

SECOND REGULAR SESSION

HOUSE BILL NO. 2430

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MCGIRL.

5035H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 137.073, RSMo, and to enact in lieu thereof one new section relating to personal property valuations.

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

Section A. Section 137.073, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 137.073, to read as follows:

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

(1) "General reassessment", changes in value, entered in the assessor's books, of a substantial portion of the parcels of real property within a county resulting wholly or partly from reappraisal of value or other actions of the assessor or county equalization body or ordered by the state tax commission or any court;

(2) "Tax rate", "rate", or "rate of levy", singular or plural, includes the tax rate for each purpose of taxation of property a taxing authority is authorized to levy without a vote and any tax rate authorized by election, including bond interest and sinking fund;

(3) "Tax rate ceiling", a tax rate as revised by the taxing authority to comply with the provisions of this section or when a court has determined the tax rate; except that, other provisions of law to the contrary notwithstanding, a school district may levy the operating levy for school purposes required for the current year pursuant to subsection 2 of section 163.021, less all adjustments required pursuant to Article X, Section 22 of the Missouri Constitution, if such tax rate does not exceed the highest tax rate in effect subsequent to the 1980 tax year. This is the maximum tax rate that may be levied, unless a higher tax rate ceiling is approved by voters of the political subdivision as provided in 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) "Tax revenue", when referring to the previous year, means the actual receipts from
18 ad valorem levies on all classes of property, including state-assessed property, in the
19 immediately preceding fiscal year of the political subdivision, plus an allowance for taxes
20 billed but not collected in the fiscal year and plus an additional allowance for the revenue
21 which would have been collected from property which was annexed by such political
22 subdivision but which was not previously used in determining tax revenue pursuant to this
23 section. The term "tax revenue" shall not include any receipts from ad valorem levies on any
24 property of a railroad corporation or a public utility, as these terms are defined in section
25 386.020, which were assessed by the assessor of a county or city in the previous year but are
26 assessed by the state tax commission in the current year. All school districts and those
27 counties levying sales taxes pursuant to chapter 67 shall include in the calculation of tax
28 revenue an amount equivalent to that by which they reduced property tax levies as a result of
29 sales tax pursuant to section 67.505 and section 164.013 ~~[or as excess home dock city or~~
30 ~~county fees as provided in subsection 4 of section 313.820]~~ in the immediately preceding
31 fiscal year but not including any amount calculated to adjust for prior years. For purposes of
32 political subdivisions which were authorized to levy a tax in the prior year but which did not
33 levy such tax or levied a reduced rate, the term "tax revenue", as used in relation to the
34 revision of tax levies mandated by law, shall mean the revenues equal to the amount that
35 would have been available if the voluntary rate reduction had not been made.

36 2. Whenever changes in assessed valuation are entered in the assessor's books for any
37 personal property, in the aggregate, or for any subclass of real property as such subclasses are
38 established in Section 4(b) of Article X of the Missouri Constitution and defined in section
39 137.016, the county clerk in all counties and the assessor of St. Louis City shall notify each
40 political subdivision wholly or partially within the county or St. Louis City of the change in
41 valuation of each subclass of real property, individually, and personal property, in the
42 aggregate, exclusive of new construction and improvements. All political subdivisions shall
43 immediately revise the applicable rates of levy for each purpose for each subclass of real
44 property, individually, and personal property, in the aggregate, for which taxes are levied to
45 the extent necessary to produce from all taxable property, exclusive of new construction and
46 improvements, substantially the same amount of tax revenue as was produced in the previous
47 year for each subclass of real property, individually, and personal property, in the aggregate,
48 except that the rate shall not exceed the greater of the most recent voter-approved rate or the
49 most recent voter-approved rate as adjusted under subdivision (2) of subsection 5 of this
50 section. Any political subdivision that has received approval from voters for a tax increase
51 after August 27, 2008, may levy a rate to collect substantially the same amount of tax revenue
52 as the amount of revenue that would have been derived by applying the voter-approved
53 increased tax rate ceiling to the total assessed valuation of the political subdivision as most

