

SECOND REGULAR SESSION

HOUSE BILL NO. 2110

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CHRISTOFANELLI.

3547H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 137.122, RSMo, and to enact in lieu thereof one new section relating to property taxes.

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

Section A. Section 137.122, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 137.122, to read as follows:

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

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.

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
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

54	13				15.00	33.46
55	14					29.00
56	15					24.54
57	16					20.08
58	17					20.00

59

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.

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

83 7. **(1) For all tax years beginning on or after January 1, 2025, the provisions of**
 84 **this section shall apply to all real property, placed in service at any time, that is**
 85 **stationary property used for transportation or storage of liquid and gaseous products,**
 86 **including water, sewage, and natural gas that is not propane or LP gas, but not**
 87 **including petroleum products.**

88 **(2) To estimate the value of the real property described in subdivision (1) of this**
 89 **subsection, each assessor shall value such property by applying the depreciation**

90 schedule provided in subsection 3 of this section to the original cost of the property.
91 Notwithstanding the provisions of subsection 5 of this section to the contrary, the
92 presumption as to the proper method of determining the assessed value of such property
93 shall apply regardless of when such property was placed in service.

94 (3) Each taxpayer owning real property described in subdivision (1) of this
95 subsection shall provide to an assessor, upon written request from an assessor received
96 no later than January thirty-first of the applicable tax year, the original cost and year
97 placed in service of such property summarized in a format that is substantially similar
98 to the real property reporting and valuation forms contained in section 7.4 of the state
99 tax commission assessor manual (revision date March 23, 2016) or its successor. Such
100 information shall be provided for each taxing district within the assessor's jurisdiction if
101 the assessor's written request includes a description of each taxing district that is
102 sufficient to enable the taxpayer to provide such information and such information is
103 maintained by and readily available to the taxpayer. The taxpayer shall certify that the
104 information provided to the assessor pursuant to this subsection is accurate to the best
105 of its knowledge. All information provided to an assessor pursuant to this subsection
106 shall be considered proprietary information and shall be accessible only to the assessor
107 and the assessor's staff for internal use only.

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