

SECOND REGULAR SESSION

# HOUSE BILL NO. 2650

## 103RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE BYRNES.

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JOSEPH ENGLER, Chief Clerk

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### AN ACT

To repeal section 137.115, RSMo, and to enact in lieu thereof one new section relating to personal property taxes, with a contingent effective date.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 137.115, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 137.115, to read as follows:

137.115. 1. **(1)** All other laws to the contrary notwithstanding, **except as otherwise provided in subdivision (2) of this subsection**, the assessor or the assessor's deputies in all counties of this state including the City of St. Louis shall annually make a list of all real and tangible personal property taxable in the assessor's city, county, town or district.

**(2) (a)** Except as otherwise provided in **paragraph (b) of this subdivision**, subsection 3 of this section, and section 137.078, the assessor shall annually assess all personal property at thirty-three and one-third percent of its true value in money as of January first of each calendar year.

**(b)** A city not within a county or a county may eliminate the assessment and taxation of tangible personal property as provided in this paragraph as follows:

**a.** A city not within a county or a county may submit a question of whether to eliminate personal property taxes on tangible personal property to the qualified voters of such city or county at a general election. Such question may include an additional question of whether to replace revenues lost from the elimination of personal property taxes under this paragraph by reducing the assessment and taxation of tangible personal property under this subparagraph and imposing a citywide or countywide sales tax:

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           **b. If a majority of the qualified voters of such city or county:**

19           **(i) Approve the elimination of personal property taxes, such taxes shall be**  
20 **reduced as provided in subparagraph c. of this paragraph;**

21           **(ii) Approve the replacement of personal property taxes with the imposition of a**  
22 **sales tax, such personal property taxes shall be reduced as provided in subparagraph c.**  
23 **of this paragraph and such replacement sales tax shall be imposed at a rate necessary to**  
24 **replace the revenues lost by the reduction of personal property taxes;**

25           **(iii) Oppose the elimination of personal property taxes, such tangible personal**  
26 **property shall continue to be assessed and taxed as provided under paragraph (a) of this**  
27 **subdivision and such replacement sales tax shall not be imposed under this paragraph;**  
28 **or**

29           **(iv) Oppose the replacement of personal property taxes with the imposition of a**  
30 **sales tax, such replacement sales tax shall not be imposed under this paragraph; and**

31           **c. In a city or county that adopts the elimination of personal property taxes or**  
32 **the replacement of personal property taxes with a sales tax under this paragraph,**  
33 **tangible personal property shall be eliminated or replaced beginning on January first of**  
34 **the calendar year immediately following the adoption of such elimination or**  
35 **replacement. The percentage of the true value in money at which tangible personal**  
36 **property is subject to assessment under the provisions of this subdivision shall be**  
37 **reduced each year for a period of five years. The assessor shall annually assess all**  
38 **personal property as of January first of each calendar year at the following percentages:**

39           **(i) For the first calendar year subsequent to adoption, twenty-six and six-tenths**  
40 **percent of its true value in money;**

41           **(ii) For the second calendar year subsequent to adoption, nineteen and nine-**  
42 **tenths percent of its true value in money;**

43           **(iii) For the third calendar year subsequent to adoption, thirteen and two-tenths**  
44 **percent of its true value in money;**

45           **(iv) For the fourth calendar year subsequent to adoption, six and one-half**  
46 **percent of its true value in money; and**

47           **(v) For the fifth calendar year subsequent to adoption and all subsequent years,**  
48 **except as otherwise provided in subsection 3 of this section and section 137.078, tangible**  
49 **personal property shall not be assessed, no tax shall be levied or imposed on tangible**  
50 **personal property, and the assessor shall not annually make a list of all tangible**  
51 **personal property in the assessor's jurisdiction.**

52           **(3) The assessor shall annually assess all real property, including any new**  
53 **construction and improvements to real property, and possessory interests in real property at**  
54 **the percent of its true value in money set in subsection 5 of this section. The true value in**

