

HCS SS SCS SB 960 -- PROPERTY TAX REASSESSMENTS

SPONSOR: Gibbons (Cooper, 120)

COMMITTEE ACTION: Voted "do pass" by the Committee on Tax Policy by a vote of 11 to 0.

This substitute makes technical clarifications to various provisions of the property tax law that were changed in HB 1150 enacted in 2002. It clarifies that the inflationary growth factor allowed to be applied for each class or subclass of property upon reassessment may differ among the types of property. The limit for growth will be equal to the actual assessment in the class or subclass. However, the net limit for the political subdivision will still be the Consumer Price Index or 5%, as set by the Missouri Constitution.

The substitute prevents the rollback calculation of the rates for the four classes of property from causing a roll-up of the personal property tax rate. It clarifies that when a rate must be revised-up to hold the political subdivision harmless after making the above calculation, the revision will be weighted based on the relative assessed valuation of the class or subclass of the property.

The substitute requires that all existing and any future rules or forms interpreting the rate calculation in Section 137.073, RSMo, must be promulgated by rule and not incorporated into a rule by reference.

The City of St. Louis and counties other than St. Louis County are allowed to opt-out of the provisions of HB 1150. Current law makes these provisions effective January 1, 2005, but the substitute changes the effective date to October 1, 2004, but then allows an opt-out provision before January 1, 2005. Once the provisions of HB 1150 are implemented in a county in a year of general reassessment, the county cannot opt-out. Any county that does opt-out may opt-in at a later date. If a political subdivision lies on the border of two or more counties, and one of those counties has opted out without the others doing so, the governing body of the political subdivision must calculate a single blended rate for the school districts in the political subdivision.

FISCAL NOTE: No impact on state funds in FY 2005, FY 2006, and FY 2007.

PROPOSERS: Supporters say that the current law is too favorable to business and doesn't protect tax receipts of political subdivisions. The bill will save third classification counties

significant expense with the opt-out language.

Testifying for the bill were Senator Gibbons; Missouri School Boards Association; Missouri County Clerks Association; Carroll County; Cooperative Greater Kansas City School Districts; Missouri Association of County Clerks and Election Authorities; Missouri Assessor's Association; St. Louis County Municipal League; East Central College; Cooperative School Districts of St. Louis; and County Commissioners Association of Missouri.

OPPONENTS: Those who oppose the bill say that they favor the change to correct the rate calculations in St. Louis and oppose the business personal property tax portion of the original bill. The definitions are unclear; and the depreciation schedules are too accelerated, do not include installation costs, and do not reflect the actual value of properties.

Testifying against the bill were Associated Industries of Missouri; and Missouri Council of School Administrators.

OTHERS: Others testifying on the bill say they would have opposed this substitute if the business personal property tax portion of the original bill had not been removed.

Others testifying on the bill was DaimlerChrysler Corporation.

Karla Strobel, Legislative Analyst