

FIRST REGULAR SESSION

# SENATE BILL NO. 99

95TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CUNNINGHAM.

Pre-filed December 3, 2008, and ordered printed.

TERRY L. SPIELER, Secretary.

0547S.011

## AN ACT

To amend chapter 137, RSMo, by adding thereto one new section relating to the predictable property tax act, with a contingent effective date.

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

Section A. Chapter 137, RSMo, is amended by adding thereto one new  
2 section, to be known as section 137.109, to read as follows:

**137.109. 1. This section shall be known and may be cited as the  
2 "Predictable Property Tax Act".**

**3 2. Notwithstanding any other provision of law to the contrary,  
4 after August 28, 2009, all real property in this state shall be assessed  
5 under the provisions of this section. The assessor of each county may  
6 use any applicable procedures authorized under this chapter before  
7 August 28, 2009, to accomplish assessments under this section.**

**8 3. No real property tax imposed on any real property in this  
9 state shall exceed one percent of such property's true value in money  
10 except as provided by this subsection. The taxing authority may exceed  
11 the one percent limitation in each subsequent assessment to reflect  
12 cost-of-living increases, but not to exceed two percent or the percentage  
13 of increase over the previous year in the Consumer Price Index for the  
14 Midwest Region as prepared by the United States Bureau of Labor  
15 Statistics, or its successor index, whichever is lower.**

**16 4. No amount of real property tax revenues received by a county  
17 shall exceed the real property revenues produced in 2006, excluding  
18 new construction or property improvements and cost-of-living increases  
19 as provided in subsection 3 of this section. In the event that the real  
20 property tax levies will result in more property tax revenues than were  
21 produced in 2006, excluding new construction or property**

22 improvements and cost-of-living increases as provided in subsection 3  
23 of this section, the taxing authority shall decrease the percentage of the  
24 levy to ensure the real property tax revenues do not exceed the  
25 revenues produced in 2006, excluding new construction or property  
26 improvements and cost-of-living increases as provided in subsection 3  
27 of this section. In the event that any real property tax revenues in such  
28 county will be lower than the revenues received in 2006, the taxing  
29 authority shall not increase the percentage of the levy to produce the  
30 same real property tax revenues that were produced in 2006, but the  
31 lower amount of property tax revenues received shall be the new real  
32 property tax amount ceiling in that year and for real property tax  
33 calculations in the following year. In all subsequent years, if the real  
34 property tax revenues are lower than the previous year and a new  
35 lower real property tax rate is produced, such rate shall be the rate  
36 ceiling for the following year.

37       5. No real property tax amount due on any real property shall be  
38 more than the amount due on such property in 2006, excluding new  
39 construction or property improvements. In the event the real property  
40 tax amount due on any real property is more than the amount due on  
41 such property in 2006, excluding new construction or property  
42 improvements, the taxing authority shall decrease the percentage of the  
43 property tax imposed on the property to ensure the property tax  
44 amount due does not exceed the amount due in 2006, excluding new  
45 construction or property improvements and cost-of-living increases as  
46 provided in subsection 3 of this section.

47       6. The true value in money of real property may be reduced to  
48 reflect substantial damage, destruction, or other factors causing a  
49 decline in value.

50       7. In the event that any piece of real property changes  
51 ownership, and assessing the real property as provided in this section  
52 at the time of the sale would result in a lower true value in money than  
53 the previous assessment, the assessor shall lower the true value in  
54 money of such property accordingly, and such lower true value in  
55 money shall be the base for determining increases in the property tax  
56 assessed on such property as provided in subsection 3 of this section.

57       8. The limitations in this section shall not apply to any taxes, tax  
58 increases, bonded indebtedness, or special assessments approved by the

59 voters.

60           **9. The true value in money of any new construction or property**  
61 **improvements to real property shall be equal to the cost of such new**  
62 **construction or property improvements, and shall be added to the true**  
63 **value in money of the real property determined before such new**  
64 **construction or property improvements occurred. For purposes of this**  
65 **section, new construction or property improvements made solely for**  
66 **maintenance or remodeling of existing real property shall not be**  
67 **construed to be new construction or property improvements to be**  
68 **assessed under this subsection.**

69           **10. Any person fifty-five years of age or older may transfer the**  
70 **true value in money of the real property to any replacement dwelling**  
71 **of equal or lesser value located within the state and purchased or**  
72 **newly constructed by that person as the person's principal residence**  
73 **within two years before or after the sale of the original property. For**  
74 **purposes of this section, "replacement dwelling" means a building,**  
75 **structure, or other shelter constituting a place of abode, whether real**  
76 **property or personal property, and any land on which it may be**  
77 **situated. For purposes of this section, a two-dwelling unit shall be**  
78 **considered as two separate single-family dwellings. This subsection**  
79 **shall not apply to any person who has purchased or transferred a**  
80 **principal residence under subsection 11 of this section.**

81           **11. (1) For purposes of this section, "changes ownership" shall**  
82 **not include the following:**

83           **(a) The acquisition of real property as a replacement for**  
84 **comparable property if the person acquiring the real property has been**  
85 **displaced from the property replaced by eminent domain proceedings,**  
86 **by acquisition by a public entity, or governmental action that has**  
87 **resulted in a judgment of inverse condemnation. The real property**  
88 **acquired shall be deemed comparable to the property replaced if it is**  
89 **similar in size, utility, and function, or if it conforms to state laws and**  
90 **rules governing the relocation of persons displaced by governmental**  
91 **actions;**

