

HCS HBs 2780 & 2668 -- PROPERTY TAXATION (Taylor (048))

COMMITTEE OF ORIGIN: Special Committee on Property Tax Reform

BALLOT MEASURES (Section 64.401 to 66.265, 67.496, 67.799 to 115.123, 115.240, 115.706, 137.037, 137.065, 137.565, 137.1040, 137.1050, and 162.223 to 650.408)

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

This bill requires political subdivisions or special districts to label taxation-related ballot measures numerically or alphabetically. Ballot measures must not be labeled in a descriptive manner.

Beginning January 1, 2027, the bill standardizes ballot language for questions submitted to voters by a political subdivision desiring to levy a real property or personal property tax.

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 requires ballot language statements to be fair, true, and accurate.

ELECTION DATES (Section 67.457, 67.799, 67.1551, 68.250, 71.800, 115.123, 137.481, 137.1040, 182.015, 184.351 - 184.604, 204.250 - 205.979, 210.860, 233.510, 247.130, 247.350, 247.550, 249.1150, 256.445, 321.225, 321.240, 321.244, 321.460, 321.610, 321.620, 650.399)

Currently, certain counties, cities, political subdivisions, or other taxing districts may propose the imposition, continuation, modification, or elimination of a property tax to the voters at certain times of the year. This bill provides that these proposals must be submitted to the voters at the general election in November.

This bill exempts counties that have adopted a township organization from the requirement to only submit real property tax or personal property tax questions during the general

election. The bill allows such counties to submit questions related to real property tax or personal property tax in either April or November.

ASSESSMENT OF PROPERTY (Section 137.016)

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 single-family homes that are leased, in whole or in part, for a term of 30 consecutive days or less, must be classified and taxed as residential property. These single family homes must not necessarily be considered "transient housing".

The bill provides that, for the purpose of real property appraisal and assessment, "true value in money" must mean the actual replacement cost or costs of the real property and improvements to such real property. When certain terms are used in relation to real property appraisal and assessment, they must be understood to refer to "true value in money" as defined in this bill.

PROPERTY TAX RATES (Section 137.039, 137.055, 137.073, 137.079, 137.082, AND 137.115)

This bill provides that each political subdivision that adopts or has adopted any tax abatement or similar economic incentive must decrease the levy of real property tax rates to reduce the amount of tax revenues such political subdivision received from the additional tax abatement revenue.

Currently, prior to setting the property tax rate, a county must hold a public hearing where citizens can comment. The county must publish a notice of the hearing in a qualifying local newspaper at least seven days in advance of the public hearing, and this notice must include certain information. The bill provides that the notice no longer needs to include the increase in tax revenue realized due to an increase in assessed value as a result of new construction and improvements.

This bill provides that new construction and improvements will no longer be excluded from the aggregate assessed valuation calculation, as it relates to the Hancock Amendment, setting real property tax levies, and inflationary assessment growth.

Currently, any political subdivision that received approval for a tax rate increase can levy a property tax rate to collect substantially the same amount of tax revenue as the amount of revenue that would have been derived by applying the voter-approved increased tax rate ceiling to the total assessed valuation of the political subdivision. However, the tax rate must not exceed the greater of the most recent voter-approved rate or the most recent adjusted voter-approved rate.

The bill removes mention of the single tax rate in the exception and provides that the rates of levy for each subclass of real property, individually, and personal property, in the aggregate, must not exceed the greater of the most recent voter-approved rate or most recent adjusted voter approved rate.

Currently, if the tax revenue from various tax rates is different than the tax revenue that would have been determined from a single tax rate, then the political subdivision must revise the tax rates of those subclasses of real property, individually, and/or personal property, in the aggregate that had a tax rate reduction. This revision must yield an amount equal to the difference and must be apportioned among the subclasses of real property, individually, and/or personal property, in the aggregate, based on the relative assessed valuation of the class or subclasses that experienced the tax rate reduction. Additionally, for school districts that levy separate tax rates on each subclass of real property and personal property, in the aggregate, or that had voter-approved ballots that set or increased the subclass rates differently prior to 2011, a blended tax rate must be used to calculate the single tax rate.

This bill repeals this language. Political subdivisions are no longer required to compare revenues generated by multiple levies to a single-rate baseline or to adjust multiple levies based on a single-rate baseline.

This bill requires that if voters in a political subdivision approve a levy increase prior to the expiration of a previously approved temporary levy increase, the new tax rate ceiling will remain in effect only until the temporary levy increase expires under the terms originally approved by voters. At that time, the

tax rate ceiling will be decreased by the amount of the temporary levy increase unless voters of the political subdivision are asked to approve an additional permanent increase and such increase is approved.

The bill requires that when voters in a political subdivision pass a tax rate increase, the political subdivision must use the current tax rate ceiling and the increase approved by the voters in establishing the rates of levy for the tax year immediately following the election. If the assessed valuation of real property in a political subdivision sees a reduction in value in the tax year immediately following the election, the political subdivision can raise its tax rates so that the revenue received from the local real property tax rates equals the amount the political subdivision would have received from the increased rates of levy had there been no reduction in the assessed valuation of real property in the political subdivision. In the event of an increased tax rate ceiling, such rate must be revenue neutral as required in Article X, Section 22 of the Constitution of Missouri.

