

FIRST REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR

# HOUSE BILL NO. 1086

103RD GENERAL ASSEMBLY

2211S.02C

KRISTINA MARTIN, Secretary

## AN ACT

To repeal section 137.016, RSMo, and to enact in lieu thereof one new section relating to classification of certain residential real property.

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

Section A. Section 137.016, RSMo, is repealed and one new  
2 section enacted in lieu thereof, to be known as section 137.016,  
3 to read as follows:

137.016. 1. As used in Section 4(b) of Article X of  
2 the Missouri Constitution, the following terms mean:

3 (1) "Residential property", all real property improved  
4 by a structure which is used or intended to be used for  
5 residential living by human occupants, vacant land in  
6 connection with an airport, land used as a golf course,  
7 manufactured home parks, bed and breakfast inns in which the  
8 owner resides and uses as a primary residence with six or  
9 fewer rooms for rent, and time-share units as defined in  
10 section 407.600, except to the extent such units are  
11 actually rented and subject to sales tax under subdivision  
12 (6) of subsection 1 of section 144.020, but residential  
13 property shall not include other similar facilities used  
14 primarily for transient housing. **A single family home owned**  
15 **by a sole proprietor, individual, partnership, or limited**  
16 **liability company that is leased for a term of less than**  
17 **thirty consecutive days, in whole or in part, subject to**

18 **sales tax under subdivision (6) of subsection 1 of section**  
19 **144.020 shall be classified only as residential property.**

20 For the purposes of this section, "transient housing" means  
21 all rooms available for rent or lease for which the receipts  
22 from the rent or lease of such rooms are subject to state  
23 sales tax pursuant to subdivision (6) of subsection 1 of  
24 section 144.020; **the leasing of a single family home, in**  
25 **whole or in part, for a term of less than thirty consecutive**  
26 **days does not, in itself, constitute "transient housing";**

27 (2) "Agricultural and horticultural property", all  
28 real property used for agricultural purposes and devoted  
29 primarily to the raising and harvesting of crops; to the  
30 feeding, breeding and management of livestock which shall  
31 include breeding, showing, and boarding of horses; to  
32 dairying, or to any other combination thereof; and buildings  
33 and structures customarily associated with farming,  
34 agricultural, and horticultural uses. Agricultural and  
35 horticultural property shall also include land devoted to  
36 and qualifying for payments or other compensation under a  
37 soil conservation or agricultural assistance program under  
38 an agreement with an agency of the federal government.  
39 Agricultural and horticultural property shall further  
40 include any reliever airport. Real property classified as  
41 forest croplands shall not be agricultural or horticultural  
42 property so long as it is classified as forest croplands and  
43 shall be taxed in accordance with the laws enacted to  
44 implement Section 7 of Article X of the Missouri  
45 Constitution. Agricultural and horticultural property shall  
46 also include any sawmill or planing mill defined in the U.S.  
47 Department of Labor's Standard Industrial Classification  
48 (SIC) Manual under Industry Group 242 with the SIC number  
49 2421. Agricultural and horticultural property shall also

50 include urban and community gardens. For the purposes of  
51 this section, "urban and community gardens" shall include  
52 real property cultivated by residents of a neighborhood or  
53 community for the purposes of providing agricultural  
54 products, as defined in section 262.900, for the use of  
55 residents of the neighborhood or community, and shall not  
56 include a garden intended for individual or personal use;

57 (3) "Utility, industrial, commercial, railroad and  
58 other real property", all real property used directly or  
59 indirectly for any commercial, mining, industrial,  
60 manufacturing, trade, professional, business, or similar  
61 purpose, including all property centrally assessed by the  
62 state tax commission but shall not include floating docks,  
63 portions of which are separately owned and the remainder of  
64 which is designated for common ownership and in which no one  
65 person or business entity owns more than five individual  
66 units. All other real property not included in the property  
67 listed in subclasses (1) and (2) of Section 4(b) of Article  
68 X of the Missouri Constitution, as such property is defined  
69 in this section, shall be deemed to be included in the term  
70 "utility, industrial, commercial, railroad and other real  
71 property".

72 2. Pursuant to Article X of the state Constitution,  
73 any taxing district may adjust its operating levy to recoup  
74 any loss of property tax revenue, except revenues from the  
75 surtax imposed pursuant to Article X, Subsection 2 of  
76 Section 6 of the Constitution, as the result of changing the  
77 classification of structures intended to be used for  
78 residential living by human occupants which contain five or  
79 more dwelling units if such adjustment of the levy does not  
80 exceed the highest tax rate in effect subsequent to the 1980  
81 tax year. For purposes of this section, loss in revenue

82 shall include the difference between the revenue that would  
83 have been collected on such property under its  
84 classification prior to enactment of this section and the  
85 amount to be collected under its classification under this  
86 section. The county assessor of each county or city not  
87 within a county shall provide information to each taxing  
88 district within its boundaries regarding the difference in  
89 assessed valuation of such property as the result of such  
90 change in classification.

91 3. All reclassification of property as the result of  
92 changing the classification of structures intended to be  
93 used for residential living by human occupants which contain  
94 five or more dwelling units shall apply to assessments made  
95 after December 31, 1994.

96 4. Where real property is used or held for use for  
97 more than one purpose and such uses result in different  
98 classifications, the county assessor shall allocate to each  
99 classification the percentage of the true value in money of  
100 the property devoted to each use; except that, where  
101 agricultural and horticultural property, as defined in this  
102 section, also contains a dwelling unit or units, the farm  
103 dwelling, appurtenant residential-related structures and up  
104 to five acres immediately surrounding such farm dwelling  
105 shall be residential property, as defined in this section,  
106 provided that the portion of property used or held for use  
107 as an urban and community garden shall not be residential  
108 property. This subsection shall not apply to any reliever  
109 airport.

110 5. All real property which is vacant, unused, or held  
111 for future use; which is used for a private club, a not-for-  
112 profit or other nonexempt lodge, club, business, trade,  
113 service organization, or similar entity; or for which a

determination as to its classification cannot be made under the definitions set out in subsection 1 of this section, shall be classified according to its immediate most suitable economic use, which use shall be determined after consideration of:

- (1) Immediate prior use, if any, of such property;
  - (2) Location of such property;
  - (3) Zoning classification of such property; except that, such zoning classification shall not be considered conclusive if, upon consideration of all factors, it is determined that such zoning classification does not reflect the immediate most suitable economic use of the property;
  - (4) Other legal restrictions on the use of such property;
  - (5) Availability of water, electricity, gas, sewers, street lighting, and other public services for such property;
  - (6) Size of such property;
  - (7) Access of such property to public thoroughfares;
- and
- (8) Any other factors relevant to a determination of the immediate most suitable economic use of such property.

6. All lands classified as forest croplands shall not, for taxation purposes, be classified as subclass (1), subclass (2), or subclass (3) real property, as such classes are prescribed in Section 4(b) of Article X of the Missouri Constitution and defined in this section, but shall be taxed in accordance with the laws enacted to implement Section 7 of Article X of the Missouri Constitution.

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