

HB 1086 -- CLASSIFICATION OF CERTAIN RESIDENTIAL REAL PROPERTY

SPONSOR: Brown (16)

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 6 to 2. Voted "Do Pass" by the Standing Committee on Rules-Administrative by a vote of 7 to 2.

Currently, real property is divided into three separate classifications based on the use or purpose of the property. Each of the subclassifications of property are assessed at different rates. When real property is used for different purposes resulting in different classifications, the county assessor must allocate to each classification the percentage of the true value in money of the property devoted to each use.

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

PROPONENTS: Supporters say that the bill ensures that a residential home being used as a short-term rental is classified only as a residential home. The bill ensures that residential homes used for short-term rentals do not enjoy the same benefits as commercial properties. It would not be fair to assess them as though they are commercial properties. Supporters also state that, currently, mom and pop businesses who own residential properties for short-term rentals are being boxed out of the market with commercial property assessments. Those businesses have no way to absorb these costs, so they are being passed on to people who stay at these rentals. Supporters also say the commercial assessment decreases revenue because the increase in the assessment makes the short-term rentals too expensive to rent.

Testifying in person for the bill were Representative Brown; Kristy Post; Laura Williams; Susan Kim Brown; Tyann Marcink Hammond; Alex J Zemianek, JZ Vacation Rentals; Arnie C. Dienoff; Lance Mayfield, Ozark Country Cabins; and Tyann Marcink.

OPPONENTS: Those who oppose the bill say that if a person owns a property that he or she does not stay at and the person collects sales tax, then this is a business. Those who oppose the bill say it is wrong to classify businesses differently.

Testifying in person against the bill was Missouri Hotel Lodging Association.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.