54 recently certified by the city or county clerk on or before the date of the election in which
55 such increase is approved, increased by the percentage increase in the consumer price index,
56 as provided by law, except that the rate shall not exceed the greater of the most recent voter-
57 approved rate or the most recent voter-approved rate as adjusted under subdivision (2) of
58 subsection 5 of this section. Such tax revenue shall not include any receipts from ad valorem
59 levies on any real property which was assessed by the assessor of a county or city in such
60 previous year but is assessed by the assessor of a county or city in the current year in a
61 different subclass of real property. Where the taxing authority is a school district for the
62 purposes of revising the applicable rates of levy for each subclass of real property, the tax
63 revenues from state-assessed railroad and utility property shall be apportioned and attributed
64 to each subclass of real property based on the percentage of the total assessed valuation of the
65 county that each subclass of real property represents in the current ~~taxable~~ tax year. As
66 provided in Section 22 of Article X of the constitution, a political subdivision may also revise
67 each levy to allow for inflationary assessment growth occurring within the political
68 subdivision. The inflationary growth factor for any such subclass of real property or personal
69 property shall be limited to the actual assessment growth in such subclass or class, exclusive
70 of new construction and improvements, and exclusive of the assessed value on any real
71 property which was assessed by the assessor of a county or city in the current year in a
72 different subclass of real property, but not to exceed the consumer price index or five percent,
73 whichever is lower. Should the tax revenue of a political subdivision from the various tax
74 rates determined in this subsection be different than the tax revenue that would have been
75 determined from a single tax rate as calculated pursuant to the method of calculation in this
76 subsection prior to January 1, 2003, then the political subdivision shall revise the tax rates of
77 those subclasses of real property, individually, and/or personal property, in the aggregate, in
78 which there is a tax rate reduction, pursuant to the provisions of this subsection. Such
79 revision shall yield an amount equal to such difference and shall be apportioned among such
80 subclasses of real property, individually, and/or personal property, in the aggregate, based on
81 the relative assessed valuation of the class or subclasses of property experiencing a tax rate
82 reduction. Such revision in the tax rates of each class or subclass shall be made by computing
83 the percentage of current year adjusted assessed valuation of each class or subclass with a tax
84 rate reduction to the total current year adjusted assessed valuation of the class or subclasses
85 with a tax rate reduction, multiplying the resulting percentages by the revenue difference
86 between the single rate calculation and the calculations pursuant to this subsection and
87 dividing by the respective adjusted current year assessed valuation of each class or subclass to
88 determine the adjustment to the rate to be levied upon each class or subclass of property. The
89 adjustment computed herein shall be multiplied by one hundred, rounded to four decimals in
90 the manner provided in this subsection, and added to the initial rate computed for each class

91 or subclass of property. For school districts that levy separate tax rates on each subclass of
92 real property and personal property in the aggregate, if voters approved a ballot before
93 January 1, 2011, that presented separate stated tax rates to be applied to the different
94 subclasses of real property and personal property in the aggregate, or increases the separate
95 rates that may be levied on the different subclasses of real property and personal property in
96 the aggregate by different amounts, the tax rate that shall be used for the single tax rate
97 calculation shall be a blended rate, calculated in the manner provided under subdivision (1) of
98 subsection 6 of this section. Notwithstanding any provision of this subsection to the contrary,
99 no revision to the rate of levy for personal property shall cause such levy to increase over the
100 levy for personal property from the prior year.

101 3. (1) Where the taxing authority is a school district, it shall be required to revise the
102 rates of levy to the extent necessary to produce from all taxable property, including state-
103 assessed railroad and utility property, which shall be separately estimated in addition to other
104 data required in complying with section 164.011, substantially the amount of tax revenue
105 permitted in this section. In the year following tax rate reduction, the tax rate ceiling may be
106 adjusted to offset such district's reduction in the apportionment of state school moneys due to
107 its reduced tax rate. However, in the event any school district, in calculating a tax rate ceiling
108 pursuant to this section, requiring the estimating of effects of state-assessed railroad and
109 utility valuation or loss of state aid, discovers that the estimates used result in receipt of
110 excess revenues, which would have required a lower rate if the actual information had been
111 known, the school district shall reduce the tax rate ceiling in the following year to compensate
112 for the excess receipts, and the recalculated rate shall become the tax rate ceiling for purposes
113 of this section.

