

HJR 6 -- TAXATION OF PROPERTY

SPONSOR: Taylor (48)

Currently, there are three classifications of property established in the Missouri Constitution: real property, tangible personal property, and intangible personal property. Upon voter approval, this constitutional amendment provides that the only classification of property for tax purposes is real property and provides that political subdivisions will no longer be able to levy or collect taxes on intangible or tangible personal property beginning January first of the second calendar year following the adoption of the amendment.

To address the loss of all or some portion of revenues lost by a political subdivision due to the prohibition on the levy or collection of a property tax on tangible personal property, this amendment provides that the General Assembly can enact laws allowing a one-time adjustment to local property tax levies and establish procedures for transitioning to the new system. If enacted, these general laws must include provisions, specified in the bill.

Currently, residential real property is assessed using market value assessments. This amendment provides that residential real property must not be classified for property tax purposes based on the real property's true value in money or market value.

Instead, the amendment provides for a new system to assess residential real property using a tier-based system. The State Tax Commission (STC) will establish 10 tiers that will be subject to specified provisions. In this tier-based system, each parcel of residential real property will be categorized into one of 10 tiers based on the square footage and age of each parcel. Each tier must be designed to allow each parcel to be assigned to the tier in which other parcels in the State have similar square footage and age. Each property tax tier must be assigned a property tax tier factor by the STC, and this tier factor will replace the assessed valuation of residential real property for the parcels in a given tier.

This amendment provides that agricultural and horticultural real property must be graded and categorized based on productive capability, as provided by general law. Utility, industrial, commercial, railroad, and other real property not included in residential, agricultural, or horticultural must be assessed as provided under State law.

The amendment provides that each assessor must categorize each parcel of residential real property into the appropriate property tax tier. Assessors must make public the information related to

the categorization of parcels of residential real property, property tax tiers, and property tax tier factors for each of the 10 tiers. Taxpayers can appeal the assessor's categorization of the taxpayer's residential real property in the manner provided by State law.

This amendment provides that political subdivisions levying real property taxes must base these taxes on the parcel's tax tier factor. For the initial levy of real property tax rate following the adoption of this section, the tax rate levied on each real property tax tier must be the rate necessary to produce substantially the same amount of real property tax revenue that was due on all parcels of residential real property within each parcel's tier from all tax rates levied by the political subdivision based on the most recent assessment conducted before the effective date of this section. Each political subdivision levying a real property tax can make a one-time adjustment to the initial levy following the adoption of this section, subject to provisions. Each political subdivision levying a real property tax that adopts or has adopted tax abatements, as defined in the amendment, must decrease the levy of real property tax rates levied to reduce the amount of tax revenues the political subdivision received from additional tax abatement revenues.

The amendment provides that the STC must establish rules establishing adjustments to the tiers and the residential real property tax tier factors, subject to provisions related to a four-year adjustment based on changes in the general price level.

This amendment maintains exemptions for certain property. However, exemptions for inventories, household goods, and personal-use items are repealed since personal property taxes have been repealed.

The amendment maintains the authorization of the homestead exemption, but repeals the provision related to the requirement for such law authorizing the homestead exemption to provide for restitution of revenues lost due to the exemption to the political subdivisions.

This amendment maintains the limits on state real property taxes, but shifts the cap from a fixed constitutional rate to a rate set by general law. The voter approval limitations on local governments to increase real property tax rates are maintained, but the amendment repeals limitations based on assessed valuation.

Currently, Missouri's Constitution requires rollbacks in property tax levies in certain situations. However, the Kansas City Public School District is exempt from this provision. The amendment provides that, beginning December 31st of the calendar year

immediately following the adoption of this section, the Kansas City Public School District will no longer be exempt from these rollback provisions.

This amendment revises county authority over road and bridge levies by replacing fixed caps with rates authorized by general law.

This amendment maintains the Hancock Amendment limitations requiring counties and political subdivisions to receive voter approval for increases in taxes and fees, and requires rollbacks for increases above certain limits. However, this amendment provides that the value of new construction and improvements is no longer excluded from the assessed valuation calculation related to the rollback provisions. The amendment also provides that the provisions of the Hancock Amendment must apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness.

This bill is the same as HJR 5, HJR 7, and HJR 8 (2nd Extraordinary Session 2025).