

SECOND REGULAR SESSION

# HOUSE JOINT RESOLUTION NO. 79

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES DAVIS (Sponsor), PORTWOOD, PARKINSON,  
SCHARNHORST, BIVINS AND FUNDERBURK (Co-sponsors).

Read 1st time April 1, 2008 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

5646L.01I

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### JOINT RESOLUTION

Submitting to the qualified voters of Missouri an amendment repealing sections 4(b) and 6 of article X of the Constitution of Missouri, and adopting two new sections in lieu thereof relating to real property taxation.

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*Be it resolved by the House of Representatives, the Senate concurring therein:*

That at the next general election to be held in the state of Missouri, on Tuesday next following the first Monday in November, 2008, or at a special election to be called by the governor for that purpose, there is hereby submitted to the qualified voters of this state, for adoption or rejection, the following amendment to article X of the Constitution of the state of Missouri:

Section A. Sections 4(b) and 6, article X, Constitution of Missouri, are repealed and two new sections adopted in lieu thereof, to be known as sections 4(b) and 6, to read as follows:

Section 4(b). **1.** Property in classes 1 and 2 and subclasses of those classes, shall be assessed for tax purposes at its value or such percentage of its value as may be fixed by law for each class and for each subclass. Property in class 3 and its subclasses shall be taxed only to the extent authorized and at the rate fixed by law for each class and subclass, and the tax shall be based on the annual yield and shall not exceed eight percent thereof. Property in class 1 shall be subclassed in the following classifications:

- (1) Residential property;
- (2) Agricultural and horticultural 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.

9           (3) Utility, industrial, commercial, railroad, and all other property not included in  
10 subclasses (1) and (2) of class 1. Property in the subclasses of class 1 may be defined by law,  
11 however subclasses (1), (2), and (3) shall not be further divided, provided, land in subclass (2)  
12 may by general law be assessed for tax purposes on its productive capability. The same  
13 percentage of value shall be applied to all properties within any subclass. No classes or subclass  
14 shall have a percentage of its true value in money in excess of thirty-three and one-third percent.

15           **2. The maximum annual increase in ad valorem taxes levied by any county, city,**  
16 **town, or any taxing district shall not exceed inflation. This limitation does not apply to ad**  
17 **valorem taxes or special assessments levied to pay the principal of and the interest and**  
18 **redemption charges on bonded indebtedness or other lawful long-term obligations issued**  
19 **or incurred for a specific purpose.**

20           **3. This section applies to all tax years beginning after December 31, 2008. The**  
21 **limitation prescribed shall be increased each year to the maximum permissible limit,**  
22 **regardless of whether the political subdivision actually levies ad valorem taxes to such**  
23 **amounts, except that beginning in 2009 the limitation prescribed by subsection 2 of this**  
24 **section shall be computed from the actual tax levy of the county, city, town, or any taxing**  
25 **district in 2005.**

26           **4. The voters, in the manner prescribed by law, may elect to allow ad valorem**  
27 **taxation in excess of the limitation prescribed by this section.**

28           **5. The maximum annual percentage change in each local government district's**  
29 **fiscal year spending equals inflation in the prior calendar year plus annual local growth.**

30           **6. Each local government district shall transfer revenue in excess of the spending**  
31 **limit in an emergency reserve cash fund, which fund is hereby created, to the extent**  
32 **necessary to ensure the balance in the fund at the end of the year in an amount equal to one**  
33 **percent of the spending limit. The emergency reserve cash fund can only be used for**  
34 **declared emergencies. Unused emergency funds apply to the next year's emergency cash**  
35 **reserve fund. Any excess reserves that remain after the local government district has made**  
36 **transfers to the emergency cash reserve fund shall be refunded during the next fiscal year**  
37 **through temporary property or sales tax reductions.**

38           **7. As used in this section, the following terms mean:**

39           **(1) "Bonds", any form of multi-fiscal year indebtedness, including nonrecourse,**  
40 **limited tax general obligation bonds, or limited liability bonds;**

41           **(2) "Emergency", an extraordinary event or occurrence that could not have been**  
42 **reasonably foreseen or prevented and that requires immediate expenditure to preserve the**  
43 **health, safety, and general welfare of the people;**

44           **(3) "Fiscal year", any accounting period consisting of twelve consecutive months;**

45           (4) "Fiscal year spending", the total amount of moneys appropriated by the local  
46 government district except:

47           (a) Appropriations funded moneys received from the federal government;

48           (b) Principal and interest on bonded indebtedness;

49           (c) Appropriations funded by unemployment and disability insurance funds;

50           (d) Appropriations funded by discretionary user charges to the extent that such  
51 charges do not exceed the cost of the goods or services and purchase by the user is  
52 discretionary;

53           (e) Appropriations funded from permanent endowment, trust funds, or pension  
54 funds;

55           (f) Proceeds of gifts or bequests made for purposes specified by the donor; or

