

CCS HCS SS SCS SB 711 -- PROPERTY TAXATION

This bill changes the laws regarding property taxation by requiring tax rate rollbacks by all political subdivisions in reassessment years, changing the way voter-approved tax increases are applied to assessed values, changing the time line for the assessment and appeal of property taxes, and changing the property tax credit limits. In its main provisions, the bill:

(1) Prohibits penalties and interest on the erroneous payment of property taxes when there is clear and convincing evidence that the county made an error in determining the tax amount due. Any penalty or interest paid by the taxpayer will be refunded upon the discovery of the error;

(2) Increases the maximum upper income limit to \$30,000, the spouse exemption to \$4,000, and the amount of the credit to \$1,100 for homeowners under the senior citizen/disabled person property tax credit;

(3) Revises the definition of "agricultural and horticultural property" as it relates to property tax to include real property devoted primarily to showing horses;

(4) Repeals the requirement that owners of marinas or other comparable facilities providing dockage or storage space submit personal property lists of the property located at their facilities to the county assessor where the properties are located for property tax assessment. The bill also repeals the requirement that operators of rental and leasing facilities provide a description of the personal property located within the rental and leasing facilities to the county assessor;

(5) Clarifies the term "base year," extends the deadline to file an application from September 30 to October 15, and requires the Director of the Department of Revenue to determine the apportionment percentage by equally distributing it among all eligible applicants for the Missouri Homestead Preservation Act;

(6) Requires voter-approved property tax rate increases to be applied to a political subdivision's most recent total assessed valuation, as certified by the city or county on or before the date of the election. Every political subdivision in a reassessment year must roll back its prior year's tax rate regardless of whether the political subdivision was levying the tax at its tax rate ceiling. A political subdivision can modify its tax rate, not to exceed its maximum authorized voter-approved levy, through the adoption of an ordinance, resolution, or policy statement in a non-reassessment year;

(7) Requires all counties and the City of St. Louis to allow public testimony at the public hearing prior to setting the tax rates;

(8) Allows charter counties and the City of St. Louis to set their tax rates by October 1 instead of September 20;

(9) Requires assessors for the City of St. Louis and all charter counties to notify taxpayers by June 15 of real property assessment increases and the county to provide an estimated tax liability for the property beginning January 1, 2009;

(10) Requires assessors for non-charter counties to notify taxpayers by June 15 of real property assessment increases and the county to provide an estimated tax liability for the property beginning January 1, 2011;

(11) Requires assessors to provide the city or county clerks with assessment books by March 1 of each year to assist with determining the estimated tax liability on properties with increased assessed valuations. The clerks must make abstracts of the assessment books showing the aggregate amount of different types of property and the valuation of each type for each political subdivision levying taxes on property;

(12) Requires governing bodies of political subdivisions to informally project non-binding tax rate levies from the information provided in the abstracts and provide the projected levies to the clerk by April 8 of each year;

(13) Requires the county collector to calculate the projected tax liability for each property for which the assessor intends to provide a notice of increased assessed valuation by April 30 by utilizing the projected tax levies;

(14) Reduces a political subdivision's tax levy by 20% for the tax year if it fails to provide projected tax levies by April 8 unless the failure is a direct result of a delinquency in providing, or failure to provide, the required information by either the clerk or the assessor;

(15) Specifies that the estimation of the value of depreciable tangible personal property for mass appraisal purposes will not be construed to create a presumption as to the proper method of determining the assessed valuation of business personal property placed in service prior to January 2, 2006;

(16) Extends the requirement that certain counties and the City of St. Louis must deduct a percentage of all property tax collections and deposit the amount into the county's assessment

fund from December 31, 2009, to December 31, 2015. Beginning July 1, 2009, the bill increases the percentage deducted from either  $\frac{1}{8}$  of 1% or  $\frac{1}{4}$  of 1% to either  $\frac{1}{8}$  of 1% or  $\frac{1}{2}$  of 1% and increases the income limits from \$100,000 to \$125,000 in any year for first classification and charter counties and from \$50,000 to \$75,000 for second, third, and fourth classification counties. If the commission withholds state assessment reimbursement funds from a county for three consecutive quarters, the extra  $\frac{1}{8}$  of 1% or  $\frac{1}{2}$  of 1% collection revenues in the county assessment fund will be forfeited and returned by the county to the political subdivisions within the county;

(17) Changes which counties of the first classification are required to withhold 1% of all property taxes to be deposited into the county's assessment fund;

(18) Specifies that the true value in money for assessment purposes of any possessory interest in real property located on or within the ultimate airport boundary shown by a federal airport layout plan of a commercial airport owned by a political subdivision will be the true value in money of the possessory interest in the real property less the total costs paid toward any new construction or improvements completed on the property after January 1, 2008, if included in the possessory interest, unless paid by the political subdivision, regardless of the year the costs were incurred;

(19) Authorizes, beginning January 1, 2009, a property tax credit for expenses incurred to manufacture, maintain, or improve a freight line company's qualified rolling stock up to the amount of its tax liability. Subject to appropriations, the state will annually reimburse a political subdivision for any loss in revenue;

(20) Changes the date that the St. Louis County Board of Equalization convenes from the first Monday in June to the first Monday in July;

(21) Requires the State Tax Commission to develop or enter into contracts for the development of computer software programs which will produce the notice of projected tax liability. Any collector that files a request with the commission before December 31, 2009, will be provided with the computer software programs;

(22) Requires the circuit court clerk to send the county collector a notice when a taxpayer timely files an appeal seeking exemption of a final decision of the local board of equalization. The notice must contain the taxpayer's name, the case number assigned by the court, and the parcel or locator number of the

property being appealed. The notice to the collector must state that the taxes in dispute are to be impounded;

(23) Requires the commission to send the county collector a notice of appeal when a taxpayer timely files an appeal. The notice must contain the taxpayer's name, the appeal number assigned by the commission, the assessed value provided to the local board of equalization, and the assessed value proposed by the taxpayer if the values are available to the commission when the appeal is filed. The notice must also specifically state that the taxes in dispute are to be impounded; and if the notice is filed in an odd-numbered year, it will serve as notice to the collector to impound taxes for the following even-numbered year if no decision has been rendered in the appeal;

(24) Relieves a taxpayer from the requirement of filing a statement of protest if the taxpayer filed an appeal from a local board of equalization to the commission or circuit court;

(25) Changes several provisions of law regarding the notification of appeal of assessment and the impounding, investing, and refunding of protested tax payments;

(26) Specifies that school districts which levy a tax rate below the performance levy due to mandatory roll-backs in the provisions of the bill will continue to be eligible to receive grants currently provided to small school districts. Political subdivisions with voter-approved rate increases subsequent to setting their most recent tax rate are exempt from the provisions regarding the mandatory rollback in reassessment years;

(27) Repeals the requirement that the commission notify each school district of the equivalent sales ratio for the previous year which was adopted to determine the equalized assessed valuation of the property and the equalized operating levy of the school district for distributions under the previous school foundation formula;

(28) Establishes the Office of State Ombudsman for Property Assessment and Taxation within the commission to help assure the fairness, accountability, and transparency of the property tax process;

(29) Requires additional ballot language on school bond issues in all school districts to include the estimated increase in the debt service property tax levy for the district; and

(30) Limits the fee charged by the Department of Revenue for motor vehicle and driver's records to .5 cents per record for batch/bulk customer requests.

The provisions of the bill regarding the qualified rolling stock property tax credit will expire six years after the effective date.