

SECOND REGULAR SESSION

# HOUSE BILL NO. 2594

## 101ST GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE LOVASCO.

5229H.011

DANA RADEMAN MILLER, Chief Clerk

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### AN ACT

To repeal section 137.115, RSMo, and to enact in lieu thereof one new section relating to personal property taxes.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 137.115, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 137.115, to read as follows:

137.115. 1. **(1)** All other laws to the contrary notwithstanding, the assessor or the assessor's deputies in all counties of this state including the City of St. Louis shall annually make a list of all real and tangible personal property taxable in the assessor's city, county, town or district. Except as otherwise provided in subsection 3 of this section and section 137.078, the assessor shall annually assess all personal property at thirty-three and one-third percent of its true value in money as of January first of each calendar year. **Beginning January 1, 2023, the assessor shall annually reduce the percentage of true value in money at which personal property is assessed pursuant to this subsection such that the amount by which the revenue generated by taxes levied on such personal property is substantially equal to one hundred percent of the growth in revenue generated by real property assessment growth. Annual reductions shall be made pursuant to this subdivision until December 31, 2073. Thereafter, the percentage of true value in money at which personal property is assessed shall be equal to the percentage in effect on December 31, 2073.**

**(2) The provisions of subdivision (1) of this subsection shall not be construed to relieve a political subdivision from adjustments to property tax levies as required by section 137.073.**

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18           **(3) For the purposes of subdivision (1) of this subsection, "real property**  
19 **assessment growth" shall mean the growth in revenue from increases in the total**  
20 **assessed valuation of all real property in a political subdivision over the revenue**  
21 **generated from the assessed valuation of such real property from the previous calendar**  
22 **year. Real property assessment growth shall not include any revenue in excess of the**  
23 **percent increase in the consumer price index, as described in subsection 2 of section**  
24 **137.073.**

25           **(4) Notwithstanding the provisions of subdivisions (1) to (4) of this subsection to**  
26 **the contrary, for the purposes of the tax levied pursuant to Article III, Section 38(b) of**  
27 **the Missouri Constitution, the assessor shall assess all personal property at thirty-three**  
28 **and one-third percent of its true value in money as of January first of each calendar**  
29 **year.**

30           **2.** The assessor shall annually assess all real property, including any new construction  
31 and improvements to real property, and possessory interests in real property at the percent of  
32 its true value in money set in subsection ~~[5]~~ 6 of this section. The true value in money of any  
33 possessory interest in real property in subclass (3), where such real property is on or lies  
34 within the ultimate airport boundary as shown by a federal airport layout plan, as defined by  
35 14 CFR 151.5, of a commercial airport having a FAR Part 139 certification and owned by a  
36 political subdivision, shall be the otherwise applicable true value in money of any such  
37 possessory interest in real property, less the total dollar amount of costs paid by a party, other  
38 than the political subdivision, towards any new construction or improvements on such real  
39 property completed after January 1, 2008, and which are included in the above-mentioned  
40 possessory interest, regardless of the year in which such costs were incurred or whether such  
41 costs were considered in any prior year. The assessor shall annually assess all real property in  
42 the following manner: new assessed values shall be determined as of January first of each  
43 odd-numbered year and shall be entered in the assessor's books; those same assessed values  
44 shall apply in the following even-numbered year, except for new construction and property  
45 improvements which shall be valued as though they had been completed as of January first of  
46 the preceding odd-numbered year. The assessor may call at the office, place of doing  
47 business, or residence of each person required by this chapter to list property, and require the  
48 person to make a correct statement of all taxable tangible personal property owned by the  
49 person or under his or her care, charge or management, taxable in the county. On or before  
50 January first of each even-numbered year, the assessor shall prepare and submit a two-year  
51 assessment maintenance plan to the county governing body and the state tax commission for  
52 their respective approval or modification. The county governing body shall approve and  
53 forward such plan or its alternative to the plan to the state tax commission by February first.  
54 If the county governing body fails to forward the plan or its alternative to the plan to the state

55 tax commission by February first, the assessor's plan shall be considered approved by the  
56 county governing body. If the state tax commission fails to approve a plan and if the state tax  
57 commission and the assessor and the governing body of the county involved are unable to  
58 resolve the differences, in order to receive state cost-share funds outlined in section 137.750,  
59 the county or the assessor shall petition the administrative hearing commission, by May first,  
60 to decide all matters in dispute regarding the assessment maintenance plan. Upon agreement  
61 of the parties, the matter may be stayed while the parties proceed with mediation or  
62 arbitration upon terms agreed to by the parties. The final decision of the administrative  
63 hearing commission shall be subject to judicial review in the circuit court of the county  
64 involved. In the event a valuation of subclass (1) real property within any county with a  
65 charter form of government, or within a city not within a county, is made by a computer,  
66 computer-assisted method or a computer program, the burden of proof, supported by clear,  
67 convincing and cogent evidence to sustain such valuation, shall be on the assessor at any  
68 hearing or appeal. In any such county, unless the assessor proves otherwise, there shall be a  
69 presumption that the assessment was made by a computer, computer-assisted method or a  
70 computer program. Such evidence shall include, but shall not be limited to, the following:

71 (1) The findings of the assessor based on an appraisal of the property by generally  
72 accepted appraisal techniques; and

73 (2) The purchase prices from sales of at least three comparable properties and the  
74 address or location thereof. As used in this subdivision, the word "comparable" means that:

75 (a) Such sale was closed at a date relevant to the property valuation; and

76 (b) Such properties are not more than one mile from the site of the disputed property,  
77 except where no similar properties exist within one mile of the disputed property, the nearest  
78 comparable property shall be used. Such property shall be within five hundred square feet in  
79 size of the disputed property, and resemble the disputed property in age, floor plan, number of  
80 rooms, and other relevant characteristics.

