

SECOND REGULAR SESSION

HOUSE BILL NO. 1471

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES CUNNINGHAM (86) (Sponsor), JONES (89), NIEVES, RUESTMAN, NOLTE, BROWN (30), STEVENSON, DAVIS AND SCHARNHORST (Co-sponsors).

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D. ADAM CRUMBLISS, Chief Clerk

3264L.01I

AN ACT

To amend chapter 137, RSMo, by adding thereto one new section relating to the predictable property tax act.

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

Section A. Chapter 137, RSMo, is amended by adding thereto one new section, to be
2 known as section 137.109, to read as follows:

**137.109. 1. This section shall be known and may be cited as the "Predictable
2 Property Tax Act".**

**3 2. Notwithstanding any other provision of law to the contrary, after August 28,
4 2008, all real property in this state shall be assessed under the provisions of this section.
5 The assessor of each county may use any applicable procedures authorized under this
6 chapter before August 28, 2008, to accomplish assessments under this section.**

**7 3. No real property tax imposed on any real property in this state shall exceed one
8 percent of such property's true value in money except as provided by this subsection. The
9 taxing authority may exceed the one percent limitation in each subsequent assessment to
10 reflect cost-of-living increases, but not to exceed two percent or the percentage of increase
11 over the previous year in the Consumer Price Index for the Midwest Region as prepared
12 by the United States Bureau of Labor Statistics, or its successor index, whichever is lower.**

**13 4. No amount of real property tax revenues received by a county shall exceed the
14 real property revenues produced in 2006, excluding new construction or property**

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 improvements and cost-of-living increases as provided in subsection 3 of this section. In
16 the event that the real property tax levies will result in more property tax revenues than
17 were produced in 2006, excluding new construction or property improvements and cost-of-
18 living increases as provided in subsection 3 of this section, the taxing authority shall
19 decrease the percentage of the levy to ensure the real property tax revenues do not exceed
20 the revenues produced in 2006, excluding new construction or property improvements and
21 cost-of-living increases as provided in subsection 3 of this section. In the event that any
22 real property tax revenues in such county will be lower than the revenues received in 2006,
23 the taxing authority shall not increase the percentage of the levy to produce the same real
24 property tax revenues that were produced in 2006, but the lower amount of property tax
25 revenues received shall be the new real property tax amount ceiling in that year and for
26 real property tax calculations in the following year. In all subsequent years, if the real
27 property tax revenues are lower than the previous year and a new lower real property tax
28 rate is produced, such rate shall be the rate ceiling for the following year.

29 5. No real property tax amount due on any real property shall be more than the
30 amount due on such property in 2006, excluding new construction or property
31 improvements. In the event the real property tax amount due on any real property is more
32 than the amount due on such property in 2006, excluding new construction or property
33 improvements, the taxing authority shall decrease the percentage of the property tax
34 imposed on the property to ensure the property tax amount due does not exceed the
35 amount due in 2006, excluding new construction or property improvements and cost-of-
36 living increases as provided in subsection 3 of this section.

37 6. The true value in money of real property may be reduced to reflect substantial
38 damage, destruction, or other factors causing a decline in value.

39 7. In the event that any piece of real property changes ownership, and assessing the
40 real property as provided in this section at the time of the sale would result in a lower true
41 value in money than the previous assessment, the assessor shall lower the true value in
42 money of such property accordingly, and such lower true value in money shall be the base
43 for determining increases in the property tax assessed on such property as provided in
44 subsection 3 of this section.

45 8. The limitations in this section shall not apply to any taxes, tax increases, bonded
46 indebtedness, or special assessments approved by the voters.

47 9. The true value in money of any new construction or property improvements to
48 real property shall be equal to the cost of such new construction or property
49 improvements, and shall be added to the true value in money of the real property
50 determined before such new construction or property improvements occurred. For

51 purposes of this section, new construction or property improvements made solely for
52 maintenance or remodeling of existing real property shall not be construed to be new
53 construction or property improvements to be assessed under this subsection.

54 **10.** Any person fifty-five years of age or older may transfer the true value in money
55 of the real property to any replacement dwelling of equal or lesser value located within the
56 state and purchased or newly constructed by that person as the person's principal
57 residence within two years before or after the sale of the original property. For purposes
58 of this section, "replacement dwelling" means a building, structure, or other shelter
59 constituting a place of abode, whether real property or personal property, and any land
60 on which it may be situated. For purposes of this section, a two-dwelling unit shall be
61 considered as two separate single-family dwellings. This subsection shall not apply to any
62 person who has purchased or transferred a principal residence under subsection 11 of this
63 section.