56           (g) Moneys appropriated for tax relief;

57           (5) "Inflation", the consumer price index (all items) for the United States of  
58 America, or any comparable index as computed by the bureau of labor statistics or  
59 successor agency;

60           (6) "Local government district", any local governmental jurisdiction, including  
61 cities, municipalities, counties, school districts, and special districts;

62           (7) "Local growth", for a nonschool district, a net percentage in actual value of all  
63 real property in a district from construction of taxable real property improvements, minus  
64 destruction of similar improvements, and additions to, minus deletions from, taxable real  
65 property, and for a school district, the percentage change in student enrollment;

66           (8) "Population", the number of people residing in the state, excluding armed  
67 forces stationed overseas, as determined by the bureau of the census;

68           (9) "Voter approval", approval by a majority of eligible voters participating in an  
69 election.

70           8. The provisions of this section are self-enforcing; provided, however, that the  
71 general assembly may enact laws implementing such provisions which are not inconsistent  
72 with this section.

Section 6. [1.] All property, real and personal, of the state, counties and other political  
2 subdivisions, and nonprofit cemeteries, shall be exempt from taxation; all personal property held  
3 as industrial inventories, including raw materials, work in progress and finished work on hand,  
4 by manufacturers and refiners, and all personal property held as goods, wares, merchandise,  
5 stock in trade or inventory for resale by distributors, wholesalers, or retail merchants or  
6 establishments shall be exempt from taxation; and all property, real and personal, not held for  
7 private or corporate profit and used exclusively for religious worship, for schools and colleges,  
8 for purposes purely charitable, for agricultural and horticultural societies, or for veterans'

9 organizations may be exempted from taxation by general law. In addition to the above,  
10 household goods, furniture, wearing apparel and articles of personal use and adornment owned  
11 and used by a person in his home or dwelling place may be exempt from taxation by general law  
12 but any such law may provide for approximate restitution to the respective political subdivisions  
13 of revenues lost by reason of the exemption. All laws exempting from taxation property other  
14 than the property enumerated in this article, shall be void. The provisions of this section  
15 exempting certain personal property of manufacturers, refiners, distributors, wholesalers, and  
16 retail merchants and establishments from taxation shall become effective, unless otherwise  
17 provided by law, in each county on January 1 of the year in which that county completes its first  
18 general reassessment as defined by law.

19 [2. All revenues lost because of the exemption of certain personal property of  
20 manufacturers, refiners, distributors, wholesalers, and retail merchants and establishments shall  
21 be replaced to each taxing authority within a county from a countywide tax hereby imposed on  
22 all property in subclass 3 of class 1 in each county. For the year in which the exemption becomes  
23 effective, the county clerk shall calculate the total revenue lost by all taxing authorities in the  
24 county and extend upon all property in subclass 3 of class 1 within the county, a tax at the rate  
25 necessary to produce that amount. The rate of tax levied in each county according to this  
26 subsection shall not be increased above the rate first imposed and will stand levied at that rate  
27 unless later reduced according to the provisions of subsection 3. The county collector shall  
28 disburse the proceeds according to the revenue lost by each taxing authority because of the  
29 exemption of such property in that county. Restitution of the revenues lost by any taxing district  
30 contained in more than one county shall be from the several counties according to the revenue  
31 lost because of the exemption of property in each county. Each year after the first year the  
32 replacement tax is imposed, the amount distributed to each taxing authority in a county shall be  
33 increased or decreased by an amount equal to the amount resulting from the change in that  
34 district's total assessed value of property in subclass 3 of class 1 at the countywide replacement  
35 tax rate. In order to implement the provisions of this subsection, the limits set in section 11(b)  
36 of this article may be exceeded, without voter approval, if necessary to allow each county listed  
37 in section 11(b) to comply with this subsection.

38 3. Any increase in the tax rate imposed pursuant to subsection 2 of this section shall be  
39 decreased if such decrease is approved by a majority of the voters of the county voting on such  
40 decrease. A decrease in the increased tax rate imposed under subsection 2 of this section may  
41 be submitted to the voters of a county by the governing body thereof upon its own order,  
42 ordinance, or resolution and shall be submitted upon the petition of at least eight percent of the  
43 qualified voters who voted in the immediately preceding gubernatorial election.

44           4. As used in this section, the terms "revenues lost" and "lost revenues" shall mean that  
45 revenue which each taxing authority received from the imposition of a tangible personal property  
46 tax on all personal property held as industrial inventories, including raw materials, work in  
47 progress and finished work on hand, by manufacturers and refiners, and all personal property  
48 held as goods, wares, merchandise, stock in trade or inventory for resale by distributors,  
49 wholesalers, or retail merchants or establishments in the last full tax year immediately preceding  
50 the effective date of the exemption from taxation granted for such property under subsection 1  
51 of this section, and which was no longer received after such exemption became effective.]

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