HCS HB 461 -- ASSESSMENT OF PROPERTY

This bill changes the laws regarding property assessment. In its main provisions, the bill:

(1) Clarifies that the expenses incurred by the assessor or assessor-elect for attending study courses paid by the state are subject to appropriation (Section 53.260, RSMo);

(2) Authorizes the homestead exemption tax credit; prohibits a claimant from receiving the homestead exemption credit in a year following the year in which the claimant received the property tax credit; extends the homestead exemption credit to property owned in trust; and provides an exception to the disqualification for improvements made to property which exceed 5% of the prior year's appraised value for improvements made to accommodate a disabled person for applications filed after 2005. The homestead exemption limit for claims filed in 2005 and 2006 will be based on the increase in tax liability from 2004 to 2005. Currently, the homestead exemption is based on the increase to tax liability from the prior year. The bill moves this back an additional year. An eligible owner who otherwise satisfies the requirements for receiving a homestead exemption will not apply for the credit more than once during the period ranging from April 1, 2005, to September 30, 2006. If the collector of a county determines that an individual is ineligible prior to issuing the credit, the credit will be void and any corresponding moneys will lapse to the state to be credited to the General Revenue Fund. After 2005, the 0.25% distributed to the county assessment funds is terminated (Sections 135.010 and 137.106);

(3) Removes the 30-day time requirement for the State Auditor to promulgate rules once the section is enacted (Section 137.073);

(4) Adds studio broadcast equipment, transmitter and antenna equipment, and broadcast towers to the property tax depreciation schedules for broadcasting equipment. Depreciation tables are established to determine the true value in money of television broadcasting equipment beginning January 1, 2008, and radio broadcasting equipment beginning January 1, 2006 (Section 137.078);

(5) Requires each taxing authority, for tax rate setting purposes, to exclude from its total assessed valuation 72% of the total amount of business personal property that is the subject of an appeal with the State Tax Commission or in a court. This exclusion will only apply to the portion of property that is disputed in the appeal. If the taxing authority uses a multi-rate approach, this exclusion is made from the personal property class. The commission will provide the total assessed

value for which an appeal is pending no later than August 20 of each year. Whenever an appeal is resolved and the result causes money to be paid to the authority, the taxing authority is not required to make an additional adjustment to its rates during the same fiscal cycle once the deadline for setting rates has passed. However, the taxing authority will adjust its rates due to the payment in the next rate setting cycle to offset the payment in the next taxable year (Section 173.079);

(6) Defines "business personal property" as tangible personal property used in a trade or business or used to produce income and has a determinable life of longer than one year, with some exceptions. In order to establish uniformity, each assessor will use the standardized schedule of depreciation established in the bill to determine the assessed valuation of depreciable tangible personal property. Each assessor will value depreciable tangible personal property by applying the class life and recovery period to the original cost of the property according to the federal Modified Accelerated Cost Recovery System life tables. The estimated value of property determined using the life tables is presumed to be correct; however, an estimation may be disproved by substantial and persuasive evidence of the true value under any method approved by the commission. These methods include appraisal using accepted techniques in accordance with the Uniform Standards of Professional Appraisal Practice or by proof of functional or economic obsolescence or physical deterioration. The salvage or scrap value of depreciable tangible personal property may only be considered if the property is not in use on the assessment date. This section of the bill does not apply to business personal property placed in service before January 2, 2006 (Section 137.122); and

(7) Exempts motor vehicles leased for a period of one year or more to a religious, educational, or charitable organization from state, county, and local taxation (Section 137.100).