As it relates to setting property tax rates, the bill repeals mention of a single property tax rate and replaces such language with that relating to multiple tax rates.

Currently, as it relates to determining the tax due on newly constructed residential property, when the property becomes occupied, the assessor or board of equalization must add the full new assessed value to the tax rolls beginning the first day of the month after occupancy began. The property is then taxed at the new value for the remaining months of that year and at the prior value for the months before occupancy. A ratio is then calculated based on the number of months taxed at the new value, and this percentage of the new constructions assessed value becomes part of the base used to calculate the tax levy rollback for the subsequent year. The untaxed percentage must be considered new construction and improvements in the subsequent year and is exempt from rollbacks.

This bill provides that this untaxed percentage that must be considered as new construction and improvements in the following year must no longer be exempt from the rollback provisions related to the Hancock Amendment.

Currently, for certain possessory interests located in the boundaries of certain specified commercial airports, the true value is reduced by the total dollar amount of costs paid by an

entity other than the political subdivision, for any new construction or improvements on such real property that was completed after January 1, 2008, regardless of the year in which those costs were incurred or whether the costs were considered in a previous year. This bill provides that such true value for such possessory interests will no longer be reduced by such total dollar amount.

If the valuation of a parcel of subclass (3) real property in a charter county or in St. Louis is made by a computer, the bill requires the burden of proof to sustain such valuation at a hearing or appeal must be on the assessor.

This bill provides that before any assessor may increase the assessed valuation of any parcel of utility, industrial, commercial, railroad, or other real property by more than 15% since the last assessment, the assessor must conduct a physical inspection of such property.

Currently, any county and city not within a county can opt out of implementing the provisions of certain Sections of House bill no. 1150 (2002) and certain provisions of Senate bill no. 960, which includes setting separate levies to be calculated for each subclass of real property and for personal property using the assessed valuation for each class of real property and of personal property. Any county and city not within a county may also opt out of implementing certain provisions of House bill no. 1150 (2002) and certain provisions of Senate bill no. 960 as they relate to tax rate ceilings, blended tax rates, tax rate calculations, and credit card usage to pay property taxes.

This bill repeals the references to the provisions of House bill no. 1150 (2002) and Senate bill no. 960 (2004), as well as the corresponding procedures to opt out of or to implement such provisions.

The bill requires that, beginning January 1, 2027, each county and city not within a county to determine the assessed valuation, set and revise rates of levy, and make adjustments to current levies for each subclass of real property, individually, and personal property, in the aggregate.

PROPERTY TAX CREDITS (Section 137.1050 and 137.1055)

This bill clarifies that any county authorized to impose a property tax must grant a property tax credit to all eligible

taxpayers for certain increases to an eligible taxpayer's real property tax liability. The bill further clarifies that in a county granting a real property tax credit, the county and each political subdivision levying a real property tax must apply the county's or political subdivision's proportional amount of the credit when calculating the eligible taxpayer's property tax liability. The county and the political subdivision are prohibited from adopting any procedure that limits the definition or scope of eligible credit amounts or eligible taxpayers. As it relates to calculating the property tax levies, the total amount of credits authorized in the county must be considered tax revenue actually received by the political subdivision levying such tax.

This bill clarifies that real property tax imposed by a county or by a political subdivision within the county includes, but is not limited to: tax levies for debt service, tax levies for operating purposes, tax levies for capital improvements and projects, a special assessment or special tax levy, and any other real property tax levied for any purpose.

The bill provides that, once an eligible taxpayer qualifies for the homestead property tax credit for seniors, such taxpayer must maintain his or her eligibility without needing to reapply each year. The tax credit must continue to be automatically applied to the eligible taxpayer's homestead until the tax year in which such taxpayer relocates or dies, which must be certified with a copy of the death certificate or notification of the relocation within 90 days of the date of either event.

Currently, the eligible credit amount in "five percent counties" may be increased by no more than five% per year or the percent increase in inflation, whichever is higher. The bill changes the language to provide that the eligible credit amount in "five percent counties" may be increased by no more than five% per year or the percent increase in inflation, whichever is lower.

PAYMENT OF PROPERTY TAX (Section 139.053)

Currently, the governing body of any county can allow, by ordinance or order, the option for taxpayers to pay any part of their real and personal property taxes on an annual, semiannual, or quarterly basis. However, township counties are excluded from the ability to allow taxpayers these payment options. This bill allows township counties the option to pass such an order or ordinance.

SCHOOL DISTRICTS (Section 163.021)

Currently, no school district can receive more state aid for its education program than it received per weighted average daily attendance for the school year 2005-06 from the foundation formula, unless it has an operating levy for school purposes of not less than \$2.75. The bill changes the operating levy floor to receive certain state aid to \$1.50 beginning the 2026-27 school year.

There is a severability clause for this bill. (Section B)

This bill is similar to HB 2668 (2026).