

HCS HB 2178 -- TAXATION OF PROPERTY (Perkins)

COMMITTEE OF ORIGIN: Special Committee on Property Tax Reform

This bill requires that the election authority for a political subdivision or special district label property taxation-related ballot measures numerically or alphabetically. Ballot measures will not be labeled in any other descriptive manner. (Section 115.240)

Beginning January 1, 2027, the bill requires that ballot language for a vote to levy a real property tax or personal property tax include elements as specified in the bill.

This bill requires ballot language to describe the desired tax as a specified amount per \$100,000 or per \$10,000 of appraised value, depending on whether the property is residential, commercial, agricultural, or a motor vehicle.

The bill prohibits any political subdivision or election authority from advertising or describing any proposed property tax as a "no tax increase" tax proposal.

The bill requires ballot language statements to be fair, true, and accurate. (Section 115.706)

Currently, real property is divided into three separate classifications based on the use or purpose of the property. Each of the subclassifications of property are assessed at different rates. When real property is used for different purposes resulting in different classifications, the county assessor must allocate to each classification the percentage of the true value in money of the property devoted to each use.

This bill provides that when a single family home that is owned by a sole proprietor, individual, partnership, or limited liability company (LLC) is leased, in whole or in part, for 30 consecutive days or less, the home will be classified as residential property and will not necessarily be considered "transient housing". (Section 137.016)

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 general reassessment of property causes the assessed valuation to increase by more than 15% from the previous assessment, except for an increase due to new construction or improvement, the increase must be evenly divided between each of the next successive reassessment cycles in a manner that does not cause an increase of more than 15% for any two-year period. If a taxpayer's real property tax liability increases by more than 15%, the assessor and collector must apply a tax credit equal to the amount that exceeds that 15% increase.

This bill requires the physical inspection of a property required to increase the assessed valuation of a parcel of real property by more than 15% since the last assessment to be completed prior to July 1 of the reassessment year. (Section 137.115)

This bill requires an assessor to provide any third-party documents or reports that were relied upon in the computation of a property's assessed value to the property owner. (Section 137.180)

The bill requires assessors to notify a property owner about the method and basis of computation of value for any property that gets an increase in assessed value. (Section 137.355)

If cases arising from general reassessment of a property whose assessed valuation increased by at least 15% are 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. (Section 138.010)

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. (Section 138.060)

This bill allows a person who just acquired a real property during an even-numbered year to appeal the assessed value to the State Tax Commission (STC). If the appeal is successful, the STC has the authority to lower the property's assessed value. (Section 138.135)

When the 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 in a way that does not cause an increase of more than 15% for any two-year reassessment period. If a taxpayer's real property tax liability increases by more than 15%, the assessor and collector must apply a tax credit equal to the amount that exceeds that 15% increase. (Section 138.390)

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. (Section 138.430)

Currently, in charter counties and the City of St. Louis, taxpayers can be reimbursed appraisal costs, attorneys fees, and court costs incurred during an appeal to the STC if the taxpayer is successful in the appeal. This bill requires such reimbursements. The bill also increases the maximum amount of fees to be reimbursed from \$1,000 to \$5,000 for residential property appeals, and from \$4,000 to \$5,000 for commercial, utility, industrial, railroad, or other subclass three property appeals. (Section 138.434)

This bill requires refunds to be issued to taxpayers within 30 days of the date of a determination that the taxpayer is entitled to one. If the collector fails to issue the refund within 30 days, the taxpayer will be entitled to interest on the refund at a rate established by the Director of Revenue. (Section 139.031)