

FIRST REGULAR SESSION

# HOUSE BILL NO. 872

## 95TH GENERAL ASSEMBLY

---

INTRODUCED BY REPRESENTATIVE ERVIN.

2067L.011

D. ADAM CRUMBLISS, Chief Clerk

---

### AN ACT

To repeal sections 137.079, 137.115, and 137.122, RSMo, and to enact in lieu thereof three new sections relating to business personal property.

---

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

Section A. Sections 137.079, 137.115, and 137.122, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 137.079, 137.115, and 137.122, to read as follows:

137.079. **1.** Prior to setting its rate or rates as required by section 137.073, each taxing authority shall exclude from its total assessed valuation seventy-two percent of the total amount of assessed value of business personal property that is the subject of an appeal at the state tax commission or in a court of competent jurisdiction in this state. This exclusion shall only apply to the portion of the assessed value of business personal property that is disputed in the appeal, and shall not exclude any portion of the same property that is not disputed. If the taxing authority uses a multirate approach as provided in section 137.073, this exclusion shall be made from the personal property class. The state tax commission shall provide each taxing authority with the total assessed value of business personal property within the jurisdiction of such taxing authority for which an appeal is pending no later than August twentieth of each year. Whenever any appeal is resolved, whether by final adjudication or settlement, and the result of the appeal causes money to be paid to the taxing authority, the taxing authority shall not be required to make an additional adjustment to its rate or rates due to such payment once the deadline for setting its rates, as provided by this chapter, has passed in a taxable year, but shall adjust its rate or rates due to such payment in the next rate setting cycle to offset the payment in the next taxable year. For the purposes of this section, the term "business personal property", means

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.

17 tangible personal property which is used in a trade or business or used for production of income  
18 and which has a determinable life of longer than one year except that supplies used by a business  
19 shall also be considered business personal property, but shall not include livestock, farm  
20 machinery, property subject to the motor vehicle registration provisions of chapter 301, RSMo,  
21 property subject to the tables provided in section 137.078, the property of rural electric  
22 cooperatives under chapter 394, RSMo, or property assessed by the state tax commission under  
23 chapters 151, 153, and 155, RSMo, section 137.022, and sections 137.1000 to 137.1030.

24 **2. This section shall expire on August 28, 2009.**

137.115. 1. All other laws to the contrary notwithstanding, the assessor or the assessor's  
2 deputies in all counties of this state including the city of St. Louis shall annually make a list of  
3 all real and tangible personal property taxable in the assessor's city, county, town or district.  
4 Except as otherwise provided in [subsection] **subsections 3 and 17** of this section and section  
5 137.078, the assessor shall annually assess all personal property at thirty-three and one-third  
6 percent of its true value in money as of January first of each calendar year. The assessor shall  
7 annually assess all real property, including any new construction and improvements to real  
8 property, and possessory interests in real property at the percent of its true value in money set in  
9 subsection 5 of this section. The true value in money of any possessory interest in real property  
10 in subclass (3), where such real property is on or lies within the ultimate airport boundary as  
11 shown by a federal airport layout plan, as defined by 14 CFR 151.5, of a commercial airport  
12 having a FAR Part 139 certification and owned by a political subdivision, shall be the otherwise  
13 applicable true value in money of any such possessory interest in real property, less the total  
14 dollar amount of costs paid by a party, other than the political subdivision, towards any new  
15 construction or improvements on such real property completed after January 1, 2008, and which  
16 are included in the above-mentioned possessory interest, regardless of the year in which such  
17 costs were incurred or whether such costs were considered in any prior year. The assessor shall  
18 annually assess all real property in the following manner: new assessed values shall be  
19 determined as of January first of each odd-numbered year and shall be entered in the assessor's  
20 books; those same assessed values shall apply in the following even-numbered year, except for  
21 new construction and property improvements which shall be valued as though they had been  
22 completed as of January first of the preceding odd-numbered year. The assessor may call at the  
23 office, place of doing business, or residence of each person required by this chapter to list  
24 property, and require the person to make a correct statement of all taxable tangible personal  
25 property owned by the person or under his or her care, charge or management, taxable in the  
26 county. On or before January first of each even-numbered year, the assessor shall prepare and  
27 submit a two-year assessment maintenance plan to the county governing body and the state tax  
28 commission for their respective approval or modification. The county governing body shall

