

SECOND REGULAR SESSION

# HOUSE BILL NO. 2415

## 103RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE VAN SCHOIACK.

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JOSEPH ENGLER, Chief Clerk

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### AN ACT

To repeal section 137.016, RSMo, and to enact in lieu thereof one new section relating to the assessment value of real property.

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Section A. Section 137.016, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 137.016, to read as follows:

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

(1) "Residential property", all real property improved by a structure which is used or intended to be used for residential living by human occupants, vacant land in connection with an airport, land used as a golf course, manufactured home parks, bed and breakfast inns in which the owner resides and uses as a primary residence with six or fewer rooms for rent, and time-share units as defined in section 407.600, except to the extent such units are actually rented and subject to sales tax under subdivision (6) of subsection 1 of section 144.020, but residential property shall not include other similar facilities used primarily for transient housing. For the purposes of this section, "transient housing" means all rooms available for rent or lease for which the receipts from the rent or lease of such rooms are subject to state sales tax pursuant to subdivision (6) of subsection 1 of section 144.020;

(2) "Agricultural and horticultural property", all real property used for agricultural purposes and devoted primarily to the raising and harvesting of crops; to the feeding, breeding and management of livestock which shall include breeding, showing, and boarding of horses; to dairying, or to any other combination thereof; and buildings and structures customarily associated with farming, agricultural, and horticultural uses. Agricultural and

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.

18 horticultural property shall also include land devoted to and qualifying for payments or other  
19 compensation under a soil conservation or agricultural assistance program under an  
20 agreement with an agency of the federal government. Agricultural and horticultural property  
21 shall further include any reliever airport. Real property classified as forest croplands shall not  
22 be agricultural or horticultural property so long as it is classified as forest croplands and shall  
23 be taxed in accordance with the laws enacted to implement Section 7 of Article X of the  
24 Missouri Constitution. Agricultural and horticultural property shall also include any sawmill  
25 or planing mill defined in the U.S. Department of Labor's Standard Industrial Classification  
26 (SIC) Manual under Industry Group 242 with the SIC number 2421. Agricultural and  
27 horticultural property shall also include urban and community gardens. For the purposes of  
28 this section, "urban and community gardens" shall include real property cultivated by  
29 residents of a neighborhood or community for the purposes of providing agricultural  
30 products, as defined in section 262.900, for the use of residents of the neighborhood or  
31 community, and shall not include a garden intended for individual or personal use;

32 (3) "Utility, industrial, commercial, railroad and other real property", all real property  
33 used directly or indirectly for any commercial, mining, industrial, manufacturing, trade,  
34 professional, business, or similar purpose, including all property centrally assessed by the  
35 state tax commission but shall not include floating docks, portions of which are separately  
36 owned and the remainder of which is designated for common ownership and in which no one  
37 person or business entity owns more than five individual units. All other real property not  
38 included in the property listed in subclasses (1) and (2) of Section 4(b) of Article X of the  
39 Missouri Constitution, as such property is defined in this section, shall be deemed to be  
40 included in the term "utility, industrial, commercial, railroad and other real property";

41 (4) **"Assessment value":**

42 (a) **For real property assessment purposes:**

43 a. **For a building, the value of the building using the replacement cost approach  
44 adjusted by the quality of the construction;**

45 b. **For land other than agricultural or horticultural land, such land's value as  
46 determined by the market; and**

47 c. **For agricultural and horticultural land, the productive capability of the land  
48 as determined under section 137.021.**

49 (b) **When the terms "assessed valuation", "assessed value", "free market  
50 value", "market value", "property values", "true value in money", and "value" are  
51 used in the revised statutes of Missouri for real property assessment purposes, such  
52 terms shall be construed to refer to "assessment value" as defined in paragraph (a) of  
53 this subdivision.**

54       2. Pursuant to Article X of the state Constitution, any taxing district may adjust its  
55 operating levy to recoup any loss of property tax revenue, except revenues from the surtax  
56 imposed pursuant to Article X, Subsection 2 of Section 6 of the Constitution, as the result of  
57 changing the classification of structures intended to be used for residential living by human  
58 occupants which contain five or more dwelling units if such adjustment of the levy does not  
59 exceed the highest tax rate in effect subsequent to the 1980 tax year. For purposes of this  
60 section, loss in revenue shall include the difference between the revenue that would have been  
61 collected on such property under its classification prior to enactment of this section and the  
62 amount to be collected under its classification under this section. The county assessor of each  
63 county or city not within a county shall provide information to each taxing district within its  
64 boundaries regarding the difference in assessed valuation of such property as the result of  
65 such change in classification.

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

69       4. Where real property is used or held for use for more than one purpose and such  
70 uses result in different classifications, the county assessor shall allocate to each classification  
71 the percentage of the true value in money of the property devoted to each use; except that,  
72 where agricultural and horticultural property, as defined in this section, also contains a  
73 dwelling unit or units, the farm dwelling, appurtenant residential-related structures and up to  
74 five acres immediately surrounding such farm dwelling shall be residential property, as  
75 defined in this section, provided that the portion of property used or held for use as an urban  
76 and community garden shall not be residential property. This subsection shall not apply to  
77 any reliever airport.

78       5. All real property which is vacant, unused, or held for future use; which is used for a  
79 private club, a not-for-profit or other nonexempt lodge, club, business, trade, service  
80 organization, or similar entity; or for which a determination as to its classification cannot be  
81 made under the definitions set out in subsection 1 of this section, shall be classified according  
82 to its immediate most suitable economic use, which use shall be determined after  
83 consideration of:

- 84           (1) Immediate prior use, if any, of such property;
- 85           (2) Location of such property;
- 86           (3) Zoning classification of such property; except that, such zoning classification  
87 shall not be considered conclusive if, upon consideration of all factors, it is determined that  
88 such zoning classification does not reflect the immediate most suitable economic use of the  
89 property;
- 90           (4) Other legal restrictions on the use of such property;

91           (5) Availability of water, electricity, gas, sewers, street lighting, and other public  
92 services for such property;

93           (6) Size of such property;

94           (7) Access of such property to public thoroughfares; and

95           (8) Any other factors relevant to a determination of the immediate most suitable  
96 economic use of such property.

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

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