81 ~~[2-]~~ 3. Assessors in each county of this state and the City of St. Louis may send  
82 personal property assessment forms through the mail.

83 ~~[3-]~~ 4. The following items of personal property shall each constitute separate  
84 subclasses of tangible personal property and shall be assessed and valued for the purposes of  
85 taxation at the following percentages of their true value in money:

86 (1) Grain and other agricultural crops in an unmanufactured condition, one-half of  
87 one percent;

88 (2) Livestock, twelve percent;

89 (3) Farm machinery, twelve percent;

90 (4) Motor vehicles which are eligible for registration as and are registered as historic  
91 motor vehicles pursuant to section 301.131 and aircraft which are at least twenty-five years

92 old and which are used solely for noncommercial purposes and are operated less than two  
93 hundred hours per year or aircraft that are home built from a kit, five percent;

94 (5) Poultry, twelve percent; and

95 (6) Tools and equipment used for pollution control and tools and equipment used in  
96 retooling for the purpose of introducing new product lines or used for making improvements  
97 to existing products by any company which is located in a state enterprise zone and which is  
98 identified by any standard industrial classification number cited in subdivision (7) of section  
99 135.200, twenty-five percent.

100 ~~[4-]~~ 5. The person listing the property shall enter a true and correct statement of the  
101 property, in a printed blank prepared for that purpose. The statement, after being filled out,  
102 shall be signed and either affirmed or sworn to as provided in section 137.155. The list shall  
103 then be delivered to the assessor.

104 ~~[5-]~~ 6. (1) All subclasses of real property, as such subclasses are established in  
105 Section 4(b) of Article X of the Missouri Constitution and defined in section 137.016, shall be  
106 assessed at the following percentages of true value:

107 (a) For real property in subclass (1), nineteen percent;

108 (b) For real property in subclass (2), twelve percent; and

109 (c) For real property in subclass (3), thirty-two percent.

110 (2) A taxpayer may apply to the county assessor, or, if not located within a county,  
111 then the assessor of such city, for the reclassification of such taxpayer's real property if the use  
112 or purpose of such real property is changed after such property is assessed under the  
113 provisions of this chapter. If the assessor determines that such property shall be reclassified,  
114 he or she shall determine the assessment under this subsection based on the percentage of the  
115 tax year that such property was classified in each subclassification.

116 ~~[6-]~~ 7. Manufactured homes, as defined in section 700.010, which are actually used as  
117 dwelling units shall be assessed at the same percentage of true value as residential real  
118 property for the purpose of taxation. The percentage of assessment of true value for such  
119 manufactured homes shall be the same as for residential real property. If the county collector  
120 cannot identify or find the manufactured home when attempting to attach the manufactured  
121 home for payment of taxes owed by the manufactured home owner, the county collector may  
122 request the county commission to have the manufactured home removed from the tax books,  
123 and such request shall be granted within thirty days after the request is made; however, the  
124 removal from the tax books does not remove the tax lien on the manufactured home if it is  
125 later identified or found. For purposes of this section, a manufactured home located in a  
126 manufactured home rental park, rental community or on real estate not owned by the  
127 manufactured home owner shall be considered personal property. For purposes of this

128 section, a manufactured home located on real estate owned by the manufactured home owner  
129 may be considered real property.

130 ~~[7-]~~ **8.** Each manufactured home assessed shall be considered a parcel for the purpose  
131 of reimbursement pursuant to section 137.750, unless the manufactured home is deemed to be  
132 real estate as defined in subsection 7 of section 442.015 and assessed as a realty improvement  
133 to the existing real estate parcel.

134 ~~[8-]~~ **9.** Any amount of tax due and owing based on the assessment of a manufactured  
135 home shall be included on the personal property tax statement of the manufactured home  
136 owner unless the manufactured home is deemed to be real estate as defined in subsection 7 of  
137 section 442.015, in which case the amount of tax due and owing on the assessment of the  
138 manufactured home as a realty improvement to the existing real estate parcel shall be  
139 included on the real property tax statement of the real estate owner.