114 (2) For any political subdivision which experiences a reduction in the amount of
115 assessed valuation relating to a prior year, due to decisions of the state tax commission or a
116 court pursuant to sections 138.430 to 138.433, or due to clerical errors or corrections in the
117 calculation or recordation of any assessed valuation:

118 (a) Such political subdivision may revise the tax rate ceiling for each purpose it levies
119 taxes to compensate for the reduction in assessed value occurring after the political
120 subdivision calculated the tax rate ceiling for the particular subclass of real property or for
121 personal property, in the aggregate, in a prior year. Such revision by the political subdivision
122 shall be made at the time of the next calculation of the tax rate for the particular subclass of
123 real property or for personal property, in the aggregate, after the reduction in assessed
124 valuation has been determined and shall be calculated in a manner that results in the revised
125 tax rate ceiling being the same as it would have been had the corrected or finalized assessment
126 been available at the time of the prior calculation;

127 (b) In addition, for up to three years following the determination of the reduction in
128 assessed valuation as a result of circumstances defined in this subdivision, such political
129 subdivision may levy a tax rate for each purpose it levies taxes above the revised tax rate
130 ceiling provided in paragraph (a) of this subdivision to recoup any revenues it was entitled to
131 receive had the corrected or finalized assessment been available at the time of the prior
132 calculation.

133 4. (1) In order to implement the provisions of this section and Section 22 of Article X
134 of the Constitution of Missouri, the term improvements shall apply to both real and personal
135 property. In order to determine the value of new construction and improvements, each county
136 assessor shall maintain a record of real property valuations in such a manner as to identify
137 each year the increase in valuation for each political subdivision in the county as a result of
138 new construction and improvements. The value of new construction and improvements shall
139 include the additional assessed value of all improvements or additions to real property which
140 were begun after and were not part of the prior year's assessment, except that the additional
141 assessed value of all improvements or additions to real property which had been totally or
142 partially exempt from ad valorem taxes pursuant to sections 99.800 to 99.865, sections
143 135.200 to 135.255, and section 353.110 shall be included in the value of new construction
144 and improvements when the property becomes totally or partially subject to assessment and
145 payment of all ad valorem taxes. **Except for increases in motor vehicle value under the**
146 **provisions of subsection 9 of section 137.115**, the aggregate increase in valuation of
147 personal property for the current year over that of the previous year is the equivalent of the
148 new construction and improvements factor for personal property. **Any increase in value**
149 **from a previous year's National Automobile Dealers Association (NADA) Official Used**
150 **Car Guide shall not be counted as new construction.** Notwithstanding any opt-out
151 implemented pursuant to subsection 14 of section 137.115, the assessor shall certify the
152 amount of new construction and improvements and the amount of assessed value on any real
153 property which was assessed by the assessor of a county or city in such previous year but is
154 assessed by the assessor of a county or city in the current year in a different subclass of real
155 property separately for each of the three subclasses of real property for each political
156 subdivision to the county clerk in order that political subdivisions shall have this information
157 for the purpose of calculating tax rates pursuant to this section and Section 22, Article X,
158 Constitution of Missouri. In addition, the state tax commission shall certify each year to each
159 county clerk the increase in the general price level as measured by the Consumer Price Index
160 for All Urban Consumers for the United States, or its successor publications, as defined and
161 officially reported by the United States Department of Labor, or its successor agency. The
162 state tax commission shall certify the increase in such index on the latest twelve-month basis
163 available on February first of each year over the immediately preceding prior twelve-month

164 period in order that political subdivisions shall have this information available in setting their
165 tax rates according to law and Section 22 of Article X of the Constitution of Missouri. For
166 purposes of implementing the provisions of this section and Section 22 of Article X of the
167 Missouri Constitution, the term "property" means all taxable property, including state-
168 assessed property.

