

HCS HB 2178 -- TAXATION OF PROPERTY

SPONSOR: Perkins

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Property Tax Reform by a vote of 14 to 4. Voted "Do Pass" by the Standing Committee on Rules-Administrative by a vote of 12 to 0.

The following is a summary of the House Committee Substitute for HB 2178.

The bill provides that when a valuation of utility, industrial, commercial, railroad, and other real properties is made by a computer, computer-assisted method, or a computer program, the burden of proof to sustain the valuation must be on the assessor at any hearing or appeal.

This bill requires the assessor to conduct a physical inspection of any parcel of utility, industrial, commercial, railroad, or other real property before the assessor can increase the assessed valuation of such parcel of real property by more than 15%.

If any appeals case arising from general reassessment of a property whose assessed valuation increased by at least 15% is not heard and acted upon by the board of equalization by September 30th of an applicable year, the following must occur:

- (1) The case must be dismissed;
- (2) The assessor's increased assessed valuation must be voided; and
- (3) The previous assessed valuation must be applied instead of the increased assessed valuation.

If an assessor fails to provide sufficient evidence to prove a physical inspection was performed in an appeal, the assessor's increased assessed valuation must be voided and the previous assessed valuation must be applied instead of the increased assessed valuation.

If a taxpayer submits a written appraisal report prepared by a certified Missouri appraiser to the board of equalization at least five days prior to the scheduled hearing date, the value of the property provided in the certified appraiser's report must be the property's presumptive true value in money.

When the State Tax Commission (STC) equalizes the valuation of a class or subclass of property that results in an increase of more than 15%, the increase must be evenly divided between the next reassessment cycles to ensure no single year causes an increase that is greater than 15%.

If an assessor appeals certain decisions of the STC to a court and the taxpayer prevails, the taxpayer must be awarded costs of appeal and reasonable attorney's fees.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

**PROPOSERS:** Supporters say that this bill makes the valuation and taxation of parcels in subclass (3) fairer, more transparent, and more predictable. Those in support say the bill would ensure commercial properties are treated in a manner similar to residential property. This bill also helps businesses, particularly small businesses, to plan for future increases when they know those increases are coming.

Testifying in person for the bill were Representative Perkins; BB63, LLC; Grandview Road III, LLC; and Vincent H. Rigby, Jr.

**OPPOSERS:** Those who oppose the bill say that people are wanting decreases in their taxes, and this bill doesn't mention tax liability decreases at all. Those in opposition say this bill allows computer-assisted technologies for commercial assessments, which has caused issues in the past.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.