

SECOND REGULAR SESSION

SENATE BILL NO. 550

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR HEGEMAN.

Pre-filed December 1, 2019, and ordered printed.

ADRIANE D. CROUSE, Secretary.

3542S.01I

AN ACT

To repeal section 137.073, RSMo, and to enact in lieu thereof one new section relating to the assessment of certain properties that are exempt from ad valorem taxes.

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

Section A. Section 137.073, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 137.073, to read as follows:

137.073. 1. As used in this section, the following terms mean:

2 (1) "General reassessment", changes in value, entered in the assessor's
3 books, of a substantial portion of the parcels of real property within a county
4 resulting wholly or partly from reappraisal of value or other actions of the
5 assessor or county equalization body or ordered by the state tax commission or
6 any court;

7 (2) "Tax rate", "rate", or "rate of levy", singular or plural, includes the tax
8 rate for each purpose of taxation of property a taxing authority is authorized to
9 levy without a vote and any tax rate authorized by election, including bond
10 interest and sinking fund;

11 (3) "Tax rate ceiling", a tax rate as revised by the taxing authority to
12 comply with the provisions of this section or when a court has determined the tax
13 rate; except that, other provisions of law to the contrary notwithstanding, a school
14 district may levy the operating levy for school purposes required for the current
15 year pursuant to subsection 2 of section 163.021, less all adjustments required
16 pursuant to Article X, Section 22 of the Missouri Constitution, if such tax rate
17 does not exceed the highest tax rate in effect subsequent to the 1980 tax
18 year. This is the maximum tax rate that may be levied, unless a higher tax rate
19 ceiling is approved by voters of the political subdivision as provided in this

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

20 section;

21 (4) "Tax revenue", when referring to the previous year, means the actual
22 receipts from ad valorem levies on all classes of property, including state-assessed
23 property, in the immediately preceding fiscal year of the political subdivision,
24 plus an allowance for taxes billed but not collected in the fiscal year and plus an
25 additional allowance for the revenue which would have been collected from
26 property which was annexed by such political subdivision but which was not
27 previously used in determining tax revenue pursuant to this section. The term
28 "tax revenue" shall not include any receipts from ad valorem levies on any
29 property of a railroad corporation or a public utility, as these terms are defined
30 in section 386.020, which were assessed by the assessor of a county or city in the
31 previous year but are assessed by the state tax commission in the current year.
32 All school districts and those counties levying sales taxes pursuant to chapter 67
33 shall include in the calculation of tax revenue an amount equivalent to that by
34 which they reduced property tax levies as a result of sales tax pursuant to section
35 67.505 and section 164.013 [or as excess home dock city or county fees as
36 provided in subsection 4 of section 313.820] in the immediately preceding fiscal
37 year but not including any amount calculated to adjust for prior years. For
38 purposes of political subdivisions which were authorized to levy a tax in the prior
39 year but which did not levy such tax or levied a reduced rate, the term "tax
40 revenue", as used in relation to the revision of tax levies mandated by law, shall
41 mean the revenues equal to the amount that would have been available if the
42 voluntary rate reduction had not been made.

43 2. Whenever changes in assessed valuation are entered in the assessor's
44 books for any personal property, in the aggregate, or for any subclass of real
45 property as such subclasses are established in Section 4(b) of Article X of the
46 Missouri Constitution and defined in section 137.016, the county clerk in all
47 counties and the assessor of St. Louis City shall notify each political subdivision
48 wholly or partially within the county or St. Louis City of the change in valuation
49 of each subclass of real property, individually, and personal property, in the
50 aggregate, exclusive of new construction and improvements. All political
51 subdivisions shall immediately revise the applicable rates of levy for each purpose
52 for each subclass of real property, individually, and personal property, in the
53 aggregate, for which taxes are levied to the extent necessary to produce from all
54 taxable property, exclusive of new construction and improvements, substantially
55 the same amount of tax revenue as was produced in the previous year for each