169 (2) Each political subdivision required to revise rates of levy pursuant to this section
170 or Section 22 of Article X of the Constitution of Missouri shall calculate each tax rate it is
171 authorized to levy and, in establishing each tax rate, shall consider each provision for tax rate
172 revision provided in this section and Section 22 of Article X of the Constitution of Missouri,
173 separately and without regard to annual tax rate reductions provided in section 67.505 and
174 section 164.013. Each political subdivision shall set each tax rate it is authorized to levy
175 using the calculation that produces the lowest tax rate ceiling. It is further the intent of the
176 general assembly, pursuant to the authority of Section 10(c) of Article X of the Constitution
177 of Missouri, that the provisions of such section be applicable to tax rate revisions mandated
178 pursuant to Section 22 of Article X of the Constitution of Missouri as to reestablishing tax
179 rates as revised in subsequent years, enforcement provisions, and other provisions not in
180 conflict with Section 22 of Article X of the Constitution of Missouri. Annual tax rate
181 reductions provided in section 67.505 and section 164.013 shall be applied to the tax rate as
182 established pursuant to this section and Section 22 of Article X of the Constitution of
183 Missouri, unless otherwise provided by law.

184 5. (1) In all political subdivisions, the tax rate ceiling established pursuant to this
185 section shall not be increased unless approved by a vote of the people. Approval of the higher
186 tax rate shall be by at least a majority of votes cast. When a proposed higher tax rate requires
187 approval by more than a simple majority pursuant to any provision of law or the constitution,
188 the tax rate increase must receive approval by at least the majority required.

189 (2) When voters approve an increase in the tax rate, the amount of the increase shall
190 be added to the tax rate ceiling as calculated pursuant to this section to the extent the total rate
191 does not exceed any maximum rate prescribed by law. If a ballot question presents a stated
192 tax rate for approval rather than describing the amount of increase in the question, the stated
193 tax rate approved shall be adjusted as provided in this section and, so adjusted, shall be the
194 current tax rate ceiling. The increased tax rate ceiling as approved shall be adjusted such that
195 when applied to the current total assessed valuation of the political subdivision, excluding
196 new construction and improvements since the date of the election approving such increase,
197 the revenue derived from the adjusted tax rate ceiling is equal to the sum of: the amount of
198 revenue which would have been derived by applying the voter-approved increased tax rate
199 ceiling to total assessed valuation of the political subdivision, as most recently certified by the
200 city or county clerk on or before the date of the election in which such increase is approved,

201 increased by the percentage increase in the consumer price index, as provided by law. Such
202 adjusted tax rate ceiling may be applied to the total assessed valuation of the political
203 subdivision at the setting of the next tax rate. If a ballot question presents a phased-in tax rate
204 increase, upon voter approval, each tax rate increase shall be adjusted in the manner
205 prescribed in this section to yield the sum of: the amount of revenue that would be derived by
206 applying such voter-approved increased rate to the total assessed valuation, as most recently
207 certified by the city or county clerk on or before the date of the election in which such
208 increase was approved, increased by the percentage increase in the consumer price index, as
209 provided by law, from the date of the election to the time of such increase and, so adjusted,
210 shall be the current tax rate ceiling.

211 (3) The governing body of any political subdivision may levy a tax rate lower than its
212 tax rate ceiling and may, in a nonreassessment year, increase that lowered tax rate to a level
213 not exceeding the tax rate ceiling without voter approval in the manner provided under
214 subdivision (4) of this subsection. Nothing in this section shall be construed as prohibiting a
215 political subdivision from voluntarily levying a tax rate lower than that which is required
216 under the provisions of this section or from seeking voter approval of a reduction to such
217 political subdivision's tax rate ceiling.

