

SECOND REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
HOUSE COMMITTEE SUBSTITUTE FOR

# HOUSE BILLS NOS. 1768 & 2060

103RD GENERAL ASSEMBLY

4108S.04C

KRISTINA MARTIN, Secretary

## 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.

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Section A. Section 137.016, RSMo, is repealed and one new  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

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

3 (1) "Residential property" [ , ]:

4 (a) All real property improved by a structure which is  
5 used or intended to be used for residential living by human  
6 occupants [ , ];

7 (b) Vacant land in connection with an airport [ , ];

8 (c) Land used as a golf course [ , ];

9 (d) Manufactured home parks [ , ];

10 (e) Bed and breakfast inns in which the owner resides  
11 and uses as a primary residence with six or fewer rooms for  
12 rent [ , and ];

13 (f) Time-share units as defined in section 407.600,  
14 except to the extent such units are actually rented and  
15 subject to sales tax under subdivision (6) of subsection 1  
16 of section 144.020 [ , but ]; and

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

17           (g) Any single family home owned by an individual or  
18 business that is leased for a term of less than thirty  
19 consecutive days, in whole or in part, subject to sales tax  
20 under subdivision (6) of subsection 1 of section 144.020,  
21 provided that the provisions of this paragraph may not apply  
22 to such properties in excess of fifteen such properties  
23 owned by the same individual or business. For the purposes  
24 of this paragraph, the term "business" shall mean a sole  
25 proprietor, partnership, or limited liability company. For  
26 the purposes of this paragraph for determining the number of  
27 single family homes leased for a term of less than thirty  
28 consecutive days, in whole or in part, subject to sales tax  
29 under subdivision (6) of subsection 1 of section 144.020  
30 owned by an individual or business, all single family homes  
31 that are such properties owned by the individual or  
32 business, or owned by any business entity in which such  
33 individual or business holds any ownership, membership, or  
34 beneficial interest, direct or indirect, shall be counted.  
35 The provisions of this paragraph shall not be construed to  
36 authorize the classification of any real property owned by a  
37 corporation as residential property;

38 Residential property shall not include other similar  
39 facilities used primarily for transient housing. **A single**  
40 **family home owned by a sole proprietor, individual,**  
41 **partnership, or limited liability company that is leased for**  
42 **a term of less than thirty consecutive days, in whole or in**  
43 **part, subject to sales tax under subdivision (6) of**  
44 **subsection 1 of section 144.020 shall be classified only as**  
45 **residential property.** For the purposes of this section,  
46 "transient housing" means all rooms available for rent or  
47 lease for which the receipts from the rent or lease of such

48 rooms are subject to state sales tax pursuant to subdivision  
49 (6) of subsection 1 of section 144.020; **the leasing of a**  
50 **single family home, in whole or in part, for a term of less**  
51 **than thirty consecutive days does not, in itself, constitute**  
52 **"transient housing";**

53 (2) "Agricultural and horticultural property", all  
54 real property used for agricultural purposes and devoted  
55 primarily to the raising and harvesting of crops; to the  
56 feeding, breeding and management of livestock which shall  
57 include breeding, showing, and boarding of horses; to  
58 dairying, or to any other combination thereof; and buildings  
59 and structures customarily associated with farming,  
60 agricultural, and horticultural uses. Agricultural and  
61 horticultural property shall also include land devoted to  
62 and qualifying for payments or other compensation under a  
63 soil conservation or agricultural assistance program under  
64 an agreement with an agency of the federal government.  
65 Agricultural and horticultural property shall further  
66 include any reliever airport. Real property classified as  
67 forest croplands shall not be agricultural or horticultural  
68 property so long as it is classified as forest croplands and  
69 shall be taxed in accordance with the laws enacted to  
70 implement Section 7 of Article X of the Missouri  
71 Constitution. Agricultural and horticultural property shall  
72 also include any sawmill or planing mill defined in the U.S.  
73 Department of Labor's Standard Industrial Classification  
74 (SIC) Manual under Industry Group 242 with the SIC number  
75 2421. Agricultural and horticultural property shall also  
76 include urban and community gardens. For the purposes of  
77 this section, "urban and community gardens" shall include  
78 real property cultivated by residents of a neighborhood or  
79 community for the purposes of providing agricultural

