

FIRST REGULAR SESSION

HOUSE BILL NO. 186

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES PORTWOOD (Sponsor), LEMBKE, MUSCHANY, FRAME,
YOUNG AND FAITH (Co-sponsors).

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D. ADAM CRUMBLISS, Chief Clerk

0841L.011

AN ACT

To amend chapter 135, RSMo, by adding thereto three new sections relating to personal property tax relief.

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

Section A. Chapter 135, RSMo, is amended by adding thereto three new sections, to be
2 known as sections 135.840, 135.841, and 135.842, to read as follows:

135.840. 1. As used in sections 135.840 to 135.842, the following terms mean:

2 (1) "Assessor", the officer of a local taxing authority who is primarily responsible
3 for assessing motor vehicles for purposes of personal property taxation;

4 (2) "Bill preparer", the officer of a local taxing authority who is responsible for
5 preparing bills for tangible personal property taxes;

6 (3) "Collector", the officer of a local taxing authority who is responsible for the
7 collection of tangible personal property taxes;

8 (4) "Department", the department of revenue;

9 (5) "Director", the director of the department of revenue;

10 (6) "Effective tax rate", the tax rate imposed by a local taxing authority on tangible
11 personal property on the applicable class of tangible personal property multiplied by the
12 assessment ratio;

13 (7) "Leased", leased by a natural person as lessee and used for nonbusiness
14 purposes;

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 (8) "Percentage level", the percentage of the reimbursable amount to be
16 reimbursed or paid by the state;

17 (9) "Privately owned", owned by a natural person and used for nonbusiness
18 purposes;

19 (10) "Qualifying motor vehicle", any passenger car, motorcycle, or pickup truck,
20 as those terms are defined in chapter 301, RSMo, that is determined by the assessor of the
21 local taxing authority in which the vehicle has situs to be privately owned or leased under
22 a contract requiring the lessee to pay the tangible personal property tax on such motor
23 vehicle; provided that, no individual shall be determined to own, either solely or jointly,
24 or lease more than two qualifying motor vehicles. In determining whether a motor vehicle
25 is a qualifying motor vehicle, the assessor may rely on the registration of such vehicle with
26 the department under chapter 301, RSMo. In the event an individual owns or leases more
27 than two motor vehicles which would otherwise be classified as qualifying motor vehicles,
28 the assessor shall classify the individual's two least valuable vehicles as the individual's
29 qualifying motor vehicles;

30 (11) "Reimbursable amount", the value of a qualifying motor vehicle, up to the first
31 twenty thousand dollars of value, multiplied by the effective tax rate in effect on September
32 30, 2008, in a local taxing authority;

33 (12) "Tangible personal property tax", the tax levied under chapter 137, RSMo;

34 (13) "Used for nonbusiness purposes", the primary use is for other than business
35 purposes. A motor vehicle shall not be deemed "used for nonbusiness purposes" if:

36 (a) The motor vehicle is expensed as a depreciable business asset on the taxpayer's
37 federal income tax return under Section 179 of the Internal Revenue Code of 1986, as
38 amended;

39 (b) More than fifty percent of the basis for depreciation of the motor vehicle is
40 depreciated for federal income tax purposes; or

41 (c) The allowable expense of total annual mileage in excess of fifty percent is
42 deductible for federal income tax purposes or reimbursed under an arrangement between
43 an employer and employee;

44 (14) "Value", the true value in money of a motor vehicle as determined under
45 subsection 9 of section 137.115, RSMo.

46 2. For the taxable year beginning on January 1, 2008, the state shall, subject to the
47 appropriation of funds under section 135.842, directly reimburse taxpayers for tangible
48 personal property tax paid on any qualifying motor vehicle in an amount equal to twelve
49 and one-half percent of the reimbursable amount for each qualifying motor vehicle. Any
50 amount to be reimbursed to a taxpayer under this subsection shall be subject to setoff for

51 debts owed a state agency under chapter 143, RSMo, and for delinquent child support
52 owed under chapter 454, RSMo. Reimbursements for tax year 2008 levies paid on or
53 before December 31, 2008, shall be sent to taxpayers by United States mail on or before
54 May 15, 2009, under the following procedure:

55 (1) On or before May 31, 2008, the assessor shall certify the value of each qualifying
56 motor vehicle to the bill preparer. No further certification shall be required if the assessor
57 has, within the assessor's book provided to the bill preparer, identified each qualifying
58 motor vehicle and its true value, as determined under subsection 9 of section 137.115,
59 RSMo;

60 (2) On or before November 31, 2008, the bill preparer shall certify to the
61 department, in a manner prescribed by the department, the reimbursable amount due each
62 taxpayer;

63 (3) On or before January 31, 2009, the collector shall certify to the department, in
64 a manner prescribed by the department, the names of those individuals who failed to remit
65 payment for the tax assessed them by December 31, 2008;

66 (4) On or before March 31, 2009, after a review of the certifications submitted by
67 the bill preparers and collectors, the director shall pay each taxpayer such taxpayer's
68 reimbursable amount using money from the property tax relief fund created in section
69 135.842.