56 subclass of real property, individually, and personal property, in the aggregate,
57 except that the rate shall not exceed the greater of the most recent
58 voter-approved rate or the most recent voter-approved rate as adjusted under
59 subdivision (2) of subsection 5 of this section. Any political subdivision that has
60 received approval from voters for a tax increase after August 27, 2008, may levy
61 a rate to collect substantially the same amount of tax revenue as the amount of
62 revenue that would have been derived by applying the voter-approved increased
63 tax rate ceiling to the total assessed valuation of the political subdivision as most
64 recently certified by the city or county clerk on or before the date of the election
65 in which such increase is approved, increased by the percentage increase in the
66 consumer price index, as provided by law, except that the rate shall not exceed
67 the greater of the most recent voter-approved rate or the most recent
68 voter-approved rate as adjusted under subdivision (2) of subsection 5 of this
69 section. Such tax revenue shall not include any receipts from ad valorem levies
70 on any real property which was assessed by the assessor of a county or city in
71 such previous year but is assessed by the assessor of a county or city in the
72 current year in a different subclass of real property. Where the taxing authority
73 is a school district for the purposes of revising the applicable rates of levy for
74 each subclass of real property, the tax revenues from state-assessed railroad and
75 utility property shall be apportioned and attributed to each subclass of real
76 property based on the percentage of the total assessed valuation of the county
77 that each subclass of real property represents in the current taxable year. As
78 provided in Section 22 of Article X of the constitution, a political subdivision may
79 also revise each levy to allow for inflationary assessment growth occurring within
80 the political subdivision. The inflationary growth factor for any such subclass of
81 real property or personal property shall be limited to the actual assessment
82 growth in such subclass or class, exclusive of new construction and improvements,
83 and exclusive of the assessed value on any real property which was assessed by
84 the assessor of a county or city in the current year in a different subclass of real
85 property, but not to exceed the consumer price index or five percent, whichever
86 is lower. Should the tax revenue of a political subdivision from the various tax
87 rates determined in this subsection be different than the tax revenue that would
88 have been determined from a single tax rate as calculated pursuant to the method
89 of calculation in this subsection prior to January 1, 2003, then the political
90 subdivision shall revise the tax rates of those subclasses of real property,
91 individually, and/or personal property, in the aggregate, in which there is a tax

92 rate reduction, pursuant to the provisions of this subsection. Such revision shall
93 yield an amount equal to such difference and shall be apportioned among such
94 subclasses of real property, individually, and/or personal property, in the
95 aggregate, based on the relative assessed valuation of the class or subclasses of
96 property experiencing a tax rate reduction. Such revision in the tax rates of each
97 class or subclass shall be made by computing the percentage of current year
98 adjusted assessed valuation of each class or subclass with a tax rate reduction to
99 the total current year adjusted assessed valuation of the class or subclasses with
100 a tax rate reduction, multiplying the resulting percentages by the revenue
101 difference between the single rate calculation and the calculations pursuant to
102 this subsection and dividing by the respective adjusted current year assessed
103 valuation of each class or subclass to determine the adjustment to the rate to be
104 levied upon each class or subclass of property. The adjustment computed herein
105 shall be multiplied by one hundred, rounded to four decimals in the manner
106 provided in this subsection, and added to the initial rate computed for each class
107 or subclass of property. For school districts that levy separate tax rates on each
108 subclass of real property and personal property in the aggregate, if voters
109 approved a ballot before January 1, 2011, that presented separate stated tax
110 rates to be applied to the different subclasses of real property and personal
111 property in the aggregate, or increases the separate rates that may be levied on
112 the different subclasses of real property and personal property in the aggregate
113 by different amounts, the tax rate that shall be used for the single tax rate
114 calculation shall be a blended rate, calculated in the manner provided under
115 subdivision (1) of subsection 6 of this section. Notwithstanding any provision of
116 this subsection to the contrary, no revision to the rate of levy for personal
117 property shall cause such levy to increase over the levy for personal property from
118 the prior year.

119 3. (1) Where the taxing authority is a school district, it shall be required
120 to revise the rates of levy to the extent necessary to produce from all taxable
121 property, including state-assessed railroad and utility property, which shall be
122 separately estimated in addition to other data required in complying with section
123 164.011, substantially the amount of tax revenue permitted in this section. In
124 the year following tax rate reduction, the tax rate ceiling may be adjusted to
125 offset such district's reduction in the apportionment of state school moneys due
126 to its reduced tax rate. However, in the event any school district, in calculating
127 a tax rate ceiling pursuant to this section, requiring the estimating of effects of

128 state-assessed railroad and utility valuation or loss of state aid, discovers that the
129 estimates used result in receipt of excess revenues, which would have required
130 a lower rate if the actual information had been known, the school district shall
131 reduce the tax rate ceiling in the following year to compensate for the excess
132 receipts, and the recalculated rate shall become the tax rate ceiling for purposes
133 of this section.

