

SECOND REGULAR SESSION

SENATE BILL NO. 925

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR NASHEED.

Read 1st time January 17, 2018, and ordered printed.

ADRIANE D. CROUSE, Secretary.

5720S.02I

AN ACT

To repeal sections 137.016, 137.021, and 137.115, RSMo, and to enact in lieu thereof three new sections relating to the classification of property for the purposes of taxation.

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

Section A. Sections 137.016, 137.021, and 137.115, RSMo, are repealed
2 and three new sections enacted in lieu thereof, to be known as sections 137.016,
3 137.021, and 137.115, to read as follows:

137.016. 1. As used in Section 4(b) of Article X of the Missouri
2 Constitution, the following terms mean:

3 (1) "Residential property", all real property improved by a structure which
4 is used or intended to be used for residential living by human occupants, vacant
5 land in connection with an airport, land used as a golf course, manufactured
6 home parks, bed and breakfast inns in which the owner resides and uses as a
7 primary residence with six or fewer rooms for rent, and time-share units as
8 defined in section 407.600, except to the extent such units are actually rented and
9 subject to sales tax under subdivision (6) of subsection 1 of section 144.020, but
10 residential property shall not include other similar facilities used primarily for
11 transient housing. For the purposes of this section, "transient housing" means
12 all rooms available for rent or lease for which the receipts from the rent or lease
13 of such rooms are subject to state sales tax pursuant to subdivision (6) of
14 subsection 1 of section 144.020;

15 (2) "Agricultural and horticultural property", all real property used for
16 agricultural purposes and devoted primarily to the raising and harvesting of
17 crops; to the feeding, breeding and management of livestock which shall include

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

18 breeding, showing, and boarding of horses; to dairying, or to any other
19 combination thereof; and buildings and structures customarily associated with
20 farming, agricultural, and horticultural uses. Agricultural and horticultural
21 property shall also include land devoted to and qualifying for payments or other
22 compensation under a soil conservation or agricultural assistance program under
23 an agreement with an agency of the federal government. Agricultural and
24 horticultural property shall further include land and improvements, exclusive of
25 structures, on privately owned airports that qualify as reliever airports under the
26 National Plan of Integrated Airports System, to receive federal airport
27 improvement project funds through the Federal Aviation Administration. Real
28 property classified as forest croplands shall not be agricultural or horticultural
29 property so long as it is classified as forest croplands and shall be taxed in
30 accordance with the laws enacted to implement Section 7 of Article X of the
31 Missouri Constitution. Agricultural and horticultural property shall also include
32 any sawmill or planing mill defined in the U.S. Department of Labor's Standard
33 Industrial Classification (SIC) Manual under Industry Group 242 with the SIC
34 number 2421. **Agricultural and horticultural property shall also include**
35 **urban and community gardens. For the purposes of this section, "urban**
36 **and community gardens" shall include real property cultivated by**
37 **residents of a neighborhood or community for the purposes of**
38 **providing agricultural products, as defined in section 262.900, for the**
39 **use of residents of the neighborhood or community, and shall not**
40 **include a garden intended for individual or personal use;**

41 (3) "Utility, industrial, commercial, railroad and other real property", all
42 real property used directly or indirectly for any commercial, mining, industrial,
43 manufacturing, trade, professional, business, or similar purpose, including all
44 property centrally assessed by the state tax commission but shall not include
45 floating docks, portions of which are separately owned and the remainder of
46 which is designated for common ownership and in which no one person or
47 business entity owns more than five individual units. All other real property not
48 included in the property listed in subclasses (1) and (2) of Section 4(b) of Article
49 X of the Missouri Constitution, as such property is defined in this section, shall
50 be deemed to be included in the term "utility, industrial, commercial, railroad and
51 other real property".

52 2. Pursuant to Article X of the state constitution, any taxing district may
53 adjust its operating levy to recoup any loss of property tax revenue, except

54 revenues from the surtax imposed pursuant to Article X, Subsection 2 of Section
55 6 of the constitution, as the result of changing the classification of structures
56 intended to be used for residential living by human occupants which contain five
57 or more dwelling units if such adjustment of the levy does not exceed the highest
58 tax rate in effect subsequent to the 1980 tax year. For purposes of this section,
59 loss in revenue shall include the difference between the revenue that would have
60 been collected on such property under its classification prior to enactment of this
61 section and the amount to be collected under its classification under this
62 section. The county assessor of each county or city not within a county shall
63 provide information to each taxing district within its boundaries regarding the
64 difference in assessed valuation of such property as the result of such change in
65 classification.