29 approve and forward such plan or its alternative to the plan to the state tax commission by  
30 February first. If the county governing body fails to forward the plan or its alternative to the plan  
31 to the state tax commission by February first, the assessor's plan shall be considered approved  
32 by the county governing body. If the state tax commission fails to approve a plan and if the state  
33 tax commission and the assessor and the governing body of the county involved are unable to  
34 resolve the differences, in order to receive state cost-share funds outlined in section 137.750, the  
35 county or the assessor shall petition the administrative hearing commission, by May first, to  
36 decide all matters in dispute regarding the assessment maintenance plan. Upon agreement of the  
37 parties, the matter may be stayed while the parties proceed with mediation or arbitration upon  
38 terms agreed to by the parties. The final decision of the administrative hearing commission shall  
39 be subject to judicial review in the circuit court of the county involved. In the event a valuation  
40 of subclass (1) real property within any county with a charter form of government, or within a  
41 city not within a county, is made by a computer, computer-assisted method or a computer  
42 program, the burden of proof, supported by clear, convincing and cogent evidence to sustain such  
43 valuation, shall be on the assessor at any hearing or appeal. In any such county, unless the  
44 assessor proves otherwise, there shall be a presumption that the assessment was made by a  
45 computer, computer-assisted method or a computer program. Such evidence shall include, but  
46 shall not be limited to, the following:

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

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

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

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

57 2. Assessors in each county of this state and the city of St. Louis may send personal  
58 property assessment forms through the mail.

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

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

64 (2) Livestock, twelve percent;

65 (3) Farm machinery, twelve percent;

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

70 (5) Poultry, twelve percent; and

71 (6) Tools and equipment used for pollution control and tools and equipment used in  
72 retooling for the purpose of introducing new product lines or used for making improvements to  
73 existing products by any company which is located in a state enterprise zone and which is  
74 identified by any standard industrial classification number cited in subdivision (6) of section  
75 135.200, RSMo, twenty-five percent.

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

80 5. All subclasses of real property, as such subclasses are established in section 4(b) of  
81 article X of the Missouri Constitution and defined in section 137.016, shall be assessed at the  
82 following percentages of true value:

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

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

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

86 6. Manufactured homes, as defined in section 700.010, RSMo, which are actually used  
87 as dwelling units shall be assessed at the same percentage of true value as residential real  
88 property for the purpose of taxation. The percentage of assessment of true value for such  
89 manufactured homes shall be the same as for residential real property. If the county collector  
90 cannot identify or find the manufactured home when attempting to attach the manufactured home  
91 for payment of taxes owed by the manufactured home owner, the county collector may request  
92 the county commission to have the manufactured home removed from the tax books, and such  
93 request shall be granted within thirty days after the request is made; however, the removal from  
94 the tax books does not remove the tax lien on the manufactured home if it is later identified or  
95 found. A manufactured home located in a manufactured home rental park, rental community or  
96 on real estate not owned by the manufactured home owner shall be considered personal property.  
97 A manufactured home located on real estate owned by the manufactured home owner may be  
98 considered real property.

99 7. Each manufactured home assessed shall be considered a parcel for the purpose of  
100 reimbursement pursuant to section 137.750, unless the manufactured home has been converted

101 to real property in compliance with section 700.111, RSMo, and assessed as a realty  
102 improvement to the existing real estate parcel.

103           8. Any amount of tax due and owing based on the assessment of a manufactured home  
104 shall be included on the personal property tax statement of the manufactured home owner unless  
105 the manufactured home has been converted to real property in compliance with section 700.111,  
106 RSMo, in which case the amount of tax due and owing on the assessment of the manufactured  
107 home as a realty improvement to the existing real estate parcel shall be included on the real  
108 property tax statement of the real estate owner.

109           9. The assessor of each county and each city not within a county shall use the trade-in  
110 value published in the October issue of the National Automobile Dealers' Association Official  
111 Used Car Guide, or its successor publication, as the recommended guide of information for  
112 determining the true value of motor vehicles described in such publication. In the absence of a  
113 listing for a particular motor vehicle in such publication, the assessor shall use such information  
114 or publications which in the assessor's judgment will fairly estimate the true value in money of  
115 the motor vehicle.