218 (4) In a year of general reassessment, a governing body whose tax rate is lower than
219 its tax rate ceiling shall revise its tax rate pursuant to the provisions of subsection 4 of this
220 section as if its tax rate was at the tax rate ceiling. In a year following general reassessment, if
221 such governing body intends to increase its tax rate, the governing body shall conduct a
222 public hearing, and in a public meeting it shall adopt an ordinance, resolution, or policy
223 statement justifying its action prior to setting and certifying its tax rate. The provisions of this
224 subdivision shall not apply to any political subdivision which levies a tax rate lower than its
225 tax rate ceiling solely due to a reduction required by law resulting from sales tax collections.
226 The provisions of this subdivision shall not apply to any political subdivision which has
227 received voter approval for an increase to its tax rate ceiling subsequent to setting its most
228 recent tax rate.

229 6. (1) For the purposes of calculating state aid for public schools pursuant to section
230 163.031, each taxing authority which is a school district shall determine its proposed tax rate
231 as a blended rate of the classes or subclasses of property. Such blended rate shall be
232 calculated by first determining the total tax revenue of the property within the jurisdiction of
233 the taxing authority, which amount shall be equal to the sum of the products of multiplying
234 the assessed valuation of each class and subclass of property by the corresponding tax rate for
235 such class or subclass, then dividing the total tax revenue by the total assessed valuation of
236 the same jurisdiction, and then multiplying the resulting quotient by a factor of one hundred.
237 Where the taxing authority is a school district, such blended rate shall also be used by such

238 school district for calculating revenue from state-assessed railroad and utility property as
239 defined in chapter 151 and for apportioning the tax rate by purpose.

240 (2) Each taxing authority proposing to levy a tax rate in any year shall notify the clerk
241 of the county commission in the county or counties where the tax rate applies of its tax rate
242 ceiling and its proposed tax rate. Each taxing authority shall express its proposed tax rate in a
243 fraction equal to the nearest one-tenth of a cent, unless its proposed tax rate is in excess of one
244 dollar, then one/one-hundredth of a cent. If a taxing authority shall round to one/one-
245 hundredth of a cent, it shall round up a fraction greater than or equal to five/one-thousandth of
246 one cent to the next higher one/one-hundredth of a cent; if a taxing authority shall round to
247 one-tenth of a cent, it shall round up a fraction greater than or equal to five/one-hundredths of
248 a cent to the next higher one-tenth of a cent. Any taxing authority levying a property tax rate
249 shall provide data, in such form as shall be prescribed by the state auditor by rule,
250 substantiating such tax rate complies with Missouri law. All forms for the calculation of rates
251 pursuant to this section shall be promulgated as a rule and shall not be incorporated by
252 reference. The state auditor shall promulgate rules for any and all forms for the calculation of
253 rates pursuant to this section which do not currently exist in rule form or that have been
254 incorporated by reference. In addition, each taxing authority proposing to levy a tax rate for
255 debt service shall provide data, in such form as shall be prescribed by the state auditor by rule,
256 substantiating the tax rate for debt service complies with Missouri law. A tax rate proposed
257 for annual debt service requirements will be prima facie valid if, after making the payment for
258 which the tax was levied, bonds remain outstanding and the debt fund reserves do not exceed
259 the following year's payments. The county clerk shall keep on file and available for public
260 inspection all such information for a period of three years. The clerk shall, within three days
261 of receipt, forward a copy of the notice of a taxing authority's tax rate ceiling and proposed
262 tax rate and any substantiating data to the state auditor. The state auditor shall, within fifteen
263 days of the date of receipt, examine such information and return to the county clerk his or her
264 findings as to compliance of the tax rate ceiling with this section and as to compliance of any
265 proposed tax rate for debt service with Missouri law. If the state auditor believes that a taxing
266 authority's proposed tax rate does not comply with Missouri law, then the state auditor's
267 findings shall include a recalculated tax rate, and the state auditor may request a taxing
268 authority to submit documentation supporting such taxing authority's proposed tax rate. The
269 county clerk shall immediately forward a copy of the auditor's findings to the taxing authority
270 and shall file a copy of the findings with the information received from the taxing authority.
271 The taxing authority shall have fifteen days from the date of receipt from the county clerk of
272 the state auditor's findings and any request for supporting documentation to accept or reject in
273 writing the rate change certified by the state auditor and to submit all requested information to
274 the state auditor. A copy of the taxing authority's acceptance or rejection and any information

275 submitted to the state auditor shall also be mailed to the county clerk. If a taxing authority
276 rejects a rate change certified by the state auditor and the state auditor does not receive
277 supporting information which justifies the taxing authority's original or any subsequent
278 proposed tax rate, then the state auditor shall refer the perceived violations of such taxing
279 authority to the attorney general's office and the attorney general is authorized to obtain
280 injunctive relief to prevent the taxing authority from levying a violative tax rate.

