

SECOND REGULAR SESSION

# HOUSE BILL NO. 1996

## 93RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE SUTHERLAND.

Read 1st time March 9, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

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### AN ACT

To repeal sections 21.810, 67.110, 137.055, 138.380, and 138.395, RSMo, and to enact in lieu thereof eight new sections relating to real property taxes.

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

Section A. Sections 21.810, 67.110, 137.055, 138.380, and 138.395, RSMo, are repealed  
2 and eight new sections enacted in lieu thereof, to be known as sections 21.810, 53.069, 53.165,  
3 67.110, 137.055, 138.380, 138.395, and 381.413, to read as follows:

21.810. 1. There is established a permanent joint committee of the general assembly to  
2 be known as the "Joint Committee on Tax Policy" which shall be composed of five members of  
3 the senate, appointed by the president pro tem of the senate, and five members of the house of  
4 representatives, appointed by the speaker of the house of representatives. A majority of the  
5 members of the committee shall constitute a quorum. The members shall annually select one of  
6 the members to be the chair and one of the members to be the vice chair. The speaker of the  
7 house of representatives and the president pro tem of the senate shall appoint the respective  
8 majority members. The minority leader of the house and the minority leader of the senate shall  
9 appoint the respective minority members. The members shall receive no additional  
10 compensation, but shall be reimbursed for actual and necessary expenses incurred by them in the  
11 performance of their duties. No major party shall be represented on the committee by more than  
12 three members from the senate nor by more than three members from the house. The committee  
13 is authorized to meet and act year round and to employ the necessary personnel within the limits  
14 of appropriations. The staff of the committee on legislative research, house research, and senate

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.

15 research shall provide necessary clerical, research, fiscal, and legal services to the committee,  
16 as the committee may request.

17 2. It shall be the duty of the committee:

18 (1) To make a continuing study and analysis of the current and proposed tax policy of  
19 this state as it relates to:

20 (a) Fairness and equity;

21 (b) True economic impact;

22 (c) Burden on individuals and businesses;

23 (d) Effectiveness of tax expenditures;

24 (e) Impact on political subdivisions of this state;

25 (f) Agreements and contracts with the federal government, other states and territories,  
26 political subdivisions, and private entities relating to the collection and administration of state  
27 and local taxes and fees;

28 (g) Compliance with the state and United States Constitution and federal and  
29 international law; and

30 (h) The effects of interstate commerce;

31 (2) To make a continuing study and review of the department of revenue, the department  
32 of economic development, the state tax commission, and any other state agency, commission,  
33 or state executive office responsible for the administration of tax policies;

34 (3) To study the effects of the coupling or decoupling with the federal income tax code  
35 as it relates to the state income tax;

36 (4) To make recommendations, as and when the committee deems fit, to the general  
37 assembly for legislative action or to report findings and to the departments, commissions, and  
38 offices for administrative or procedural changes;

39 (5) To study the effects of a sales tax holiday; [and]

40 (6) To examine and assess the public benefit of any tax credit program that is the subject  
41 of an audit by the state auditor pursuant to section 620.1300, RSMo, and provide a report to the  
42 general assembly and the governor with the committee's findings and recommendations, if any,  
43 regarding such tax credit program within six months of receiving the audit report;

44 **(7) To examine and certify ratio studies of assessed valuation performed by the**  
45 **state tax commission pursuant to section 138.395, RSMo.**

46 3. All state departments, commissions, and offices responsible for the administration of  
47 tax policies shall cooperate with and assist the committee in the performance of its duties and  
48 shall make available all books, records and information requested, except individually  
49 identifiable information regarding a specific taxpayer. The committee may also consult with  
50 public and private universities and academies, public and private organizations, and private

51 citizens in the performance of its duties. The committee may contract with public and private  
52 entities, within the limits of appropriation, for analysis and study of current or proposed changes  
53 to state and local tax policy. The committee shall have the power to subpoena witnesses, take  
54 testimony under oath, compel the attendance of witnesses, the giving of testimony and the  
55 production of records.