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

120           11. If a physical inspection is required, pursuant to subsection 10 of this section, the  
121 assessor shall notify the property owner of that fact in writing and shall provide the owner clear  
122 written notice of the owner's rights relating to the physical inspection. If a physical inspection  
123 is required, the property owner may request that an interior inspection be performed during the  
124 physical inspection. The owner shall have no less than thirty days to notify the assessor of a  
125 request for an interior physical inspection.

126           12. A physical inspection, as required by subsection 10 of this section, shall include, but  
127 not be limited to, an on-site personal observation and review of all exterior portions of the land  
128 and any buildings and improvements to which the inspector has or may reasonably and lawfully  
129 gain external access, and shall include an observation and review of the interior of any buildings  
130 or improvements on the property upon the timely request of the owner pursuant to subsection 11  
131 of this section. Mere observation of the property via a drive-by inspection or the like shall not  
132 be considered sufficient to constitute a physical inspection as required by this section.

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

135           14. A county or city collector may accept credit cards as proper form of payment of  
136 outstanding property tax or license due. No county or city collector may charge surcharge for

137 payment by credit card which exceeds the fee or surcharge charged by the credit card bank,  
138 processor, or issuer for its service. A county or city collector may accept payment by electronic  
139 transfers of funds in payment of any tax or license and charge the person making such payment  
140 a fee equal to the fee charged the county by the bank, processor, or issuer of such electronic  
141 payment.

142 15. Any county or city not within a county in this state may, by an affirmative vote of  
143 the governing body of such county, opt out of the provisions of this section and sections 137.073,  
144 138.060, and 138.100, RSMo, as enacted by house bill no. 1150 of the ninety-first general  
145 assembly, second regular session and section 137.073 as modified by house committee substitute  
146 for senate substitute for senate committee substitute for senate bill no. 960, ninety-second general  
147 assembly, second regular session, for the next year of the general reassessment, prior to January  
148 first of any year. No county or city not within a county shall exercise this opt-out provision after  
149 implementing the provisions of this section and sections 137.073, 138.060, and 138.100, RSMo,  
150 as enacted by house bill no. 1150 of the ninety-first general assembly, second regular session and  
151 section 137.073 as modified by house committee substitute for senate substitute for senate  
152 committee substitute for senate bill no. 960, ninety-second general assembly, second regular  
153 session, in a year of general reassessment. For the purposes of applying the provisions of this  
154 subsection, a political subdivision contained within two or more counties where at least one of  
155 such counties has opted out and at least one of such counties has not opted out shall calculate a  
156 single tax rate as in effect prior to the enactment of house bill no. 1150 of the ninety-first general  
157 assembly, second regular session. A governing body of a city not within a county or a county  
158 that has opted out under the provisions of this subsection may choose to implement the  
159 provisions of this section and sections 137.073, 138.060, and 138.100, RSMo, as enacted by  
160 house bill no. 1150 of the ninety-first general assembly, second regular session, and section  
161 137.073 as modified by house committee substitute for senate substitute for senate committee  
162 substitute for senate bill no. 960, ninety-second general assembly, second regular session, for the  
163 next year of general reassessment, by an affirmative vote of the governing body prior to  
164 December thirty-first of any year.

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

172           **17. Business personal property, as defined in sections 137.079 and 137.122, shall be**  
173 **exempt from any personal property tax assessed and levied under this chapter.**

137.122. 1. As used in this section, the following terms mean:

2           (1) "Business personal property", tangible personal property which is used in a trade or  
3 business or used for production of income and which has a determinable life of longer than one  
4 year except that supplies used by a business shall also be considered business personal property,  
5 but shall not include livestock, farm machinery, grain and other agricultural crops in an  
6 unmanufactured condition, property subject to the motor vehicle registration provisions of  
7 chapter 301, RSMo, property assessed under section 137.078, the property of rural electric  
8 cooperatives under chapter 394, RSMo, or property assessed by the state tax commission under  
9 chapters 151, 153, and 155, RSMo, section 137.022, and sections 137.1000 to 137.1030;

10           (2) "Class life", the class life of property as set out in the federal Modified Accelerated  
11 Cost Recovery System life tables or their successors under the Internal Revenue Code as  
12 amended;

