: U.S. Census via Significant Features of the Property Tax

## Property Tax Reliance

In 2020, property taxes represented 12.8 percent of state and local general revenue, well below the U.S. average (table MO-1).

**Table MO-1**  
**Selected Missouri Property Tax Statistics, 2020<sup>1</sup>**

	Missouri	U.S. Average	Rank (of 51) <i>1 is highest</i>
Per capita property tax	\$1,114	\$1,810	41
Property tax percentage of personal income	2.2%	3.1%	41
Total property tax as percentage of state-local revenue	12.8%	16.6%	35
Median owner-occupied home value <sup>2</sup>	\$163,600	\$229,800	40
Median real estate taxes paid for owner-occupied home <sup>2</sup>	\$1,569	\$2,551	35
Effective tax rate, median owner-occupied home <sup>3</sup>	1.0%	1.1%	23

Sources: [U.S. Census via Significant Features of the Property Tax](#), American Community Survey

<sup>1</sup> All revenue numbers in this table include the state government as well as local governments.

<sup>2</sup> The statistics for [median owner-occupied home value](#) and [median real estate taxes paid for owner-occupied home](#) are five-year average statistics for years 2016–2020.

<sup>3</sup> Calculated as the median real estate tax paid on owner-occupied homes as a percent of the median owner-occupied home value.

## Administration and Assessment

Property taxes in Missouri are applied to two kinds of property: real property, including land and buildings for residential, agricultural, and commercial/industrial uses; and personal property, including motor vehicles, boats, manufactured homes, and farm machinery.

In Missouri's classified property tax system, residential real property is assessed at 19 percent of value and commercial at 32 percent of value. Agricultural land that is being actively farmed is assessed according to its productive capability; but if the property is vacant and unused, it is assessed at 12 percent. Personal property, such as cars and boats, is assessed at 33.3 percent of value, manufactured homes at 19 percent, and farm machinery and livestock at 12 percent.

The State Tax Commission is an administrative agency under the direction of three commissioners appointed by the governor and approved by the senate, which is responsible for ensuring uniform and equitable assessment of all taxable tangible property in the state. The commission measures the accuracy of assessments in each county and works with assessors to promote an accurate and fair assessment program. It also hears taxpayer appeals from the local boards of equalization and is

responsible for the statewide assessment of the property of railroads, airlines, pipelines, electric, and telecommunications companies.

## Limits on Property Taxation

The state of Missouri limits both property tax rates and property tax levies (table MO-2). The Property Tax Statutory Rate Cap limits school district property tax rates to 27.5 mills for city and town school districts or to 6.5 mills for districts not comprising cities or towns; municipal tax rates to 10 mills, with an allowance for up to 13 mills with voter approval; and county tax rates to 3.5 to 5 mills depending on total assessed value. Missouri's levy limit, known as the Hancock Amendment, restricts growth in property tax levies to the previous year's levy with a growth adjustment that is the lesser of the actual assessment growth rate, the rate of inflation, or 5 percent. Override of the levy limit requires a majority vote.

## Property Tax Relief and Incentives

The Missouri Property Tax Credit Claim, a type of circuit breaker program, provides for refunds of up to \$750 for renters and up to \$1,100 for owner-occupiers on property taxes for residents who are 65 years of age or older or 100 percent disabled and whose total household income is below a determined threshold. Homeowners or renters who are 100 percent disabled due to military service do not need to include veteran payments and benefits as household income.

A Missouri citizen who was a prisoner of war and has a total service-connected disability is exempt from property tax on all real property used as a homestead under a 2010 constitutional amendment (Article X, Section 6).

Economic development property tax incentives in Missouri include an enhanced enterprise zone program, an abatement program for urban development corporations (Chapter 353), and tax increment financing. The enterprise zone program provides a property tax exemption of at least 50 percent for up to 23 years for improvements within designated zones (Significant Features of the Property Tax).

**Table MO-2**  
**Missouri Property Tax Features, 2021**

Feature	Missouri	Count for 50 states plus DC
<a href="#">Statewide classification of real property</a>	Yes	25
<a href="#">Assessment of property primarily by county</a>	Yes	31
<a href="#">Limits on property tax rates or levies</a>	Yes	45
<a href="#">Limits on the rate of growth of assessed value</a>	No	17
<a href="#">Circuit breaker property tax relief program</a>	Yes	31

Sources: Significant Features of the Property Tax

## Key Property Tax History

There is a constitutional limitation on state and local government taxation dating back to 1980, known as the Hancock Amendment (Article X). This amendment includes a formula that limits annual Missouri tax revenue to 5.6395 percent of the total personal income of its residents. If the state exceeds the limit, it must refund the money, as it did several times in the last half of the 1990s. This amendment also prevents the state from imposing on local governments any new responsibilities without providing the money needed to carry them out, and it limits local governments from levying or increasing any taxes without voter approval.

Since the amendment's enactment, there have been numerous challenges and attempts at workarounds, leading to an effort to introduce a Hancock II Amendment to further strengthen the limitations on taxation. This effort was soundly defeated in 1994.