**53.069. 1. By January 1, 2010, all assessors shall uniformly assess all residential  
2 property under the uniform statewide cost system created by the state tax commission  
3 under section 138.380, RSMo.**

**4 2. The provisions of subsection 1 of this section shall not apply to any county with  
5 a charter form of government and with more than one million inhabitants, any county with  
6 a charter form of government and with more than two hundred fifty thousand but fewer  
7 than three hundred fifty thousand inhabitants, any county with a charter form of  
8 government and with more than six hundred thousand but fewer than seven hundred  
9 thousand inhabitants, and any city not within a county. The provisions of subsection 1 of  
10 this section shall also not apply to any county of the first classification if:**

**11 (1) No later than January 1, 2009, the assessor of that county files a written request  
12 with the state tax commission that the county be excepted from subsection 1 of this section;  
13 and**

**14 (2) The state tax commission, upon a finding that such a county has a computer  
15 assisted mass appraisal system approved by the state tax commission which is sufficient to  
16 maintain assessments at levels required by statute, provides written approval for that  
17 county to opt out of the provisions of subsection 1 of this section.**

**53.165. 1. In all counties, the recorder of deeds or circuit clerk ex officio recorder  
2 of deeds shall, upon request that a residential property conveyance be recorded, take  
3 receipt of the completed form provided under subdivision (8) of section 138.380, RSMo,  
4 requesting the voluntary disclosure of sales information regarding such conveyance, from  
5 any individual requesting that the conveyance be recorded. The recorder of deeds or  
6 circuit clerk ex officio shall immediately forward all completed voluntary sales disclosure  
7 forms to the county assessor.**

**8 2. The provisions of subsection 1 of this section shall not apply to any county with  
9 a charter form of government and with more than one million inhabitants, any county with  
10 a charter form of government and with more than two hundred fifty thousand but fewer  
11 than three hundred fifty thousand inhabitants, any county with a charter form of  
12 government and with more than six hundred thousand but fewer than seven hundred  
13 thousand inhabitants, and any city not within a county.**

67.110. 1. Each political subdivision in the state, except counties, shall fix its ad valorem property tax rates as provided in this section not later than September first for entry in the tax books. Before the governing body of each political subdivision of the state, except counties, as defined in section 70.120, RSMo, fixes its rate of taxation, its budget officer shall present to its governing body the following information for each tax rate to be levied: The assessed valuation by category of real, personal and other tangible property in the political subdivision as entered in the tax book for the fiscal year for which the tax is to be levied, as provided by subsection 3 of section 137.245, RSMo, the assessed valuation by category of real, personal and other tangible property in the political subdivisions for the preceding taxable year, the amount of revenue required to be provided from the property tax as set forth in the annual budget adopted as provided by this chapter, and the tax rate proposed to be set. Should any political subdivision whose taxes are collected by the county collector of revenue fail to fix its ad valorem property tax rate by September first, then no tax rate other than the rate, if any, necessary to pay the interest and principal on any outstanding bonds shall be certified for that year.

2. The governing body shall hold at least one public hearing on the proposed rates of taxes at which citizens may be heard prior to their approval. The governing body shall determine the time and place for such hearing. A notice stating the hour, date and place of the hearing shall be published in at least one newspaper qualified under the laws of the state of Missouri of general circulation in the county within which all or the largest portion of the political subdivision is situated, or such notice shall be posted in at least three public places within the political subdivision; except that, in any county of the first class having a charter form of government, such notice may be published in a newspaper of general circulation within the political subdivision even though such newspaper is not qualified under the laws of Missouri for other legal notices. Such notice shall be published or posted at least seven days prior to the date of the hearing. The notice shall include the assessed valuation by category of real, personal and other tangible property in the political subdivision for the fiscal year for which the tax is to be levied as provided by subsection 3 of section 137.245, RSMo, the assessed valuation by category of real, personal and other tangible property in the political subdivision for the preceding taxable year, for each rate to be levied the amount of revenue required to be provided from the property tax as set forth in the annual budget adopted as provided by this chapter, and the tax rates proposed to be set for the various purposes of taxation. The tax rates shall be calculated to produce substantially the same revenues as required in the annual budget adopted as provided in this chapter. Following the hearing the governing body of each political subdivision shall fix the rates of taxes, the same to be entered in the tax book. Failure of any taxpayer to appear at such hearing shall not prevent the taxpayer from pursuit of any other legal remedy otherwise

