

HCS HB 5 -- COMMERCIAL PROPERTY TAX ASSESSMENT REDUCTION BECAUSE OF A NATURAL DISASTER

SPONSOR: Koenig (White)

COMMITTEE ACTION: Voted "do pass" by the Committee on Ways and Means by a vote of 11 to 0.

This substitute requires the county assessor to remove from the current year's tax book on a pro-rata basis any commercial real property destroyed by a natural disaster if the property owner files an application with the assessor's office listing all destroyed property and if the property is unusable for a commercial activity. The assessor may verify all the destroyed property listed to ensure that the person made a correct statement. Any person who fraudulently lists any property must be assessed double the value of the property in addition to any other penalties provided by law. Once the reconstruction of the property is completed and a certificate of occupancy is issued or the assessor determines that the property is suitable for commercial use, the property will be returned to the tax rolls. A political subdivision can adjust the rate of taxation to recover the loss of revenue, to the extent previously authorized by the voters, in the tax year immediately following the year of destruction in an amount not to exceed the lost revenue. Beginning January 1, 2011, the bill becomes effective immediately upon the adoption of these provisions by the governing body of any county or the City of St. Louis.

The substitute contains an emergency clause.

FISCAL NOTE: No impact on General Revenue Fund in FY 2012, FY 2013, and FY 2014. Estimated Net Effect on Other State Funds of an Income of \$0 to a Cost of Unknown in FY 2012, an Income of Unknown to a Cost of Unknown in FY 2013, and an Income of Unknown to a Cost of Unknown in FY 2014.

PROPONENTS: Supporters say that the bill will provide relief for the businesses destroyed earlier this year by tornadoes and flooding. The bill allows counties and St. Louis City to opt into this process which is similar to the current occupancy laws for residential properties destroyed by natural disasters. A taxing entity can recover lost revenue by increasing its tax levy if there is room under its rate ceiling for an increase.

Testifying for the bill were Representative White; St. Louis County Economic Council; Associated Industries of Missouri; and

Department of Revenue.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that setting the levy is not done by the assessor but by the taxing district. A taxing district can raise its levy to its maximum tax rate ceiling to recover any losses as a result of the bill. The assessor will assess the destroyed properties and then the taxpayer will get his or her taxes recalculated by the collector. Most levies are set with the books closed, and the tax bills are ready to be printed by this time of year. The bill is retroactive for this year.

Testifying on the bill was Missouri State Assessor's Association.