66 3. All reclassification of property as the result of changing the
67 classification of structures intended to be used for residential living by human
68 occupants which contain five or more dwelling units shall apply to assessments
69 made after December 31, 1994.

70 4. Where real property is used or held for use for more than one purpose
71 and such uses result in different classifications, the county assessor shall allocate
72 to each classification the percentage of the true value in money of the property
73 devoted to each use; except that, where agricultural and horticultural property,
74 as defined in this section, also contains a dwelling unit or units, the farm
75 dwelling, appurtenant residential-related structures and up to five acres
76 immediately surrounding such farm dwelling shall be residential property, as
77 defined in this section, **provided that the portion of property used or held**
78 **for use as an urban and community garden shall not be residential**
79 **property.**

80 5. All real property which is vacant, unused, or held for future use; which
81 is used for a private club, a not-for-profit or other nonexempt lodge, club,
82 business, trade, service organization, or similar entity; or for which a
83 determination as to its classification cannot be made under the definitions set out
84 in subsection 1 of this section, shall be classified according to its immediate most
85 suitable economic use, which use shall be determined after consideration of:

- 86 (1) Immediate prior use, if any, of such property;
87 (2) Location of such property;
88 (3) Zoning classification of such property; except that, such zoning
89 classification shall not be considered conclusive if, upon consideration of all

90 factors, it is determined that such zoning classification does not reflect the
91 immediate most suitable economic use of the property;

92 (4) Other legal restrictions on the use of such property;

93 (5) Availability of water, electricity, gas, sewers, street lighting, and other
94 public services for such property;

95 (6) Size of such property;

96 (7) Access of such property to public thoroughfares; and

97 (8) Any other factors relevant to a determination of the immediate most
98 suitable economic use of such property.

99 6. All lands classified as forest croplands shall not, for taxation purposes,
100 be classified as subclass (1), subclass (2), or subclass (3) real property, as such
101 classes are prescribed in Section 4(b) of Article X of the Missouri Constitution and
102 defined in this section, but shall be taxed in accordance with the laws enacted to
103 implement Section 7 of Article X of the Missouri Constitution.

137.021. 1. The assessor, in grading land which is devoted primarily to
2 the raising and harvesting of crops, to the feeding, breeding and management of
3 livestock, to dairying, or to any combination thereof, as defined in section
4 137.016, pursuant to the provisions of sections 137.017 to 137.021, shall in
5 addition to the assessor's personal knowledge, judgment and experience, consider
6 soil surveys, decreases in land valuation due to natural disasters, level of flood
7 protection, governmental regulations limiting the use of such land, the estate held
8 in such land, and other relevant information. On or before December thirty-first
9 of each odd-numbered year, the state tax commission shall promulgate by
10 regulation and publish a value based on productive capability for each of the
11 several grades of agricultural and horticultural land. If such rules are not
12 disapproved by the general assembly in the manner set out below, they shall take
13 effect on January first of the next odd-numbered year. Such values shall be based
14 upon soil surveys, soil productivity indexes, production costs, crop yields,
15 appropriate capitalization rates and any other pertinent factors, all of which may
16 be provided by the college of agriculture of the University of Missouri, and shall
17 be used by all county assessors in conjunction with their land grades in
18 determining assessed values. Any regulation promulgated pursuant to this
19 subsection shall be deemed to be beyond the scope and authority provided in this
20 subsection if the general assembly, within the first sixty calendar days of the
21 regular session immediately following the promulgation of such regulation, by
22 concurrent resolution, shall disapprove the values contained in such regulation.

23 If the general assembly so disapproves any regulation promulgated pursuant to
24 this subsection, the state tax commission shall continue to use values set forth
25 in the most recent preceding regulation promulgated pursuant to this subsection.