37 available to the taxpayer. Nothing in this section absolves political subdivisions of  
38 responsibilities under section 137.073, RSMo, nor to adjust tax rates in event changes in assessed  
39 valuation occur that would alter the tax rate calculations.

40 3. Each political subdivision of the state shall fix its property tax rates in the manner  
41 provided in this section for each fiscal year which begins after December 31, 1976. New or  
42 increased tax rates for political subdivisions whose taxes are collected by the county collector  
43 approved by voters after September first of any year shall not be included in that year's tax levy  
44 except for any new tax rate ceiling approved pursuant to section 71.800, RSMo.

45 **4. In addition to the information required under subsections 1 and 2 of this section,**  
46 **each political subdivision shall also include the increase in tax revenue due to an increase**  
47 **in assessed value as a result of new construction and improvement and the increase, both**  
48 **in dollar value and percentage, in tax revenue as a result of reassessment if the proposed**  
49 **tax rate is adopted.**

137.055. 1. After the assessor's book of each county, except in the city of St. Louis, shall  
2 be corrected and adjusted according to law, but not later than September twentieth, of each year,  
3 the county governing body shall ascertain the sum necessary to be raised for county purposes,  
4 and fix the rate of taxes on the several subjects of taxation so as to raise the required sum, and  
5 the same to be entered in the proper columns in the tax book.

6 2. Prior to fixing the rate of taxes, as provided in this section, the county governing body  
7 shall hold a public hearing on the proposed rate of taxes. A notice stating the time and place for  
8 the hearing shall be published in at least one newspaper qualified under the laws of Missouri of  
9 general circulation in the county at least seven days prior to the date of the hearing. The notice  
10 shall include the aggregate assessed valuation by category of real, total personal and other  
11 tangible property in the county as entered in the tax book for the fiscal year for which the tax is  
12 to be levied, the aggregate assessed valuation by category of real, total personal and other  
13 tangible property in the county for the preceding taxable year, the required sums to be raised  
14 from the property tax for each purpose for which the county levies taxes as approved in the  
15 budget adopted under chapter 50, RSMo, [and] the proposed rate of taxes which will produce  
16 substantially the same revenues as required by the budget, **and the increase in tax revenue**  
17 **realized due to an increase in assessed value as a result of new construction and**  
18 **improvement, and the increase, both in dollar value and percentage, in tax revenue as a**  
19 **result of reassessment if the proposed tax rate is adopted.** Failure of any taxpayer to appear  
20 at said hearing shall not prevent the taxpayer from pursuit of any other legal remedy otherwise  
21 available to the taxpayer. Nothing in this subsection absolves county governing bodies of  
22 responsibilities under section 137.073 nor to adjust tax rates in event changes in assessed  
23 valuation occur that would alter the tax rate calculations.