134 (2) For any political subdivision which experiences a reduction in the
135 amount of assessed valuation relating to a prior year, due to decisions of the state
136 tax commission or a court pursuant to sections 138.430 to 138.433, or due to
137 clerical errors or corrections in the calculation or recordation of any assessed
138 valuation:

139 (a) Such political subdivision may revise the tax rate ceiling for each
140 purpose it levies taxes to compensate for the reduction in assessed value
141 occurring after the political subdivision calculated the tax rate ceiling for the
142 particular subclass of real property or for personal property, in the aggregate, in
143 a prior year. Such revision by the political subdivision shall be made at the time
144 of the next calculation of the tax rate for the particular subclass of real property
145 or for personal property, in the aggregate, after the reduction in assessed
146 valuation has been determined and shall be calculated in a manner that results
147 in the revised tax rate ceiling being the same as it would have been had the
148 corrected or finalized assessment been available at the time of the prior
149 calculation;

150 (b) In addition, for up to three years following the determination of the
151 reduction in assessed valuation as a result of circumstances defined in this
152 subdivision, such political subdivision may levy a tax rate for each purpose it
153 levies taxes above the revised tax rate ceiling provided in paragraph (a) of this
154 subdivision to recoup any revenues it was entitled to receive had the corrected or
155 finalized assessment been available at the time of the prior calculation.

156 4. (1) In order to implement the provisions of this section and Section 22
157 of Article X of the Constitution of Missouri, the term improvements shall apply
158 to both real and personal property. In order to determine the value of new
159 construction and improvements, each county assessor shall maintain a record of
160 real property valuations in such a manner as to identify each year the increase
161 in valuation for each political subdivision in the county as a result of new
162 construction and improvements. The value of new construction and
163 improvements shall include the additional assessed value of all improvements or

164 additions to real property which were begun after and were not part of the prior
165 year's assessment, except that the additional assessed value of all improvements
166 or additions to real property which had been totally or partially exempt from ad
167 valorem taxes [pursuant to] **under sections 68.010 to 68.075, sections 99.300**
168 **to 99.660**, sections 99.800 to 99.865, **sections 100.010 to 100.620**, sections
169 135.200 to 135.255, [and] section 353.110, **or any other provision of law**
170 **providing for the total or partial exemption of ad valorem taxes** shall be
171 included in the value of new construction and improvements when the property
172 becomes totally or partially subject to assessment and payment of all ad valorem
173 taxes. The aggregate increase in valuation of personal property for the current
174 year over that of the previous year is the equivalent of the new construction and
175 improvements factor for personal property. Notwithstanding any opt-out
176 implemented pursuant to subsection 15 of section 137.115, the assessor shall
177 certify the amount of new construction and improvements and the amount of
178 assessed value on any real property which was assessed by the assessor of a
179 county or city in such previous year but is assessed by the assessor of a county
180 or city in the current year in a different subclass of real property separately for
181 each of the three subclasses of real property for each political subdivision to the
182 county clerk in order that political subdivisions shall have this information for
183 the purpose of calculating tax rates pursuant to this section and Section 22,
184 Article X, Constitution of Missouri. In addition, the state tax commission shall
185 certify each year to each county clerk the increase in the general price level as
186 measured by the Consumer Price Index for All Urban Consumers for the United
187 States, or its successor publications, as defined and officially reported by the
188 United States Department of Labor, or its successor agency. The state tax
189 commission shall certify the increase in such index on the latest twelve-month
190 basis available on February first of each year over the immediately preceding
191 prior twelve-month period in order that political subdivisions shall have this
192 information available in setting their tax rates according to law and Section 22
193 of Article X of the Constitution of Missouri. For purposes of implementing the
194 provisions of this section and Section 22 of Article X of the Missouri Constitution,
195 the term "property" means all taxable property, including state-assessed property.