55 money of any possessory interest in real property in subclass (3), where such real property is  
56 on or lies within the ultimate airport boundary as shown by a federal airport layout plan, as  
57 defined by 14 CFR 151.5, of a commercial airport having a FAR Part 139 certification and  
58 owned by a political subdivision, shall be the otherwise applicable true value in money of any  
59 such possessory interest in real property, less the total dollar amount of costs paid by a party,  
60 other than the political subdivision, towards any new construction or improvements on such  
61 real property completed after January 1, 2008, and which are included in the above-  
62 mentioned possessory interest, regardless of the year in which such costs were incurred or  
63 whether such costs were considered in any prior year. The assessor shall annually assess all  
64 real property in the following manner: new assessed values shall be determined as of January  
65 first of each odd-numbered year and shall be entered in the assessor's books; those same  
66 assessed values shall apply in the following even-numbered year, except for new construction  
67 and property improvements which shall be valued as though they had been completed as of  
68 January first of the preceding odd-numbered year. The assessor may call at the office, place  
69 of doing business, or residence of each person required by this chapter to list property, and  
70 require the person to make a correct statement of all taxable tangible personal property owned  
71 by the person or under his or her care, charge or management, taxable in the county.

72       **(4)** On or before January first of each even-numbered year, the assessor shall prepare  
73 and submit a two-year assessment maintenance plan to the county governing body and the  
74 state tax commission for their respective approval or modification. The county governing  
75 body shall approve and forward such plan or its alternative to the plan to the state tax  
76 commission by February first. If the county governing body fails to forward the plan or its  
77 alternative to the plan to the state tax commission by February first, the assessor's plan shall  
78 be considered approved by the county governing body. If the state tax commission fails to  
79 approve a plan and if the state tax commission and the assessor and the governing body of the  
80 county involved are unable to resolve the differences, in order to receive state cost-share  
81 funds outlined in section 137.750, the county or the assessor shall petition the administrative  
82 hearing commission, by May first, to decide all matters in dispute regarding the assessment  
83 maintenance plan. Upon agreement of the parties, the matter may be stayed while the parties  
84 proceed with mediation or arbitration upon terms agreed to by the parties. The final decision  
85 of the administrative hearing commission shall be subject to judicial review in the circuit  
86 court of the county involved.

87       **(5)** In the event a valuation of subclass (1) real property within any county with a  
88 charter form of government, or within a city not within a county, is made by a computer,  
89 computer-assisted method or a computer program, the burden of proof, supported by clear,  
90 convincing and cogent evidence to sustain such valuation, shall be on the assessor at any  
91 hearing or appeal. In any such county, unless the assessor proves otherwise, there shall be a

92 presumption that the assessment was made by a computer, computer-assisted method or a  
93 computer program. Such evidence shall include, but shall not be limited to, the following:

94 ~~[(1)]~~ (a) The findings of the assessor based on an appraisal of the property by  
95 generally accepted appraisal techniques; and

96 ~~[(2)]~~ (b) The purchase prices from sales of at least three comparable properties and  
97 the address or location thereof. As used in this subdivision, the word "comparable" means  
98 that:

99 ~~[(a)]~~ a. Such sale was closed at a date relevant to the property valuation; and

100 ~~[(b)]~~ b. Such properties are not more than one mile from the site of the disputed  
101 property, except where no similar properties exist within one mile of the disputed property,  
102 the nearest comparable property shall be used. Such property shall be within five hundred  
103 square feet in size of the disputed property, and resemble the disputed property in age, floor  
104 plan, number of rooms, and other relevant characteristics.

105 2. Assessors in each county of this state and the City of St. Louis may send personal  
106 property assessment forms through the mail.

107 3. The following items of personal property shall each constitute separate subclasses  
108 of tangible personal property and shall be assessed and valued for the purposes of taxation at  
109 the following percentages of their true value in money:

110 (1) Grain and other agricultural crops in an unmanufactured condition, one-half of  
111 one percent;

112 (2) Livestock, twelve percent;

113 (3) Farm machinery, twelve percent;

114 (4) Motor vehicles which are eligible for registration as and are registered as historic  
115 motor vehicles pursuant to section 301.131 and aircraft which are at least twenty-five years  
116 old and which are used solely for noncommercial purposes and are operated less than two  
117 hundred hours per year or aircraft that are home built from a kit, five percent;

118 (5) Poultry, twelve percent;

119 (6) Tools and equipment used for pollution control and tools and equipment used in  
120 retooling for the purpose of introducing new product lines or used for making improvements  
121 to existing products by any company which is located in a state enterprise zone and which is  
122 identified by any standard industrial classification number cited in subdivision (7) of section  
123 135.200, twenty-five percent; and

124 (7) Solar panels, racking systems, inverters, and related solar equipment, components,  
125 materials, and supplies installed in connection with solar photovoltaic energy systems, as  
126 described in subdivision (46) of subsection 2 of section 144.030, that were constructed and  
127 producing solar energy prior to August 9, 2022, five percent.