92           **(b) The purchase or transfer of the principal residence of the**  
93 **transferor in the case of a purchase or transfer between parents and**  
94 **their children or between grandparents and their grandchildren if all**  
95 **such grandchildren's parents that are children of the grandparents are**

96 **deceased as of the date of the purchase or transfer;**

97 **(c) The purchase or transfer of the first one million dollars of the**  
98 **true value in money of all other real property between parents and**  
99 **their children or between grandparents and their grandchildren if all**  
100 **such grandchildren's parents that are children of the grandparents are**  
101 **deceased as of the date of the purchase or transfer.**

102 **(2) This subsection shall apply to both voluntary transfers and**  
103 **transfers resulting from a court order or judicial decree.**

104 **(3) A purchase or transfer of a principal residence shall not be**  
105 **excluded under subdivision (1) of this subsection if the transferee**  
106 **grandchild or grandchildren also received a principal residence, or**  
107 **interest therein, through another purchase or transfer that was**  
108 **excludable under paragraph (b) of subdivision (1) of this**  
109 **subsection. The true value in money of any real property, other than**  
110 **a principal residence, that was transferred to the grandchild or**  
111 **grandchildren under a purchase or transfer that was excludable under**  
112 **paragraph (b) of subdivision (1) of this subsection, and the true value**  
113 **in money of a principal residence that fails to qualify for such**  
114 **exclusion, shall be included in applying the one million dollar true**  
115 **value in money limit specified in paragraph (c) of subdivision (1) of this**  
116 **subsection.**

117 **12. (1) As used in this subsection, "qualified contaminated**  
118 **property" means residential or nonresidential real property that is all**  
119 **of the following:**

120 **(a) In the case of residential real property, rendered**  
121 **uninhabitable, and in the case of nonresidential real property,**  
122 **rendered unusable, as the result of either environmental problems,**  
123 **including but not limited to the presence of toxic or hazardous**  
124 **materials, or the remediation of those environmental problems, except**  
125 **where the existence of the environmental problems was known to the**  
126 **owner, or to a related individual or entity as described in subdivision**  
127 **(4) of this subsection, at the time the real property was acquired or**  
128 **constructed. For purposes of this paragraph, residential real property**  
129 **is uninhabitable if that property, as a result of health hazards caused**  
130 **by or associated with the environmental problems, is unfit for human**  
131 **habitation, and nonresidential real property is unusable if that**  
132 **property, as a result of health hazards caused by or associated with the**

133 environmental problems, is unhealthy and unsuitable for occupancy;

134 (b) Located on a site that has been designated as a toxic or  
135 environmental hazard or as an environmental cleanup site by a  
136 department of this state or the federal government;

137 (c) Real property that contains a structure or structures thereon  
138 before the completion of environmental cleanup activities, and that  
139 structure or structures are substantially damaged or destroyed as a  
140 result of those environmental cleanup activities;

141 (d) Stipulated by the lead governmental department, with  
142 respect to the environmental problems or environmental cleanup of the  
143 real property, not to have been rendered uninhabitable or unusable, as  
144 applicable, as described in paragraph (a) of this subdivision, by any act  
145 or omission in which an owner of that real property participated or  
146 acquiesced.

147 (2) The true value in money amount of the qualified  
148 contaminated property, as adjusted as authorized by subsection 4 of  
149 this section, may be transferred to a replacement property that is  
150 acquired or newly constructed as a replacement for the qualified  
151 contaminated property, if the replacement real property has a fair  
152 market value that is equal to or less than the fair market value of the  
153 qualified contaminated property if that property were not  
154 contaminated and, except as otherwise provided by this clause, is  
155 located within the same county. The true value in money amount of the  
156 qualified contaminated property may be transferred to a replacement  
157 real property located within the state. This subdivision shall apply  
158 only to replacement property that is acquired or newly constructed  
159 within five years after ownership in the qualified contaminated  
160 property is sold or otherwise transferred.

161 (3) In the case in which the remediation of the environmental  
162 problems on the qualified contaminated property requires the  
163 destruction of, or results in substantial damage to, a structure located  
164 on that property, the term "new construction" shall not include the  
165 repair of a substantially damaged structure, or the construction of a  
166 structure replacing a destroyed structure on the qualified  
167 contaminated property, performed after the remediation of the  
168 environmental problems on that property, provided that the repaired  
169 or replacement structure is similar in size, utility, and function to the

170 original structure.

171 (4) It shall be rebuttably presumed that an owner of the real  
172 property participated or acquiesced in any act or omission that  
173 rendered the real property uninhabitable or unusable, as applicable, if  
174 that owner is related to any individual or entity that committed that  
175 act or omission in any of the following ways:

176 (a) Is a spouse, parent, child, grandparent, grandchild, or sibling  
177 of that individual;

178 (b) Is a corporate parent, subsidiary, or affiliate of that entity;

179 (c) Is an owner of, or has control of, that entity;

180 (d) Is owned or controlled by that entity.

181 If this presumption is not overcome, the owner shall not receive the  
182 relief provided for in subdivision (2) or (3) of this subsection. The  
183 presumption may be overcome by presentation of satisfactory evidence  
184 to the assessor, who shall not be bound by the findings of the lead  
185 governmental department in determining whether the presumption has  
186 been overcome.

Section B. This act shall become effective only upon passage of a  
2 constitutional amendment limiting increases in assessed value of real property,  
3 due to reassessment, until a transfer of ownership occurs.

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