

House _____ Amendment NO. _____

Offered By

AMEND House Committee Substitute for Senate Committee Substitute for Senate Bill No. 908,
Page 38, Section 137.115, Line 210, by inserting after all of said section and line the following:

"137.122. 1. As used in this section, the following terms mean:

(1) "Business personal property", tangible personal property which is used in a trade or business or used for production of income and which has a determinable life of longer than one year except that supplies used by a business shall also be considered business personal property, but shall not include livestock, farm machinery, grain and other agricultural crops in an unmanufactured condition, property subject to the motor vehicle registration provisions of chapter 301, property assessed under section 137.078, the property of rural electric cooperatives under chapter 394, or property assessed by the state tax commission under chapters 151, 153, and 155, section 137.022, and sections 137.1000 to 137.1030;

(2) "Class life", the class life of property as set out in the federal Modified Accelerated Cost Recovery System life tables or their successors under the Internal Revenue Code as amended;

(3) "Economic or functional obsolescence", a loss in value of personal property above and beyond physical deterioration and age of the property. Such loss may be the result of economic or functional obsolescence or both;

(4) "Original cost", the price the current owner, the taxpayer, paid for the item without freight, installation, or sales or use tax. In the case of acquisition of items of personal property as part of an acquisition of an entity, the original cost shall be the historical cost of those assets remaining in place and in use and the placed-in-service date shall be the date of acquisition by the entity being acquired;

(5) "Placed in service", property is placed in service when it is ready and available for a specific use, whether in a business activity, an income-producing activity, a tax-exempt activity, or a personal activity. Even if the property is not being used, the property is in service when it is ready and available for its specific use;

(6) "Recovery period", the period over which the original cost of depreciable tangible personal property shall be depreciated for property tax purposes and shall be the same as the recovery period allowed for such property under the Internal Revenue Code.

2. To establish uniformity in the assessment of depreciable tangible personal property, each

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assessor shall use the standardized schedule of depreciation in this section to determine the assessed valuation of depreciable tangible personal property for the purpose of estimating the value of such property subject to taxation under this chapter.

3. For purposes of this section, and to estimate the value of depreciable tangible personal property for mass appraisal purposes, each assessor shall value depreciable tangible personal property by applying the class life and recovery period to the original cost of the property according to the following depreciation schedule. The percentage shown for the first year shall be the percentage of the original cost used for January first of the year following the year of acquisition of the property, and the percentage shown for each succeeding year shall be the percentage of the original cost used for January first of the respective succeeding year as follows:

Year	Recovery Period in Years					
	3	5	7	10	15	20
1	75.00	85.00	89.29	92.50	95.00	96.25
2	37.50	59.50	70.16	78.62	85.50	89.03
3	12.50	41.65	55.13	66.83	76.95	82.35
4	5.00	24.99	42.88	56.81	69.25	76.18
5		10.00	30.63	48.07	62.32	70.46
6			18.38	39.33	56.09	65.18
7			10.00	30.59	50.19	60.29
8				21.85	44.29	55.77
9				15.00	38.38	51.31
10					32.48	46.85
11					26.57	42.38
12					20.67	37.92
13					15.00	33.46
14						29.00
15						24.54
16						20.08
17						20.00

1 Depreciable tangible personal property in all recovery periods shall continue in subsequent years to
2 have the depreciation factor last listed in the appropriate column so long as it is owned or held by
3 the taxpayer. The state tax commission shall study and analyze the values established by this
4 method of assessment and in every odd-numbered year make recommendations to the joint
5 committee on tax policy pertaining to any changes in this methodology, if any, that are warranted.

6 4. Such estimate of value determined under this section shall be presumed to be correct for
7 the purpose of determining the true value in money of the depreciable tangible personal property,
8 but such estimation may be disproved by a taxpayer by substantial and persuasive evidence of the
9 true value in money under any method determined by the state tax commission to be correct,
10 including, but not limited to, an appraisal of the tangible personal property specifically utilizing
11 generally accepted appraisal techniques, and contained in a narrative appraisal report in accordance
12 with the Uniform Standards of Professional Appraisal Practice or by proof of economic or
13 functional obsolescence or evidence of excessive physical deterioration. For purposes of appeal of
14 the provisions of this section, the salvage or scrap value of depreciable tangible personal property
15 may only be considered if the property is not in use as of the assessment date.

16 5. This section shall not apply to business personal property placed in service before January
17 2, 2006. Nothing in this section shall create a presumption as to the proper method of determining
18 the assessed valuation of business personal property placed in service before January 2, 2006,
19 provided, however, that as of January 1, 2023, this section shall apply to all real property that is
20 stationary property used for transportation or storage of liquid and gaseous products, including, but
21 not limited to, natural gas that is not propane or LP gas, water, and sewage, but not including
22 petroleum products, that was or will be placed in service at any time.

23 6. The provisions of this section are not intended to modify the definition of tangible
24 personal property as defined in section 137.010."; and
25

26 Further amend said bil, Page 42, Section 238.222, Line 40, by inserting after all of said section and
27 line the following:
28

29 "393.1275. 1. The provisions of section 386.020 defining words, phrases, and terms shall
30 apply to and determine the meaning of all such words, phrases, or terms as used in this section.

31 2. Electrical corporations, gas corporations, sewer corporations, and water corporations shall
32 defer to a regulatory asset or liability account any difference in state or local property tax expenses
33 actually incurred, and those on which the revenue requirement used to set rates in the corporation's
34 most recently completed general rate proceeding was based. The regulatory asset or liability
35 account balances shall be included in the revenue requirement used to set rates through an
36 amortization over a reasonable period of time in such corporation's subsequent general rate
37 proceedings, without any offset. The commission shall also adjust the rate base used to establish the
38 revenue requirement of such corporation to reflect the unamortized regulatory asset or liability
39 account balances in such general rate proceedings."; and

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- 2 Further amend said bill by amending the title, enacting clause, and intersectional references
- 3 accordingly.