128           4. The person listing the property shall enter a true and correct statement of the  
129 property, in a printed blank prepared for that purpose. The statement, after being filled out,  
130 shall be signed and either affirmed or sworn to as provided in section 137.155. The list shall  
131 then be delivered to the assessor.

132           5. (1) All subclasses of real property, as such subclasses are established in Section 4  
133 (b) of Article X of the Missouri Constitution and defined in section 137.016, shall be assessed  
134 at the following percentages of true value:

- 135           (a) For real property in subclass (1), nineteen percent;
- 136           (b) For real property in subclass (2), twelve percent; and
- 137           (c) For real property in subclass (3), thirty-two percent.

138           (2) A taxpayer may apply to the county assessor, or, if not located within a county,  
139 then the assessor of such city, for the reclassification of such taxpayer's real property if the use  
140 or purpose of such real property is changed after such property is assessed under the  
141 provisions of this chapter. If the assessor determines that such property shall be reclassified,  
142 he or she shall determine the assessment under this subsection based on the percentage of the  
143 tax year that such property was classified in each subclassification.

144           6. Manufactured homes, as defined in section 700.010, which are actually used as  
145 dwelling units shall be assessed at the same percentage of true value as residential real  
146 property for the purpose of taxation. The percentage of assessment of true value for such  
147 manufactured homes shall be the same as for residential real property. If the county collector  
148 cannot identify or find the manufactured home when attempting to attach the manufactured  
149 home for payment of taxes owed by the manufactured home owner, the county collector may  
150 request the county commission to have the manufactured home removed from the tax books,  
151 and such request shall be granted within thirty days after the request is made; however, the  
152 removal from the tax books does not remove the tax lien on the manufactured home if it is  
153 later identified or found. For purposes of this section, a manufactured home located in a  
154 manufactured home rental park, rental community or on real estate not owned by the  
155 manufactured home owner shall be considered personal property. For purposes of this  
156 section, a manufactured home located on real estate owned by the manufactured home owner  
157 may be considered real property.

158           7. Each manufactured home assessed shall be considered a parcel for the purpose of  
159 reimbursement pursuant to section 137.750, unless the manufactured home is deemed to be  
160 real estate as defined in subsection 7 of section 442.015 and assessed as a realty improvement  
161 to the existing real estate parcel.

162           8. Any amount of tax due and owing based on the assessment of a manufactured  
163 home shall be included on the personal property tax statement of the manufactured home  
164 owner unless the manufactured home is deemed to be real estate as defined in subsection 7 of

165 section 442.015, in which case the amount of tax due and owing on the assessment of the  
166 manufactured home as a realty improvement to the existing real estate parcel shall be  
167 included on the real property tax statement of the real estate owner.

168         9. The assessor of each county and each city not within a county shall use a nationally  
169 recognized automotive trade publication such as the National Automobile Dealers'  
170 Association Official Used Car Guide, Kelley Blue Book, Edmunds, or other similar  
171 publication as the recommended guide of information for determining the true value of motor  
172 vehicles described in such publication. The state tax commission shall select and make  
173 available to all assessors which publication shall be used. The assessor of each county and  
174 each city not within a county shall use the trade-in value published in the current October  
175 issue of the publication selected by the state tax commission. The assessor shall not use a  
176 value that is greater than the average trade-in value in determining the true value of the motor  
177 vehicle without performing a physical inspection of the motor vehicle. For vehicles two years  
178 old or newer from a vehicle's model year, the assessor may use a value other than average  
179 without performing a physical inspection of the motor vehicle. In the absence of a listing for  
180 a particular motor vehicle in such publication, the assessor shall use such information or  
181 publications that, in the assessor's judgment, will fairly estimate the true value in money of  
182 the motor vehicle. For motor vehicles with a true value of less than fifty thousand dollars as  
183 of January 1, 2025, the assessor shall not assess such motor vehicle for an amount greater  
184 than such motor vehicle was assessed in the previous year, provided that such motor vehicle  
185 was properly assessed in the previous year.

186         10. Before the assessor may increase the assessed valuation of any parcel of subclass  
187 (1) real property by more than fifteen percent since the last assessment, excluding increases  
188 due to new construction or improvements, the assessor shall conduct a physical inspection of  
189 such property.