70 3. (1) For all taxable years beginning on or after January 1, 2009, the state shall,
71 subject to the appropriation of funds under section 135.842, pay to collectors a percentage
72 of the reimbursable amount of each taxpayer's personal property tax on any qualifying
73 motor vehicle in an amount equal to the following percentages of the reimbursable amount:

74 (a) For taxable years beginning in calendar year 2009, twenty-seven and one-half
75 percent;

76 (b) For taxable years beginning in calendar year 2010, forty-seven and one-half
77 percent;

78 (c) For taxable years beginning in calendar year 2011, seventy percent; and

79 (d) For taxable years beginning in or after calendar year 2012, one hundred
80 percent.

81 (2) In addition to all other information currently appearing on tangible personal
82 property tax bills, the bill preparer of each local taxing authority shall ensure that each
83 such bill shall state on its face whether the vehicle is:

84 (a) A qualifying motor vehicle;

85 (b) A deduction for the amount to be paid by the state as determined by this
86 section; and

87 (c) The amount of tangible personal property tax levied on the vehicle.

88 (3) Reimbursement payments for levies in tax years beginning in or after 2009 shall
89 be paid to collectors in the amount specified in this subsection for each qualifying motor
90 vehicle, if the requirements of section 135.842 and the following requirements are met:

91 (a) The bill preparer shall include such amount as a deduction on the face of
92 tangible personal property tax bills for qualifying motor vehicles and shall clearly
93 designate such deduction as an amount to be paid by the state. In addition to tangible
94 personal property taxes levied on property other than qualifying motor vehicles, the
95 taxpayer shall pay to the collector any payment due for the difference between tangible
96 personal property taxes levied on a qualifying motor vehicle and such deduction. Within
97 the certified personal property tax book provided to the bill preparer, the assessor shall
98 identify each qualifying motor vehicle and its true value, as determined under subsection
99 9 of section 137.115, RSMo;

100 (b) Except as provided in subsection 1 of section 135.841, upon full payment of the
101 tangible personal property tax levied on a qualifying motor vehicle, less the amount of the
102 deduction, as described in this subsection or in cases where a taxpayer is not required to
103 return to the collector any payment of tangible personal property tax for a qualifying
104 vehicle, the collector may make a request to the department of revenue for payment of the
105 reimbursement amount. Such a request may be made monthly for all qualifying motor
106 vehicles for which taxes were fully paid in the previous month or not required to be paid
107 and shall include a summary of the information appearing on the related tangible personal
108 property tax bills. The summary information to be included in the request and the form
109 of such request shall be prescribed by the director. Upon receipt of such information or
110 any other information required by the director, the director shall issue payment from the
111 property tax relief fund.

112 (4) Each taxable year the department and each collector shall reconcile the amount
113 paid by the state to such collector. The department may use the information described in
114 this subsection and any other source or data it deems appropriate in making such a
115 reconciliation. If the department determines that the correct amount has not been paid to
116 such collector, the department shall, for any underpayments, make a payment for any
117 underpayment, or, for any overpayment, reduce the respective local taxing authority's next
118 payment or payments, in the current or succeeding years accordingly. Regulations
119 promulgated by the director shall establish procedures for such reconciliations.

135.841. 1. Any taxpayer, except a taxpayer with whom a local taxing authority
2 enters into an installment payment agreement under section 139.050, RSMo, or section
3 139.052, RSMo, for payment of current property taxes, who fails to timely pay such

taxpayer's personal property taxes for any taxable year beginning after December 31, 2008, shall forfeit the right to property tax reimbursement for that tax year under sections 135.840 to 135.842. Additionally, for taxable years beginning in or after the calendar year 2009, the bill preparer or collector may send a supplemental bill in the amount of the reimbursement deduction which appeared on such taxpayer's personal property tax bill, plus interest at a rate prescribed by section 140.100, RSMo, and fees provided by law.

2. If the situs for the assessment and taxation of a qualifying motor vehicle changes in a given taxable year and the local taxing authority in which the qualifying motor vehicle first had situs in such taxable year levied a tangible personal property tax on such vehicle for all twelve months of such taxable year, the reimbursement shall be made only for tangible personal property taxes paid to such local taxing authority.

3. Any reimbursement required by sections 135.840 to 135.842 for a qualifying motor vehicle which is leased shall be paid directly to the lessee of such vehicle.

4. No reimbursement shall be made to a taxpayer by the director where the applicable reimbursement percentage multiplied by the reimbursable amount of the taxpayer's qualifying motor vehicle yields a payment of less than five dollars.

