

SECOND REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

# HOUSE BILL NOS. 1768 & 2060

103RD GENERAL ASSEMBLY

4108H.02P

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 classification of certain residential 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Section A. Section 137.016, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 137.016, to read as follows: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. **A single-family home owned by a sole proprietor, individual, partnership, or limited liability company that is leased for a term of less than thirty consecutive days, in whole or in part, subject to sales tax under subdivision (6) of subsection 1 of section 144.020 shall be classified only as residential property.** 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; **the leasing of a single-family home, in whole or in part,**

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.

17 **for a term of less than thirty consecutive days does not in itself constitute "transient**  
18 **housing";**

19 (2) "Agricultural and horticultural property", all real property used for agricultural  
20 purposes and devoted primarily to the raising and harvesting of crops; to the feeding,  
21 breeding and management of livestock which shall include breeding, showing, and boarding  
22 of horses; to dairying, or to any other combination thereof; and buildings and structures  
23 customarily associated with farming, agricultural, and horticultural uses. Agricultural and  
24 horticultural property shall also include land devoted to and qualifying for payments or other  
25 compensation under a soil conservation or agricultural assistance program under an  
26 agreement with an agency of the federal government. Agricultural and horticultural property  
27 shall further include any reliever airport. Real property classified as forest croplands shall not  
28 be agricultural or horticultural property so long as it is classified as forest croplands and shall  
29 be taxed in accordance with the laws enacted to implement Section 7 of Article X of the  
30 Missouri Constitution. Agricultural and horticultural property shall also include any sawmill  
31 or planing mill defined in the U.S. Department of Labor's Standard Industrial Classification  
32 (SIC) Manual under Industry Group 242 with the SIC number 2421. Agricultural and  
33 horticultural property shall also include urban and community gardens. For the purposes of  
34 this section, "urban and community gardens" shall include real property cultivated by  
35 residents of a neighborhood or community for the purposes of providing agricultural  
36 products, as defined in section 262.900, for the use of residents of the neighborhood or  
37 community, and shall not include a garden intended for individual or personal use;

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

47 2. Pursuant to Article X of the state Constitution, any taxing district may adjust its  
48 operating levy to recoup any loss of property tax revenue, except revenues from the surtax  
49 imposed pursuant to Article X, Subsection 2 of Section 6 of the Constitution, as the result of  
50 changing the classification of structures intended to be used for residential living by human  
51 occupants which contain five or more dwelling units if such adjustment of the levy does not  
52 exceed the highest tax rate in effect subsequent to the 1980 tax year. For purposes of this  
53 section, loss in revenue shall include the difference between the revenue that would have been

54 collected on such property under its classification prior to enactment of this section and the  
55 amount to be collected under its classification under this section. The county assessor of each  
56 county or city not within a county shall provide information to each taxing district within its  
57 boundaries regarding the difference in assessed valuation of such property as the result of  
58 such change in classification.

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

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

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

77 (1) Immediate prior use, if any, of such property;

78 (2) Location of such property;

79 (3) Zoning classification of such property; except that, such zoning classification  
80 shall not be considered conclusive if, upon consideration of all factors, it is determined that  
81 such zoning classification does not reflect the immediate most suitable economic use of the  
82 property;

83 (4) Other legal restrictions on the use of such property;

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

86 (6) Size of such property;

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

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

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

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