Missouri's school funding system was declared unconstitutional in 1993 after the Committee for Educational Equality sued the state on behalf of low-wealth school districts. The state responded by overhauling its school funding mechanism with the Outstanding Schools Act of 1993. This legislation delinked local tax collections and local property wealth by implementing a new school financing formula that equalized revenues. If a school district put in the appropriate tax effort, they were guaranteed the tax revenues of a school district at the 95th percentile of property wealth. The state, however, was not able to fully fund the new formula due to housing prices rising faster than state income (Podgursky, Smith, and Springer 2008).

Fearing another lawsuit, the Missouri School Boards Association used a consulting firm to conduct a school funding adequacy study. It found large spending shortfalls and the legislature responded with Senate Bill 287 of 2005. This created a new funding formula that used the

operating spending per student from 113 successful schools to determine the state's target spending per student. This new formula did not stop a 2004 lawsuit from being reactivated and going to trial in the first months of 2007. The Committee for Educational Equality sued the state, claiming it violated the constitution through "disparities, inadequacies and inequalities of the school funding formula" (Podgursky, Smith, and Springer 2008). In 2009, the Missouri Supreme Court ruled against more than half of the state's school districts when it denied the plaintiff's claim that the school funding formula was unconstitutional (SchoolFunding.Info).

The Kansas City Metro Area that spans the border between Kansas and Missouri was the epicenter of a fierce bidding war for business beginning around 2009 (Hamilton 2019). About a decade later, the states agreed to a truce. Kansas Governor Laura Kelly signed Executive Order No. 19-09 on August 2, 2019, and Kansas City, Missouri passed Ordinance No. 190793 on January 30, 2020, putting an end to the notorious bidding war.

## Recent Developments

In February 2021, Kansas City adopted an ordinance that limited the property tax abatements provided to developers to 70 percent for 10 years and 30 percent for an additional five years, down from 75 percent for 10 years and 37.5 percent for an additional 15 years (Kite 2021).

The Missouri Supreme Court struck down a property tax exemption for solar energy, ruling the legislature did not have authority to enact the state statute exempting solar energy systems that do not resell power. In *Johnson v. Springfield Solar 1 LLC*, the court found solar energy systems do not fall under any constitutionally exempted categories of property. Article X, section 6 of the Missouri Constitution states, "all laws exempting from taxation property other than the property enumerated in this article, shall be void" (Jardine 2022). The legislatively appointed Task Force on Fair, Nondiscriminatory Local Taxation Concerning Solar Energy Systems studied the issue in 2022 and recommended uniform, local assessment of solar property with revenue retained by counties. The task force identified further study on assessment methods, classification of solar property, and the tax treatment of solar energy equipment and the land it sits on (Senate Research 2023).

Heading into 2023 with a \$6 billion surplus, tax relief was a major theme of the legislative session (Mueller 2022). In 2023, Missouri lawmakers referred a constitutional amendment to the November 2024 ballot that would exempt childcare establishments from real and personal property taxes (SJR 26 of 2023). Lawmakers also passed a bill authorizing counties to provide property tax credits to freeze property tax bills for the primary residences of Missourians who are eligible for social security. Under the measure, counties may adopt a local ordinance to freeze homestead property taxes for qualifying seniors by providing credits equal to the difference in tax liability between the current year tax bill and the year the taxpayer first became eligible (SS/SB 190 of 2023) (Saggar 2023).

Facing gentrification and high delinquency rates in Kansas City's Westside neighborhood, the Kansas City Council adopted a plan (the Westside Owner-Occupant Residential Property Chapter 353 Development Plan) under which homeowners in the neighborhood can receive income-sensitive tax breaks for up to

25 years (Kansas City Missouri Ordinance No. 220806). The program falls under an existing economic development abatement program for developers. Households in the lowest income bracket (those with income below \$15,000) will pay only the tax on land for 10 years and will pay no more than 2.65 percent of their income in taxes for the subsequent 15 years. The plan was opposed by Kansas City Public Schools (Calacal 2023).

## Resources

Calacal, Celisa. 2023. "As Taxes Explode on Kansas City's Westside, Homeowners Get Breaks Normally Saved for Developers." KCUR/NPR. January 5. <https://www.kcur.org/housing-development-section/2023-01-05/as-taxes-explode-on-kansas-citys-westside-homeowners-get-breaks-normally-saved-for-developers>.

Hall Family Foundation. 2019. "Forward Progress to End the Economic Border War." January 29. [www.hallfamilyfoundation.org/whats-new/forward-progress-end-economic-border-war/](http://www.hallfamilyfoundation.org/whats-new/forward-progress-end-economic-border-war/).

Hamilton, Billy. 2019. "Ending the Kansas-Missouri Border War — Maybe." *State Tax Notes*. April 2. [www.taxnotes.com/state-tax-today/tax-preference-items-and-incentives/ending-kansas-missouri-border-war-maybe/2019/04/02/295wk](http://www.taxnotes.com/state-tax-today/tax-preference-items-and-incentives/ending-kansas-missouri-border-war-maybe/2019/04/02/295wk).

