

FIRST REGULAR SESSION

HOUSE BILL NO. 349

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CHRISTOFANELLI.

0166H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 137.010 and 137.122, RSMo, and to enact in lieu thereof two new sections relating to property taxes.

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

Section A. Sections 137.010 and 137.122, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 137.010 and 137.122, to read as follows:

2 137.010. The following words, terms and phrases when used in laws governing
2 taxation and revenue in the state of Missouri shall have the meanings ascribed to them in this
3 section, except when the context clearly indicates a different meaning:

4 (1) "Grain and other agricultural crops in an unmanufactured condition" shall mean
5 grains and feeds including, but not limited to, soybeans, cow peas, wheat, corn, oats, barley,
6 kafir, rye, flax, grain sorghums, cotton, and such other products as are usually stored in grain
7 and other elevators and on farms; but excluding such grains and other agricultural crops after
8 being processed into products of such processing, when packaged or sacked. The term
9 "processing" shall not include hulling, cleaning, drying, grating, or polishing;

10 (2) "Hydroelectric power generating equipment", very-low-head turbine generators
11 with a nameplate generating capacity of at least four hundred kilowatts but not more than six
12 hundred kilowatts and machinery and equipment used directly in the production, generation,
13 conversion, storage, or conveyance of hydroelectric power to land-based devices and
14 appurtenances used in the transmission of electrical energy;

15 (3) "Intangible personal property", for the purpose of taxation, shall include all
16 property other than real property and tangible personal property, as defined by this section;

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.

17 (4) "Real property" includes land itself, whether laid out in town lots or otherwise,
18 and all growing crops, buildings, structures, improvements and fixtures of whatever kind
19 thereon, hydroelectric power generating equipment, the installed poles used in the
20 transmission or reception of electrical energy, audio signals, video signals or similar
21 purposes, provided the owner of such installed poles is also an owner of a fee simple interest,
22 possessor of an easement, holder of a license or franchise, or is the beneficiary of a right-of-
23 way dedicated for public utility purposes for the underlying land; **and** attached wires,
24 transformers, amplifiers, substations, and other such devices and appurtenances used in the
25 transmission or reception of electrical energy, audio signals, video signals or similar purposes
26 when owned by the owner of the installed poles, otherwise such items are considered personal
27 property; and stationary property used for transportation or storage of ~~liquid and gaseous~~
28 ~~products, including, but not limited to,~~ petroleum products~~[- natural gas,]~~ **and** propane or LP
29 gas equipment~~[- water, and sewage];~~

30 (5) "Reliever airport", any land and improvements, exclusive of structures, on
31 privately owned airports that qualify as reliever airports under the National Plan of Integrated
32 Airport Systems that may receive federal airport improvement project funds through the
33 Federal Aviation Administration;

34 (6) "Tangible personal property" includes every tangible thing being the subject of
35 ownership or part ownership whether animate or inanimate, other than money, and not
36 forming part or parcel of real property as herein defined, but does not include household
37 goods, furniture, wearing apparel and articles of personal use and adornment, as defined by
38 the state tax commission, owned and used by a person in his home or dwelling place.
39 **Stationary property used for transportation or storage of liquid and gaseous products**
40 **including, but not limited to, natural gas that is not propane or LP gas, water, and**
41 **sewage shall be considered tangible personal property.**

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

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

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

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

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

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

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

28 2. To establish uniformity in the assessment of depreciable tangible personal property,
 29 each assessor shall use the standardized schedule of depreciation in this section to determine
 30 the assessed valuation of depreciable tangible personal property for the purpose of estimating
 31 the value of such property subject to taxation under this chapter.

32 3. For purposes of this section, and to estimate the value of depreciable tangible
 33 personal property for mass appraisal purposes, each assessor shall value depreciable tangible
 34 personal property by applying the class life and recovery period to the original cost of the
 35 property according to the following depreciation schedule. The percentage shown for the first
 36 year shall be the percentage of the original cost used for January first of the year following the
 37 year of acquisition of the property, and the percentage shown for each succeeding year shall
 38 be the percentage of the original cost used for January first of the respective succeeding year
 39 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

49	8				21.85	44.29	55.77
50	9				15.00	38.38	51.31
51	10					32.48	46.85
52	11					26.57	42.38
53	12					20.67	37.92
54	13					15.00	33.46
55	14						29.00
56	15						24.54
57	16						20.08
58	17						20.00

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

66 4. Such estimate of value determined under this section shall be presumed to be
 67 correct for the purpose of determining the true value in money of the depreciable tangible
 68 personal property, but such estimation may be disproved **by a taxpayer** by substantial and
 69 persuasive evidence of the true value in money under any method determined by the state tax
 70 commission to be correct, including, but not limited to, an appraisal of the tangible personal
 71 property specifically utilizing generally accepted appraisal techniques, and contained in a
 72 narrative appraisal report in accordance with the Uniform Standards of Professional Appraisal
 73 Practice or by proof of economic or functional obsolescence or evidence of excessive
 74 physical deterioration. For purposes of appeal of the provisions of this section, the salvage or
 75 scrap value of depreciable tangible personal property may only be considered if the property
 76 is not in use as of the assessment date.

77 5. This section shall not apply to business personal property placed in service before
 78 January 2, 2006. Nothing in this section shall create a presumption as to the proper method of
 79 determining the assessed valuation of business personal property placed in service before
 80 January 2, 2006; **provided, however, that as of January 1, 2023, this section shall apply to**
 81 **all stationary property used for transportation or storage of liquid and gaseous products**
 82 **including, but not limited to, natural gas that is not propane or LP gas, water, and**
 83 **sewage that was or will be placed in service at any time.**

84 6. The provisions of this section are not intended to modify the definition of tangible
85 personal property as defined in section 137.010.

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