281 (3) In the event that the taxing authority incorrectly completes the forms created and
282 promulgated under subdivision (2) of this subsection, or makes a clerical error, the taxing
283 authority may submit amended forms with an explanation for the needed changes. If such
284 amended forms are filed under regulations prescribed by the state auditor, the state auditor
285 shall take into consideration such amended forms for the purposes of this subsection.

286 7. No tax rate shall be extended on the tax rolls by the county clerk unless the political
287 subdivision has complied with the foregoing provisions of this section.

288 8. Whenever a taxpayer has cause to believe that a taxing authority has not complied
289 with the provisions of this section, the taxpayer may make a formal complaint with the
290 prosecuting attorney of the county. Where the prosecuting attorney fails to bring an action
291 within ten days of the filing of the complaint, the taxpayer may bring a civil action pursuant to
292 this section and institute an action as representative of a class of all taxpayers within a taxing
293 authority if the class is so numerous that joinder of all members is impracticable, if there are
294 questions of law or fact common to the class, if the claims or defenses of the representative
295 parties are typical of the claims or defenses of the class, and if the representative parties will
296 fairly and adequately protect the interests of the class. In any class action maintained
297 pursuant to this section, the court may direct to the members of the class a notice to be
298 published at least once each week for four consecutive weeks in a newspaper of general
299 circulation published in the county where the civil action is commenced and in other counties
300 within the jurisdiction of a taxing authority. The notice shall advise each member that the
301 court will exclude him or her from the class if he or she so requests by a specified date, that
302 the judgment, whether favorable or not, will include all members who do not request
303 exclusion, and that any member who does not request exclusion may, if he or she desires,
304 enter an appearance. In any class action brought pursuant to this section, the court, in
305 addition to the relief requested, shall assess against the taxing authority found to be in
306 violation of this section the reasonable costs of bringing the action, including reasonable
307 attorney's fees, provided no attorney's fees shall be awarded any attorney or association of
308 attorneys who receive public funds from any source for their services. Any action brought
309 pursuant to this section shall be set for hearing as soon as practicable after the cause is at
310 issue.

311 9. If in any action, including a class action, the court issues an order requiring a taxing
312 authority to revise the tax rates as provided in this section or enjoins a taxing authority from
313 the collection of a tax because of its failure to revise the rate of levy as provided in this
314 section, any taxpayer paying his or her taxes when an improper rate is applied has erroneously
315 paid his or her taxes in part, whether or not the taxes are paid under protest as provided in
316 section 139.031 or otherwise contested. The part of the taxes paid erroneously is the
317 difference in the amount produced by the original levy and the amount produced by the
318 revised levy. The township or county collector of taxes or the collector of taxes in any city
319 shall refund the amount of the tax erroneously paid. The taxing authority refusing to revise
320 the rate of levy as provided in this section shall make available to the collector all funds
321 necessary to make refunds pursuant to this subsection. No taxpayer shall receive any interest
322 on any money erroneously paid by him or her pursuant to this subsection. Effective in the
323 1994 tax year, nothing in this section shall be construed to require a taxing authority to refund
324 any tax erroneously paid prior to or during the third tax year preceding the current tax year.

325 10. Any rule or portion of a rule, as that term is defined in section 536.010, that is
326 created under the authority delegated in this section shall become effective only if it complies
327 with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.
328 This section and chapter 536 are nonseverable and if any of the powers vested with the
329 general assembly pursuant to chapter 536 to review, to delay the effective date, or to
330 disapprove and annul a rule are subsequently held unconstitutional, then the grant of
331 rulemaking authority and any rule proposed or adopted after August 28, 2004, shall be invalid
332 and void.

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