138.380. It shall be the duty of the state tax commission, and the commissioners shall have authority, to perform all duties enumerated in this section and such other duties as may be provided by law:

(1) To raise or lower the assessed valuation of any real or tangible personal property, including the power to raise or lower the assessed valuation of the real or tangible personal property of any individual, copartnership, company, association or corporation; provided, that before any such assessment is so raised, notice of the intention of the commission to raise such assessed valuation and of the time and place at which a hearing thereon will be held, shall be given to such individual, copartnership, company, association or corporation as provided in sections 138.460 and 138.470;

(2) To require from any officer in this state, on forms prescribed by the commission, such annual or other reports as shall enable said commission to ascertain the assessed and equalized value of all real and tangible property listed for taxation, the amount of taxes assessed, collected and returned, and such other matter as the commission may require, to the end that it may have complete information concerning the entire subject of revenue and taxation and all matters and things incidental thereto;

(3) To cause to be placed upon the assessment rolls at any time during the year omitted property which may be discovered to have, for any reason, escaped assessment and taxation, and to correct any errors that may be found on the assessment rolls and to cause the proper entry to be made thereon;

(4) To investigate the tax laws of other states and countries, to formulate and submit to the legislature such recommendations as the commission may deem expedient to prevent evasions of the assessment and taxing laws, whether the tax is specific or general, to secure just, equal and uniform taxes, and improve the system of assessment and taxation in this state;

(5) To prescribe the form of all blanks and books that are used in the assessment and collection of the general property tax, except as otherwise provided by law;

**(6) To oversee the education and certification of all assessors and certain assessor staff as the commission deems appropriate.**

**(7) To, no later than January 1, 2008, create or select an existing uniform statewide cost system or manual, with the assistance of assessors, for the reassessment of property.**

**(8) To create a form to be supplied to real estate agents and title insurance agents, authorized under chapter 381, RSMo, requesting the voluntary disclosure of residential sales information from purchasers of residential property to be completed upon closing. Such form may be completed by voluntarily providing sales information or by checking a box declining to provide such information. Such form shall specifically state that the information provided will be held confidential, shall not be considered a public document**

37 **under sections 610.010 to 610.200, RSMo, and will be used only by the county assessor,**  
38 **state tax commission, and county board of equalization to ensure accurate reassessments**  
39 **of property in the county. The state tax commission shall make such form available on its**  
40 **web site.**

138.395. The state tax commission shall notify each school district of the equivalent  
2 sales ratio for the previous year adopted for determining the equalized assessed valuation of the  
3 property and the equalized operating levy of the school district for distributions of school  
4 foundation formula funds at least thirty days prior to the certification of such ratio to the  
5 [department of elementary and secondary education] **joint committee on tax policy**, and shall  
6 provide the school district an opportunity for a meeting with the commission, or a duly  
7 authorized agent thereof, on such ratio prior to such certification. Prior to January 1, 1997, in  
8 certifying said ratios to the [department of elementary and secondary education] **joint committee**  
9 **on tax policy**, the commission shall certify all ratios at thirty-three and one-third percent. On  
10 and after January 1, 1997, in certifying such ratios to the [department of elementary and  
11 secondary education] **joint committee on tax policy**, the commission shall certify all ratios  
12 higher than thirty-one and two-thirds percent at thirty-three and one-third percent. On and after  
13 January 1, 1998, if the state tax commission, after performing the computation of equivalent  
14 sales ratio for the county and recomputing such computation to ensure accuracy, finds that such  
15 equivalent sales ratio for the county is less than or equal to thirty-one and two-thirds percent, the  
16 state tax commission shall reduce the county's reimbursement by fifteen percent the following  
17 year if it is not corrected by subsequent action of the state tax commission.

**381.413. 1. Upon every closing of residential real estate, the title insurance agent**  
2 **or real estate agent shall present to the purchaser the form provided under subdivision (8)**  
3 **of section 138.380, RSMo. The title insurance agent or real estate agent shall submit the**  
4 **completed form to the recorder of deeds of the county in which the residential property is**  
5 **situated.**

2. The provisions of subsection 1 of this section shall not apply to residential real  
7 estate conveyances within any county with a charter form of government and with more  
8 than one million inhabitants, any county with a charter form of government and with more  
9 than two hundred fifty thousand but fewer than three hundred fifty thousand inhabitants,  
10 any county with a charter form of government and with more than six hundred thousand  
11 but fewer than seven hundred thousand inhabitants, and any city not within a county.

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