140 ~~[9-]~~ **10.** The assessor of each county and each city not within a county shall use the  
141 trade-in value published in the October issue of the National Automobile Dealers' Association  
142 Official Used Car Guide, or its successor publication, as the recommended guide of  
143 information for determining the true value of motor vehicles described in such publication.  
144 The assessor shall not use a value that is greater than the average trade-in value in  
145 determining the true value of the motor vehicle without performing a physical inspection of  
146 the motor vehicle. For vehicles two years old or newer from a vehicle's model year, the  
147 assessor may use a value other than average without performing a physical inspection of the  
148 motor vehicle. In the absence of a listing for a particular motor vehicle in such publication,  
149 the assessor shall use such information or publications which in the assessor's judgment will  
150 fairly estimate the true value in money of the motor vehicle.

151 ~~[10-]~~ **11.** Before the assessor may increase the assessed valuation of any parcel of  
152 subclass (1) real property by more than fifteen percent since the last assessment, excluding  
153 increases due to new construction or improvements, the assessor shall conduct a physical  
154 inspection of such property.

155 ~~[11-]~~ **12.** If a physical inspection is required, pursuant to subsection ~~[10]~~ **11** of this  
156 section, the assessor shall notify the property owner of that fact in writing and shall provide  
157 the owner clear written notice of the owner's rights relating to the physical inspection. If a  
158 physical inspection is required, the property owner may request that an interior inspection be  
159 performed during the physical inspection. The owner shall have no less than thirty days to  
160 notify the assessor of a request for an interior physical inspection.

161 ~~[12-]~~ **13.** A physical inspection, as required by subsection ~~[10]~~ **11** of this section, shall  
162 include, but not be limited to, an on-site personal observation and review of all exterior  
163 portions of the land and any buildings and improvements to which the inspector has or may  
164 reasonably and lawfully gain external access, and shall include an observation and review of

165 the interior of any buildings or improvements on the property upon the timely request of the  
166 owner pursuant to subsection ~~[44]~~ **12** of this section. Mere observation of the property via a  
167 drive-by inspection or the like shall not be considered sufficient to constitute a physical  
168 inspection as required by this section.

169 ~~[43-]~~ **14.** A county or city collector may accept credit cards as proper form of payment  
170 of outstanding property tax or license due. No county or city collector may charge surcharge  
171 for payment by credit card which exceeds the fee or surcharge charged by the credit card  
172 bank, processor, or issuer for its service. A county or city collector may accept payment by  
173 electronic transfers of funds in payment of any tax or license and charge the person making  
174 such payment a fee equal to the fee charged the county by the bank, processor, or issuer of  
175 such electronic payment.

176 ~~[44-]~~ **15.** Any county or city not within a county in this state may, by an affirmative  
177 vote of the governing body of such county, opt out of the provisions of this section and  
178 sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first  
179 general assembly, second regular session and section 137.073 as modified by house  
180 committee substitute for senate substitute for senate committee substitute for senate bill no.  
181 960, ninety-second general assembly, second regular session, for the next year of the general  
182 reassessment, prior to January first of any year. No county or city not within a county shall  
183 exercise this opt-out provision after implementing the provisions of this section and sections  
184 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general  
185 assembly, second regular session and section 137.073 as modified by house committee  
186 substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-  
187 second general assembly, second regular session, in a year of general reassessment. For the  
188 purposes of applying the provisions of this subsection, a political subdivision contained  
189 within two or more counties where at least one of such counties has opted out and at least one  
190 of such counties has not opted out shall calculate a single tax rate as in effect prior to the  
191 enactment of house bill no. 1150 of the ninety-first general assembly, second regular session.  
192 A governing body of a city not within a county or a county that has opted out under the  
193 provisions of this subsection may choose to implement the provisions of this section and  
194 sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first  
195 general assembly, second regular session, and section 137.073 as modified by house  
196 committee substitute for senate substitute for senate committee substitute for senate bill no.  
197 960, ninety-second general assembly, second regular session, for the next year of general  
198 reassessment, by an affirmative vote of the governing body prior to December thirty-first of  
199 any year.

200 ~~[45-]~~ **16.** The governing body of any city of the third classification with more than  
201 twenty-six thousand three hundred but fewer than twenty-six thousand seven hundred

202 inhabitants located in any county that has exercised its authority to opt out under subsection  
203 ~~[14]~~ **15** of this section may levy separate and differing tax rates for real and personal property  
204 only if such city bills and collects its own property taxes or satisfies the entire cost of the  
205 billing and collection of such separate and differing tax rates. Such separate and differing  
206 rates shall not exceed such city's tax rate ceiling.

207 ~~[16.]~~ **17.** Any portion of real property that is available as reserve for strip, surface, or  
208 coal mining for minerals for purposes of excavation for future use or sale to others that has  
209 not been bonded and permitted under chapter 444 shall be assessed based upon how the real  
210 property is currently being used. Any information provided to a county assessor, state tax  
211 commission, state agency, or political subdivision responsible for the administration of tax  
212 policies shall, in the performance of its duties, make available all books, records, and  
213 information requested, except such books, records, and information as are by law declared  
214 confidential in nature, including individually identifiable information regarding a specific  
215 taxpayer or taxpayer's mine property. For purposes of this subsection, "mine property" shall  
216 mean all real property that is in use or readily available as a reserve for strip, surface, or coal  
217 mining for minerals for purposes of excavation for current or future use or sale to others that  
218 has been bonded and permitted under chapter 444.

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