HB 660 -- LOCAL TAXATION (Keathley)

COMMITTEE OF ORIGIN: Standing Committee on Ways and Means

The bill provides that, beginning July 1, 2026, the DOR must prominently display links on the homepage of its website which direct the public to color-coded, interactive maps featuring data about sales and property taxes in all political subdivisions in the state.

All political subdivisions will provide the DOR with data relating to property taxes by January 1, 2026. The DOR must also use the most recent publication of the Missouri state auditor's report on property tax rates in order to update and maintain the property tax levy data each year.

This bill specifies that if a political subdivision submits a tax proposal for a new or increased tax authorized under a specific statute and it does not pass, the proposal cannot be submitted again for two years following the rejection.

The bill allows a political subdivision to reintroduce a previously rejected tax proposal to voters before the next election cycle if the new proposal introduces a new tax authorized by law or increases the rate of existing tax authorized by law in a Federal- or State-declared natural disaster area.

This bill requires that if the governing body of a municipality wishes to establish a sales tax by way of a proposed community improvement district, the ordinance must be approved by a two-thirds vote of the governing body. Any ordinance or petition approved under these provisions that establishes a district that is funded by a sales tax is required to pass by at least a two-thirds majority vote.

The bill exempts non-profit entities pursuant to 26 U.S.C. Section 501(c) from any property tax or special assessment that might be levied by a taxing district.

This bill requires that the election authority for a political subdivision or special district label taxation-related ballot measures numerically or alphabetically. Ballot measures will not be labeled in any other descriptive manner.

The bill requires that when a single family home is leased, in whole or in part, for less than 30 consecutive days, the home will not be considered "transient housing".

This bill also requires that any ballot measure proposing a tax alteration on real property must clearly state the impact of the proposed change in terms of the actual amount per $100,000 of a property's market value within the ballot language.

The bill provides that all school districts and the counties levying certain sales taxes must include as tax revenue the amount by which they lowered their property tax rates because of those sales taxes in the immediately preceding fiscal year.

This bill requires that if voters are asked to approve a permanent increase to the tax rate ceiling before a temporary levy increase expires, the ballot language must clearly indicate that if the permanent increase is approved, the temporary levy will become permanent.

The bill provides that, for a governing body of any political subdivision that levies a tax rate lower than its tax rate ceiling, the reduction to the tax rate ceiling in a nonreassessment year must be applied in the immediately following year of general reassessment. This bill also provides that an increase of the previously lowered tax rate to the tax rate ceiling in a nonreassessment year must be applied in the immediately following year of general reassessment.

The bill defines "current tax rate ceiling" and "increased tax rate ceiling". When a majority of voters in a political subdivision approve a tax rate increase, the subdivision must use the current tax rate ceiling and the approved increase for the following tax year. If the assessed valuation of real property decreases in that year, the subdivision can adjust its levy rates to ensure it receives the same revenue it would have received without the property value reduction. The use of the increased tax rate ceiling must be revenue neutral, as mandated by the Missouri Constitution.

This bill allows the State Tax Commission (STC)to choose a nationally recognized automotive trade publication such as the National Automobile Dealers' Association Official Used Car Guide (NADA), Kelley Blue Book, Edmunds, or other similar publication. The assessor of each county will then use the trade-in value published in the current October issue of the publication selected by the STC.

The bill also provides that the assessor must not assess a motor vehicle for an amount greater than the motor vehicle was properly assessed in the previous year.

This bill provides that when an order is issued by the State Tax Commission that requires a county to comply with state law by modifying or equalizing assessed valuations, and those modifications result in a reduction of the assessed valuations, the county is allowed 60 days to come into compliance. The order must state the deadline for compliance, but the STC may extend the deadline upon the county's request by an additional 30 days, for a total of no more than 90 days to reach compliance.

If the county fails to comply, the STC may direct the Department of Revenue (DOR) to withhold local sales tax moneys that the county would otherwise be entitled to. The withholding will remain in effect until the STC determines that the county has come into compliance with the order.

The amount of local sales tax that may be withheld must equal 100% of the total dollar amount of the improper assessments that were in excess of the statutorily allowed amounts. The sales tax revenue will be deposited into the newly created "County Assessment Noncompliance Trust Fund". The STC must notify the county of the withholding and provide information on how the county may cure the non-compliance in order to release the withheld revenue.

If the noncompliant county comes into compliance, the STC must notify DOR that it may release and remit the previously withheld local sales tax revenue to the county. A county is not entitled to interest on the withheld funds.

A county may seek judicial review of the STC's determination of non-compliance.

If the STC determines that a county is non-compliant, and the determination results in the withholding of sales tax revenue, the county may seek judicial review of that determination within 30 days.

If the court subsequently finds that the STC's determinations were made in error, the court must order that the amount of sales tax revenue withheld be returned to the county, with interest on the amounts wrongfully withheld. The interest will be paid from the State Legal Expense Fund. A county is not entitled to interest if the court upholds the STC's determinations.

This bill allows a taxing authority to establish a proration program for payments of personal property on totaled motor vehicles. The taxing authority may award a prorated property tax credit during the tax year to reduce the total personal property tax owed on a totaled motor vehicle and claimed against the amount of personal property tax due at the end of the same tax year.

The prorated property tax credit must be prorated on a monthly basis. The amount of the credit is determined by a ratio, where the numerator must be the number of full months from the date of disposition of the totaled motor vehicle continuing through the close of the tax year, and the denominator is 12. The prorated property tax credit is nonrefundable but may reduce the tax liability to zero.

A taxpayer may apply for this program if:

(1) The totaled vehicle was owned, registered, and titled under the taxpayer's name as of January 1 of the tax year in which the vehicle was totaled; or if owned by a business, the name of the business or authorized agent;

(2) The totaled vehicle was included on the local taxing entity's tax roll, and the taxpayer was liable for personal property taxes on the totaled vehicle;

(3) The taxpayer was up to date on all state and local taxes and fees owed on the totaled vehicle; and

(4) The title on the totaled vehicle has been transferred to the insurance company and is no longer titled or registered to the taxpayer nor in the taxpayer's possession;

If a taxpayer who participates in this program purchases a replacement vehicle during the same tax year that the taxpayer's vehicle was totaled and he or she received a prorated property tax credit, the replacement vehicle will not be included in the tax rolls for that tax year to offset the property tax liability. Taxation of the replacement vehicle must follow the normal assessment procedures.

A taxing entity must adopt a personal property tax proration program by way of an ordinance. The ordinance must include the following:

(1) Procedures and deadlines for application and participation in the program, as well as required documentation, as specified in the bill;

(2) Procedures for verification and record keeping of the prorated property tax credit amount, as well as the amount of personal property tax to be modified;

(3) Creation of a form for use by taxpayers;

(4) Procedures for the crediting of the amount of the prorated property tax credit toward the taxpayer's personal property taxes; and

(5) Any other provision the taxing entity deems reasonable and necessary to implement and carry out the program.

The taxing entity may by ordinance establish rules and procedures for the program, and must make the information regarding the program available to the taxpayers.

A taxpayer who participates in the program will not have his or her right to protest the amount of the tax payments affected.

This bill further requires that any project proposals from a transportation development district be submitted to the Missouri Highways and Transportation Commission, or to the local transportation authority, as applicable, for approval prior to the construction or funding of any project. The Missouri Highways and Transportation Commission, or the local transportation authority, as applicable, must approve the project by a two-thirds majority if the proposed project is to be funded by a sales tax. The bill provides that property owned by certain entities that are exempt from taxation must be exempt from any special assessment levied by certain districts as long as the property is used in alignment with the entity's tax-exempt purposes.