13           (3) "Economic or functional obsolescence", a loss in value of personal property above  
14 and beyond physical deterioration and age of the property. Such loss may be the result of  
15 economic or functional obsolescence or both;

16           (4) "Original cost", the price the current owner, the taxpayer, paid for the item without  
17 freight, installation, or sales or use tax. In the case of acquisition of items of personal property  
18 as part of an acquisition of an entity, the original cost shall be the historical cost of those assets  
19 remaining in place and in use and the placed-in-service date shall be the date of acquisition by  
20 the entity being acquired;

21           (5) "Placed in service", property is placed in service when it is ready and available for  
22 a specific use, whether in a business activity, an income-producing activity, a tax-exempt  
23 activity, or a personal activity. Even if the property is not being used, the property is in service  
24 when it is ready and available for its specific use;

25           (6) "Recovery period", the period over which the original cost of depreciable tangible  
26 personal property shall be depreciated for property tax purposes and shall be the same as the  
27 recovery period allowed for such property under the Internal Revenue Code.

28           2. To establish uniformity in the assessment of depreciable tangible personal property,  
29 each assessor shall use the standardized schedule of depreciation in this section to determine the  
30 assessed valuation of depreciable tangible personal property for the purpose of estimating the  
31 value of such property subject to taxation under this chapter.

32           3. For purposes of this section, and to estimate the value of depreciable tangible personal  
33 property for mass appraisal purposes, each assessor shall value depreciable tangible personal  
34 property by applying the class life and recovery period to the original cost of the property

35 according to the following depreciation schedule. The percentage shown for the first year shall  
 36 be the percentage of the original cost used for January first of the year following the year of  
 37 acquisition of the property, and the percentage shown for each succeeding year shall be the  
 38 percentage of the original cost used for January first of the respective succeeding year as follows:

39 Year	Recovery Period in Years					
40	3	5	7	10	15	20
41 1	75.00	85.00	89.29	92.50	95.00	96.25
42 2	37.50	59.50	70.16	78.62	85.50	89.03
43 3	12.50	41.65	55.13	66.83	76.95	82.35
44 4	5.00	24.99	42.88	56.81	69.25	76.18
45 5		10.00	30.63	48.07	62.32	70.46
46 6			18.38	39.33	56.09	65.18
47 7			10.00	30.59	50.19	60.29
48 8				21.85	44.29	55.77
49 9				15.00	38.38	51.31
50 10					32.48	46.85
51 11					26.57	42.38
52 12					20.67	37.92
53 13					15.00	33.46
54 14						29.00
55 15						24.54
56 16						20.08
57 17						20.00

58

59 Depreciable tangible personal property in all recovery periods shall continue in subsequent years  
 60 to have the depreciation factor last listed in the appropriate column so long as it is owned or held  
 61 by the taxpayer. The state tax commission shall study and analyze the values established by this  
 62 method of assessment and in every odd-numbered year make recommendations to the joint  
 63 committee on tax policy pertaining to any changes in this methodology, if any, that are  
 64 warranted.

65 4. Such estimate of value determined under this section shall be presumed to be correct  
 66 for the purpose of determining the true value in money of the depreciable tangible personal  
 67 property, but such estimation may be disproved by substantial and persuasive evidence of the  
 68 true value in money under any method determined by the state tax commission to be correct,  
 69 including, but not limited to, an appraisal of the tangible personal property specifically utilizing  
 70 generally accepted appraisal techniques, and contained in a narrative appraisal report in



71 accordance with the Uniform Standards of Professional Appraisal Practice or by proof of  
72 economic or functional obsolescence or evidence of excessive physical deterioration. For  
73 purposes of appeal of the provisions of this section, the salvage or scrap value of depreciable  
74 tangible personal property may only be considered if the property is not in use as of the  
75 assessment date.

76         5. This section shall not apply to business personal property placed in service before  
77 January 2, 2006. Nothing in this section shall create a presumption as to the proper method of  
78 determining the assessed valuation of business personal property placed in service before January  
79 2, 2006.

80         6. The provisions of this section are not intended to modify the definition of tangible  
81 personal property as defined in section 137.010.

82         **7. This section shall expire on August 28, 2009.**

✓