26 **2. Any land which is used as an urban or community garden, as**
27 **defined in section 137.016, shall be graded as grade #4, or its**
28 **equivalent, under the rule promulgated by the state tax commission**
29 **under subsection 1 of this section.**

30 **3.** When land that is agricultural and horticultural property, as defined
31 in section 137.016, and is being valued and assessed for general property tax
32 purposes pursuant to the provisions of sections 137.017 to 137.021 becomes
33 property other than agricultural and horticultural property, as defined in section
34 137.016, it shall be reassessed as of the following January first.

35 **[3.] 4.** Separation or split-off of a part of the land which is being valued
36 and assessed for general property tax purposes pursuant to the provisions of
37 sections 137.017 to 137.021, either by conveyance or other action of the owner of
38 the land, so that such land is no longer agricultural and horticultural property,
39 as defined in section 137.016, shall subject the land so separated to reassessment
40 as of the following January first. This shall not impair the right of the remaining
41 land to continuance of valuation and assessment for general property tax
42 purposes pursuant to the provisions of sections 137.017 to 137.021.

137.115. 1. All other laws to the contrary notwithstanding, the assessor
2 or the assessor's deputies in all counties of this state including the City of St.
3 Louis shall annually make a list of all real and tangible personal property taxable
4 in the assessor's city, county, town or district. Except as otherwise provided in
5 subsection 3 of this section and section 137.078, the assessor shall annually
6 assess all personal property at thirty-three and one-third percent of its true value
7 in money as of January first of each calendar year. The assessor shall annually
8 assess all real property, including any new construction and improvements to real
9 property, and possessory interests in real property at the percent of its true value
10 in money set in subsection 5 of this section. The true value in money of any
11 possessory interest in real property in subclass (3), where such real property is
12 on or lies within the ultimate airport boundary as shown by a federal airport
13 layout plan, as defined by 14 CFR 151.5, of a commercial airport having a FAR
14 Part 139 certification and owned by a political subdivision, shall be the otherwise
15 applicable true value in money of any such possessory interest in real property,
16 less the total dollar amount of costs paid by a party, other than the political

17 subdivision, towards any new construction or improvements on such real property
18 completed after January 1, 2008, and which are included in the above-mentioned
19 possessory interest, regardless of the year in which such costs were incurred or
20 whether such costs were considered in any prior year. The assessor shall
21 annually assess all real property in the following manner: new assessed values
22 shall be determined as of January first of each odd-numbered year and shall be
23 entered in the assessor's books; those same assessed values shall apply in the
24 following even-numbered year, except for new construction and property
25 improvements which shall be valued as though they had been completed as of
26 January first of the preceding odd-numbered year. The assessor may call at the
27 office, place of doing business, or residence of each person required by this
28 chapter to list property, and require the person to make a correct statement of all
29 taxable tangible personal property owned by the person or under his or her care,
30 charge or management, taxable in the county. On or before January first of each
31 even-numbered year, the assessor shall prepare and submit a two-year
32 assessment maintenance plan to the county governing body and the state tax
33 commission for their respective approval or modification. The county governing
34 body shall approve and forward such plan or its alternative to the plan to the
35 state tax commission by February first. If the county governing body fails to
36 forward the plan or its alternative to the plan to the state tax commission by
37 February first, the assessor's plan shall be considered approved by the county
38 governing body. If the state tax commission fails to approve a plan and if the
39 state tax commission and the assessor and the governing body of the county
40 involved are unable to resolve the differences, in order to receive state cost-share
41 funds outlined in section 137.750, the county or the assessor shall petition the
42 administrative hearing commission, by May first, to decide all matters in dispute
43 regarding the assessment maintenance plan. Upon agreement of the parties, the
44 matter may be stayed while the parties proceed with mediation or arbitration
45 upon terms agreed to by the parties. The final decision of the administrative
46 hearing commission shall be subject to judicial review in the circuit court of the
47 county involved. In the event a valuation of subclass (1) real property within any
48 county with a charter form of government, or within a city not within a county,
49 is made by a computer, computer-assisted method or a computer program, the
50 burden of proof, supported by clear, convincing and cogent evidence to sustain
51 such valuation, shall be on the assessor at any hearing or appeal. In any such
52 county, unless the assessor proves otherwise, there shall be a presumption that

53 the assessment was made by a computer, computer-assisted method or a
54 computer program. Such evidence shall include, but shall not be limited to, the
55 following:

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

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

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

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

68 2. Assessors in each county of this state and the City of St. Louis may
69 send personal property assessment forms through the mail.