80 products, as defined in section 262.900, for the use of  
81 residents of the neighborhood or community, and shall not  
82 include a garden intended for individual or personal use;

83 (3) "Utility, industrial, commercial, railroad and  
84 other real property", all real property used directly or  
85 indirectly for any commercial, mining, industrial,  
86 manufacturing, trade, professional, business, or similar  
87 purpose, including all property centrally assessed by the  
88 state tax commission but shall not include floating docks,  
89 portions of which are separately owned and the remainder of  
90 which is designated for common ownership and in which no one  
91 person or business entity owns more than five individual  
92 units. All other real property not included in the property  
93 listed in subclasses (1) and (2) of Section 4(b) of Article  
94 X of the Missouri Constitution, as such property is defined  
95 in this section, shall be deemed to be included in the term  
96 "utility, industrial, commercial, railroad and other real  
97 property".

98 2. Pursuant to Article X of the state Constitution,  
99 any taxing district may adjust its operating levy to recoup  
100 any loss of property tax revenue, except revenues from the  
101 surtax imposed pursuant to Article X, Subsection 2 of  
102 Section 6 of the Constitution, as the result of changing the  
103 classification of structures intended to be used for  
104 residential living by human occupants which contain five or  
105 more dwelling units if such adjustment of the levy does not  
106 exceed the highest tax rate in effect subsequent to the 1980  
107 tax year. For purposes of this section, loss in revenue  
108 shall include the difference between the revenue that would  
109 have been collected on such property under its  
110 classification prior to enactment of this section and the  
111 amount to be collected under its classification under this

112 section. The county assessor of each county or city not  
113 within a county shall provide information to each taxing  
114 district within its boundaries regarding the difference in  
115 assessed valuation of such property as the result of such  
116 change in classification.

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

122 4. Where real property is used or held for use for  
123 more than one purpose and such uses result in different  
124 classifications, the county assessor shall allocate to each  
125 classification the percentage of the true value in money of  
126 the property devoted to each use; except that, where  
127 agricultural and horticultural property, as defined in this  
128 section, also contains a dwelling unit or units, the farm  
129 dwelling, appurtenant residential-related structures and up  
130 to five acres immediately surrounding such farm dwelling  
131 shall be residential property, as defined in this section,  
132 provided that the portion of property used or held for use  
133 as an urban and community garden shall not be residential  
134 property. This subsection shall not apply to any reliever  
135 airport.

136 5. All real property which is vacant, unused, or held  
137 for future use; which is used for a private club, a not-for-  
138 profit or other nonexempt lodge, club, business, trade,  
139 service organization, or similar entity; or for which a  
140 determination as to its classification cannot be made under  
141 the definitions set out in subsection 1 of this section,  
142 shall be classified according to its immediate most suitable

143 economic use, which use shall be determined after  
144 consideration of:

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

146 (2) Location of such property;

147 (3) Zoning classification of such property; except

148 that, such zoning classification shall not be considered

149 conclusive if, upon consideration of all factors, it is

150 determined that such zoning classification does not reflect

151 the immediate most suitable economic use of the property;

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

154 (5) Availability of water, electricity, gas, sewers,

155 street lighting, and other public services for such property;

156 (6) Size of such property;

157 (7) Access of such property to public thoroughfares;

158 and

159 (8) Any other factors relevant to a determination of

160 the immediate most suitable economic use of such property.

161 6. All lands classified as forest croplands shall not,

162 for taxation purposes, be classified as subclass (1),

163 subclass (2), or subclass (3) real property, as such classes

164 are prescribed in Section 4(b) of Article X of the Missouri

165 Constitution and defined in this section, but shall be taxed

166 in accordance with the laws enacted to implement Section 7

167 of Article X of the Missouri Constitution.

168 **7. An assessor shall not reclassify any real property**

169 **from one subclass of real property to another subclass of**

170 **real property without first providing written notice to the**

171 **owner of record of such property and offering an opportunity**

172 **for an in-person consultation with the owner of record.**

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