5. Notwithstanding the provisions of subsections 2 and 3 of section 135.840, the amount of the reimbursement to taxpayers for tax years beginning in 2008 and the amount of the payments to collectors for tax years beginning in or after calendar year 2009 shall be one hundred percent for qualifying motor vehicles with a value of one thousand dollars or less.

6. Payments to taxpayers and collectors under sections 135.840 to 135.842 shall not include interest.

7. For taxable year 2008 and to the end of taxable year 2011, the collector shall include a statement, prepared by the department, with or as part of the tangible personal property tax bills for such qualifying motor vehicles. The statement shall explain how the deduction for the percentage of the reimbursable amount was calculated, how the deduction shall be calculated in future years, and the taxpayer's liability for tangible personal property taxes on qualifying motor vehicles.

135.842. 1. The reimbursement allowed by sections 135.840 to 135.842 is subject to appropriation from the state general revenue fund.

2. An amount equal to the percentage of the reimbursable amount as determined under subsection 3 of section 135.840 shall appear as a deduction on the tangible personal property tax bill for qualifying motor vehicles.

3. If the general assembly changes the percentage of the reimbursable amount as described in subsection 3 of section 135.840 for the current taxable year and a local taxing

8 authority has already printed its tangible personal property tax bills for qualifying motor
9 vehicles for the year that the percentage is changed, the following procedures shall apply:

10 (1) If the percentage of the reimbursable amount is decreased for the current
11 taxable year and the taxpayer has paid the assessment, the local taxing authority may levy
12 an additional amount for the amount of the difference between the percentage of the
13 reimbursable amount for the taxable year reflected on the original assessment and the
14 percentage of the reimbursable amount for the taxable year as modified by the general
15 assembly in the current year or carry forward the additional levy and include it on the
16 subsequent tax bill, provided such levy is not subject to penalty and interest; and

17 (2) If the percentage of the reimbursable amount is increased for the current
18 taxable year and the taxpayer has paid the assessment, the local taxing authority shall issue
19 a refund to the taxpayer for the amount of the difference between the percentage of the
20 reimbursable amount for the taxable year reflected on the original assessment and the
21 percentage of the reimbursable amount for the taxable year as modified by the general
22 assembly in the current taxable year. Such refunds shall be issued by the collector no later
23 than thirty days after receipt of the payment from the state under subsection 3 of section
24 135.840.

25 4. If the general assembly changes the percentage of the reimbursable amount as
26 described in subsection 3 of section 135.840 before a local taxing authority prints its
27 tangible personal property tax bills for qualifying motor vehicles, the following procedures
28 shall apply:

29 (1) If the percentage of the reimbursable amount is decreased for the current
30 taxable year, the local taxing authority may adjust each taxpayer's tangible personal
31 property tax bill to reflect the changes made by the general assembly to the percentage of
32 the reimbursable amount; and

33 (2) If the percentage of the reimbursable amount is increased for the current
34 taxable year, the local taxing authority shall adjust each taxpayer's tangible personal
35 property tax bill to reflect the changes made by the general assembly to the percentage of
36 the reimbursable amount.

37 5. There is hereby created in the state treasury the "Personal Property Tax Relief
38 Fund", which shall consist of money collected under sections 135.840 to 135.842. The state
39 treasurer shall be custodian of the fund, and shall deposit to the credit of the fund all
40 moneys which may be appropriated to it by the general assembly and also any gifts,
41 contributions, grants, bequests or other aid received from any source. Upon
42 appropriation, money in the fund shall be used solely for the purposes of sections 135.840
43 to 135.842. Notwithstanding the provisions of section 33.080, RSMo, to the contrary, any

44 moneys remaining in the fund at the end of the biennium shall not revert to the credit of
45 the general revenue fund. The state treasurer shall invest moneys in the fund in the same
46 manner as other funds are invested. Any interest and moneys earned on such investments
47 shall be credited to the fund.

48 6. The department shall annually, with its budget request, make and deliver to the
49 governor and the general assembly a statement indicating the sum necessary to fund the
50 payments to collectors under sections 135.840 to 135.842. Upon the request of the governor
51 or general assembly, the department shall also estimate and report the amount to be paid
52 by the state in any taxable year to an individual local taxing authority.

53 7. The department shall promulgate regulations for the use of local governments
54 in administering the provisions of sections 135.840 to 135.842. The department shall
55 cooperate with and seek the counsel of local officials and interested groups. Such
56 guidelines shall be available for distribution to local governments on July 1, 2008.
57 Thereafter, the guidelines shall be updated annually. Any rule or portion of a rule, as that
58 term is defined in section 536.010, RSMo, that is created under the authority delegated in
59 this section shall become effective only if it complies with and is subject to all of the
60 provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section
61 and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general
62 assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to
63 disapprove and annul a rule are subsequently held unconstitutional, then the grant of
64 rulemaking authority and any rule proposed or adopted after August 28, 2007, shall be
65 invalid and void.

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