Hancock, Jason. 2023. "Missouri Senate Dysfunction Leads to Gridlock on Final Day of 2023 Legislative Session." *Missouri Independent*, May 12. <https://missouriindependent.com/2023/05/12/missouri-senate-grinds-to-a-halt-on-final-day-of-2023-session/>.

Hudson, Brad. 2009. "The Property Tax in Missouri." Stone County, Missouri. [www.stoneco-mo.us/doc/assessor/prop%20tax%20in%20missouri.pdf](http://www.stoneco-mo.us/doc/assessor/prop%20tax%20in%20missouri.pdf).

Jardine, Christopher. 2022. "Missouri Court Finds Solar Energy Equipment Exemption Statute Unconstitutional." *Tax Notes State*. August 15. <https://www.taxnotes.com/tax-notes-state/code-and-regulations/missouri-court-finds-solar-energy-equipment-exemption-statute-unconstitutional/2022/08/15/7dxm3>.

Kite, Allison. 2021. "After Repeated Delays, Kansas City moves Closer to Limiting Incentives for Developers." *Kansas City Star*, February 24. <https://www.kansascity.com/news/business/development/article249489080.html>.

Missouri Department of Revenue. Property Tax Credit. [www.dor.mo.gov/personal/ptc/](http://www.dor.mo.gov/personal/ptc/).

Mueller, Joe. 2022. "10% Of Prefiled Bills for 2023 Missouri legislative Session Deal with Taxation." *Center Square*. December 5. [https://www.thecentersquare.com/missouri/10-of-prefiled-bills-for-2023-missouri-legislative-session-deal-with-taxation/article\\_0aa2f0f2-74d4-11ed-ba3b-db0557c728c0.html](https://www.thecentersquare.com/missouri/10-of-prefiled-bills-for-2023-missouri-legislative-session-deal-with-taxation/article_0aa2f0f2-74d4-11ed-ba3b-db0557c728c0.html).

Podgursky, Michael, James Smith, and Matthew Springer. 2008. "A New Defendant at the Table: An Overview of Missouri School Finance and Recent Litigation." *Peabody Journal of Education* 83: 174–197. <https://pdfs.semanticscholar.org/6804/67d706fa4506eae367e9d7dfbb3ab852c2f5.pdf>.

Saggar, Laura. 2023. "Missouri Legislature Approves Property Tax Break for Seniors." *West Newsmagazine*, June. [https://www.westnewsmagazine.com/news/missouri-legislature-approves-property-tax-break-for-seniors/article\\_54698510-016b-11ee-9a0d-273252ad7513.html](https://www.westnewsmagazine.com/news/missouri-legislature-approves-property-tax-break-for-seniors/article_54698510-016b-11ee-9a0d-273252ad7513.html).

SchoolFunding.Info. "Missouri." <http://schoolfunding.info/litigation-map/missouri/>.

Senate Research. 2022. "Final Report of the Task Force on Fair, Nondiscriminatory Local Taxation Concerning Solar Energy Systems." (December). <https://www.senate.mo.gov/WebPdfs/FinalRpt.pdf>.

Significant Features of the Property Tax. [www.lincolninst.edu/research-data/data-toolkits/significant-features-property-tax](http://www.lincolninst.edu/research-data/data-toolkits/significant-features-property-tax). Lincoln Institute of Land Policy and George Washington Institute of Public Policy.

State Tax Commission of Missouri. *Assessor's Manual*. <http://stc.mo.gov/assessmentmanual/>.

———. Revised 2019. *Property Reassessment and Taxation*. <https://stc.mo.gov/wp-content/uploads/sites/5/2019/05/Property-Reassessment-Pamphlet-5-23-19.pdf>.

Stokes, David, and Christine Harbin. 2011. *Homes, Taxes and Choices: A Review of Real Estate Assessment and Property Taxation in Missouri*. Show-Me Institute Policy Study No. 28. [https://showmeinstitute.org/sites/default/files/Policy%20Brief%20Prop%20Tax%20No%2028\\_web\\_0.pdf](https://showmeinstitute.org/sites/default/files/Policy%20Brief%20Prop%20Tax%20No%2028_web_0.pdf).

Taylor, Jason. 2017. "Republican Lawmakers Look to Roll Back Tax Credits, Reduce Corporate Taxes." *Missourinet*. February 6. [www.missourinet.com/2017/02/06/republican-lawmakers-look-to-roll-back-tax-credits-reduce-corporate-taxes/www.missourinet.com/2017/02/06/republican-lawmakers-look-to-roll-back-tax-credits-reduce-corporate-taxes/](http://www.missourinet.com/2017/02/06/republican-lawmakers-look-to-roll-back-tax-credits-reduce-corporate-taxes/www.missourinet.com/2017/02/06/republican-lawmakers-look-to-roll-back-tax-credits-reduce-corporate-taxes/).

## Publication Date

October 2023