64 **11. (1)** For purposes of this section, "changes ownership" shall not include the
65 following:

66 **(a)** The acquisition of real property as a replacement for comparable property if
67 the person acquiring the real property has been displaced from the property replaced by
68 eminent domain proceedings, by acquisition by a public entity, or governmental action that
69 has resulted in a judgment of inverse condemnation. The real property acquired shall be
70 deemed comparable to the property replaced if it is similar in size, utility, and function, or
71 if it conforms to state laws and rules governing the relocation of persons displaced by
72 governmental actions;

73 **(b)** The purchase or transfer of the principal residence of the transferor in the case
74 of a purchase or transfer between parents and their children or between grandparents and
75 their grandchildren if all such grandchildren's parents that are children of the
76 grandparents are deceased as of the date of the purchase or transfer;

77 **(c)** The purchase or transfer of the first one million dollars of the true value in
78 money of all other real property between parents and their children or between
79 grandparents and their grandchildren if all such grandchildren's parents that are children
80 of the grandparents are deceased as of the date of the purchase or transfer.

81 **(2)** This subsection shall apply to both voluntary transfers and transfers resulting
82 from a court order or judicial decree.

83 **(3)** A purchase or transfer of a principal residence shall not be excluded under
84 subdivision (1) of this subsection if the transferee grandchild or grandchildren also
85 received a principal residence, or interest therein, through another purchase or transfer
86 that was excludable under paragraph (b) of subdivision (1) of this subsection. The true

87 value in money of any real property, other than a principal residence, that was transferred
88 to the grandchild or grandchildren under a purchase or transfer that was excludable under
89 paragraph (b) of subdivision (1) of this subsection, and the true value in money of a
90 principal residence that fails to qualify for such exclusion, shall be included in applying the
91 one million dollar true value in money limit specified in paragraph (c) of subdivision (1)
92 of this subsection.

93 12. (1) As used in this subsection, "qualified contaminated property" means
94 residential or nonresidential real property that is all of the following:

95 (a) In the case of residential real property, rendered uninhabitable, and in the case
96 of nonresidential real property, rendered unusable, as the result of either environmental
97 problems, including but not limited to the presence of toxic or hazardous materials, or the
98 remediation of those environmental problems, except where the existence of the
99 environmental problems was known to the owner, or to a related individual or entity as
100 described in subdivision (4) of this subsection, at the time the real property was acquired
101 or constructed. For purposes of this paragraph, residential real property is uninhabitable
102 if that property, as a result of health hazards caused by or associated with the
103 environmental problems, is unfit for human habitation, and nonresidential real property
104 is unusable if that property, as a result of health hazards caused by or associated with the
105 environmental problems, is unhealthy and unsuitable for occupancy;

106 (b) Located on a site that has been designated as a toxic or environmental hazard
107 or as an environmental cleanup site by a department of this state or the federal
108 government;

109 (c) Real property that contains a structure or structures thereon before the
110 completion of environmental cleanup activities, and that structure or structures are
111 substantially damaged or destroyed as a result of those environmental cleanup activities;

112 (d) Stipulated by the lead governmental department, with respect to the
113 environmental problems or environmental cleanup of the real property, not to have been
114 rendered uninhabitable or unusable, as applicable, as described in paragraph (a) of this
115 subdivision, by any act or omission in which an owner of that real property participated
116 or acquiesced.

117 (2) The true value in money amount of the qualified contaminated property, as
118 adjusted as authorized by subsection 4 of this section, may be transferred to a replacement
119 property that is acquired or newly constructed as a replacement for the qualified
120 contaminated property, if the replacement real property has a fair market value that is
121 equal to or less than the fair market value of the qualified contaminated property if that
122 property were not contaminated and, except as otherwise provided by this clause, is located

123 within the same county. The true value in money amount of the qualified contaminated
124 property may be transferred to a replacement real property located within the state. This
125 subdivision shall apply only to replacement property that is acquired or newly constructed
126 within five years after ownership in the qualified contaminated property is sold or
127 otherwise transferred.

128 (3) In the case in which the remediation of the environmental problems on the
129 qualified contaminated property requires the destruction of, or results in substantial
130 damage to, a structure located on that property, the term "new construction" shall not
131 include the repair of a substantially damaged structure, or the construction of a structure
132 replacing a destroyed structure on the qualified contaminated property, performed after
133 the remediation of the environmental problems on that property, provided that the
134 repaired or replacement structure is similar in size, utility, and function to the original
135 structure.

136 (4) It shall be rebuttably presumed that an owner of the real property participated
137 or acquiesced in any act or omission that rendered the real property uninhabitable or
138 unusable, as applicable, if that owner is related to any individual or entity that committed
139 that act or omission in any of the following ways:

- 140 (a) Is a spouse, parent, child, grandparent, grandchild, or sibling of that individual;
- 141 (b) Is a corporate parent, subsidiary, or affiliate of that entity;
- 142 (c) Is an owner of, or has control of, that entity;
- 143 (d) Is owned or controlled by that entity.

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145 If this presumption is not overcome, the owner shall not receive the relief provided for in
146 subdivision (2) or (3) of this subsection. The presumption may be overcome by
147 presentation of satisfactory evidence to the assessor, who shall not be bound by the findings
148 of the lead governmental department in determining whether the presumption has been
149 overcome.

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