70 3. The following items of personal property shall each constitute separate
71 subclasses of tangible personal property and shall be assessed and valued for the
72 purposes of taxation at the following percentages of their true value in money:

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

75 (2) Livestock, twelve percent;

76 (3) Farm machinery, twelve percent;

77 (4) Motor vehicles which are eligible for registration as and are registered
78 as historic motor vehicles pursuant to section 301.131 and aircraft which are at
79 least twenty-five years old and which are used solely for noncommercial purposes
80 and are operated less than fifty hours per year or aircraft that are home built
81 from a kit, five percent;

82 (5) Poultry, twelve percent; and

83 (6) Tools and equipment used for pollution control and tools and
84 equipment used in retooling for the purpose of introducing new product lines or
85 used for making improvements to existing products by any company which is
86 located in a state enterprise zone and which is identified by any standard
87 industrial classification number cited in subdivision (5) of section 135.200,
88 twenty-five percent.

89 4. The person listing the property shall enter a true and correct statement
90 of the property, in a printed blank prepared for that purpose. The statement,
91 after being filled out, shall be signed and either affirmed or sworn to as provided
92 in section 137.155. The list shall then be delivered to the assessor.

93 5. **(1)** All subclasses of real property, as such subclasses are established
94 in Section 4(b) of Article X of the Missouri Constitution and defined in section
95 137.016, shall be assessed at the following percentages of true value:

96 [(1)] **(a)** For real property in subclass (1), nineteen percent;

97 [(2)] **(b)** For real property in subclass (2), twelve percent; and

98 [(3)] **(c)** For real property in subclass (3), thirty-two percent.

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

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

123 7. Each manufactured home assessed shall be considered a parcel for the
124 purpose of reimbursement pursuant to section 137.750, unless the manufactured

125 home is real estate as defined in subsection 7 of section 442.015 and assessed as
126 a realty improvement to the existing real estate parcel.

127 8. Any amount of tax due and owing based on the assessment of a
128 manufactured home shall be included on the personal property tax statement of
129 the manufactured home owner unless the manufactured home is real estate as
130 defined in subsection 7 of section 442.015, in which case the amount of tax due
131 and owing on the assessment of the manufactured home as a realty improvement
132 to the existing real estate parcel shall be included on the real property tax
133 statement of the real estate owner.

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

147 10. Before the assessor may increase the assessed valuation of any parcel
148 of subclass (1) real property by more than fifteen percent since the last
149 assessment, excluding increases due to new construction or improvements, the
150 assessor shall conduct a physical inspection of such property.

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

158 12. A physical inspection, as required by subsection 10 of this section,
159 shall include, but not be limited to, an on-site personal observation and review
160 of all exterior portions of the land and any buildings and improvements to which

161 the inspector has or may reasonably and lawfully gain external access, and shall
162 include an observation and review of the interior of any buildings or
163 improvements on the property upon the timely request of the owner pursuant to
164 subsection 11 of this section. Mere observation of the property via a drive-by
165 inspection or the like shall not be considered sufficient to constitute a physical
166 inspection as required by this section.

167 13. The provisions of subsections 11 and 12 of this section shall only apply
168 in any county with a charter form of government with more than one million
169 inhabitants.

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

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

197 or a county that has opted out under the provisions of this subsection may choose
198 to implement the provisions of this section and sections 137.073, 138.060, and
199 138.100 as enacted by house bill no. 1150 of the ninety-first general assembly,
200 second regular session, and section 137.073 as modified by house committee
201 substitute for senate substitute for senate committee substitute for senate bill no.
202 960, ninety-second general assembly, second regular session, for the next year of
203 general reassessment, by an affirmative vote of the governing body prior to
204 December thirty-first of any year.

205 16. The governing body of any city of the third classification with more
206 than twenty-six thousand three hundred but fewer than twenty-six thousand
207 seven hundred inhabitants located in any county that has exercised its authority
208 to opt out under subsection 15 of this section may levy separate and differing tax
209 rates for real and personal property only if such city bills and collects its own
210 property taxes or satisfies the entire cost of the billing and collection of such
211 separate and differing tax rates. Such separate and differing rates shall not
212 exceed such city's tax rate ceiling.

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

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