190         11. If a physical inspection is required, pursuant to subsection 10 of this section, the  
191 assessor shall notify the property owner of that fact in writing and shall provide the owner  
192 clear written notice of the owner's rights relating to the physical inspection. If a physical  
193 inspection is required, the property owner may request that an interior inspection be  
194 performed during the physical inspection. The owner shall have no less than thirty days to  
195 notify the assessor of a request for an interior physical inspection.

196         12. A physical inspection, as required by subsection 10 of this section, shall include,  
197 but not be limited to, an on-site personal observation and review of all exterior portions of the  
198 land and any buildings and improvements to which the inspector has or may reasonably and  
199 lawfully gain external access, and shall include an observation and review of the interior of  
200 any buildings or improvements on the property upon the timely request of the owner pursuant  
201 to subsection 11 of this section. Mere observation of the property via a drive-by inspection or

202 the like shall not be considered sufficient to constitute a physical inspection as required by  
203 this section.

204         13. A county or city collector may accept credit cards as proper form of payment of  
205 outstanding property tax or license due. No county or city collector may charge surcharge for  
206 payment by credit card which exceeds the fee or surcharge charged by the credit card bank,  
207 processor, or issuer for its service. A county or city collector may accept payment by  
208 electronic transfers of funds in payment of any tax or license and charge the person making  
209 such payment a fee equal to the fee charged the county by the bank, processor, or issuer of  
210 such electronic payment.

211         14. Any county or city not within a county in this state may, by an affirmative vote of  
212 the governing body of such county, opt out of the provisions of this section and sections  
213 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general  
214 assembly, second regular session and section 137.073 as modified by house committee  
215 substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-  
216 second general assembly, second regular session, for the next year of the general  
217 reassessment, prior to January first of any year. No county or city not within a county  
218 shall exercise this opt-out provision after implementing the provisions of this section and  
219 sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first  
220 general assembly, second regular session and section 137.073 as modified by house  
221 committee substitute for senate substitute for senate committee substitute for senate bill no.  
222 960, ninety-second general assembly, second regular session, in a year of general  
223 reassessment. For the purposes of applying the provisions of this subsection, a political  
224 subdivision contained within two or more counties where at least one of such counties has  
225 opted out and at least one of such counties has not opted out shall calculate a single tax rate as  
226 in effect prior to the enactment of house bill no. 1150 of the ninety-first general assembly,  
227 second regular session. A governing body of a city not within a county or a county that has  
228 opted out under the provisions of this subsection may choose to implement the provisions of  
229 this section and sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of  
230 the ninety-first general assembly, second regular session, and section 137.073 as modified by  
231 house committee substitute for senate substitute for senate committee substitute for senate bill  
232 no. 960, ninety-second general assembly, second regular session, for the next year of general  
233 reassessment, by an affirmative vote of the governing body prior to December thirty-first of  
234 any year.

235         15. The governing body of any city of the third classification with more than twenty-  
236 six thousand three hundred but fewer than twenty-six thousand seven hundred inhabitants  
237 located in any county that has exercised its authority to opt out under subsection 14 of this  
238 section may levy separate and differing tax rates for real and personal property only if such

239 city bills and collects its own property taxes or satisfies the entire cost of the billing and  
240 collection of such separate and differing tax rates. Such separate and differing rates shall not  
241 exceed such city's tax rate ceiling.

242       16. Any portion of real property that is available as reserve for strip, surface, or coal  
243 mining for minerals for purposes of excavation for future use or sale to others that has not  
244 been bonded and permitted under chapter 444 shall be assessed based upon how the real  
245 property is currently being used. Any information provided to a county assessor, state tax  
246 commission, state agency, or political subdivision responsible for the administration of tax  
247 policies shall, in the performance of its duties, make available all books, records, and  
248 information requested, except such books, records, and information as are by law declared  
249 confidential in nature, including individually identifiable information regarding a specific  
250 taxpayer or taxpayer's mine property. For purposes of this subsection, "mine property" shall  
251 mean all real property that is in use or readily available as a reserve for strip, surface, or coal  
252 mining for minerals for purposes of excavation for current or future use or sale to others that  
253 has been bonded and permitted under chapter 444.

Section B. The repeal and reenactment of section 137.115 of section A of this act  
2 shall become effective only upon the passage and approval by the voters of a constitutional  
3 amendment submitted to them by the general assembly regarding the elimination of personal  
4 property taxation.

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