196 (2) Each political subdivision required to revise rates of levy pursuant to
197 this section or Section 22 of Article X of the Constitution of Missouri shall
198 calculate each tax rate it is authorized to levy and, in establishing each tax rate,
199 shall consider each provision for tax rate revision provided in this section and

200 Section 22 of Article X of the Constitution of Missouri, separately and without
201 regard to annual tax rate reductions provided in section 67.505 and section
202 164.013. Each political subdivision shall set each tax rate it is authorized to levy
203 using the calculation that produces the lowest tax rate ceiling. It is further the
204 intent of the general assembly, pursuant to the authority of Section 10(c) of
205 Article X of the Constitution of Missouri, that the provisions of such section be
206 applicable to tax rate revisions mandated pursuant to Section 22 of Article X of
207 the Constitution of Missouri as to reestablishing tax rates as revised in
208 subsequent years, enforcement provisions, and other provisions not in conflict
209 with Section 22 of Article X of the Constitution of Missouri. Annual tax rate
210 reductions provided in section 67.505 and section 164.013 shall be applied to the
211 tax rate as established pursuant to this section and Section 22 of Article X of the
212 Constitution of Missouri, unless otherwise provided by law.

213 5. (1) In all political subdivisions, the tax rate ceiling established
214 pursuant to this section shall not be increased unless approved by a vote of the
215 people. Approval of the higher tax rate shall be by at least a majority of votes
216 cast. When a proposed higher tax rate requires approval by more than a simple
217 majority pursuant to any provision of law or the constitution, the tax rate
218 increase must receive approval by at least the majority required.

219 (2) When voters approve an increase in the tax rate, the amount of the
220 increase shall be added to the tax rate ceiling as calculated pursuant to this
221 section to the extent the total rate does not exceed any maximum rate prescribed
222 by law. If a ballot question presents a stated tax rate for approval rather than
223 describing the amount of increase in the question, the stated tax rate approved
224 shall be adjusted as provided in this section and, so adjusted, shall be the current
225 tax rate ceiling. The increased tax rate ceiling as approved shall be adjusted
226 such that when applied to the current total assessed valuation of the political
227 subdivision, excluding new construction and improvements since the date of the
228 election approving such increase, the revenue derived from the adjusted tax rate
229 ceiling is equal to the sum of: the amount of revenue which would have been
230 derived by applying the voter-approved increased tax rate ceiling to total assessed
231 valuation of the political subdivision, as most recently certified by the city or
232 county clerk on or before the date of the election in which such increase is
233 approved, increased by the percentage increase in the consumer price index, as
234 provided by law. Such adjusted tax rate ceiling may be applied to the total
235 assessed valuation of the political subdivision at the setting of the next tax rate.

236 If a ballot question presents a phased-in tax rate increase, upon voter approval,
237 each tax rate increase shall be adjusted in the manner prescribed in this section
238 to yield the sum of: the amount of revenue that would be derived by applying
239 such voter-approved increased rate to the total assessed valuation, as most
240 recently certified by the city or county clerk on or before the date of the election
241 in which such increase was approved, increased by the percentage increase in the
242 consumer price index, as provided by law, from the date of the election to the time
243 of such increase and, so adjusted, shall be the current tax rate ceiling.

244 (3) The governing body of any political subdivision may levy a tax rate
245 lower than its tax rate ceiling and may, in a nonreassessment year, increase that
246 lowered tax rate to a level not exceeding the tax rate ceiling without voter
247 approval in the manner provided under subdivision (4) of this
248 subsection. Nothing in this section shall be construed as prohibiting a political
249 subdivision from voluntarily levying a tax rate lower than that which is required
250 under the provisions of this section or from seeking voter approval of a reduction
251 to such political subdivision's tax rate ceiling.

252 (4) In a year of general reassessment, a governing body whose tax rate is
253 lower than its tax rate ceiling shall revise its tax rate pursuant to the provisions
254 of subsection 4 of this section as if its tax rate was at the tax rate ceiling. In a
255 year following general reassessment, if such governing body intends to increase
256 its tax rate, the governing body shall conduct a public hearing, and in a public
257 meeting it shall adopt an ordinance, resolution, or policy statement justifying its
258 action prior to setting and certifying its tax rate. The provisions of this
259 subdivision shall not apply to any political subdivision which levies a tax rate
260 lower than its tax rate ceiling solely due to a reduction required by law resulting
261 from sales tax collections. The provisions of this subdivision shall not apply to
262 any political subdivision which has received voter approval for an increase to its
263 tax rate ceiling subsequent to setting its most recent tax rate.

264 6. (1) For the purposes of calculating state aid for public schools pursuant
265 to section 163.031, each taxing authority which is a school district shall
266 determine its proposed tax rate as a blended rate of the classes or subclasses of
267 property. Such blended rate shall be calculated by first determining the total tax
268 revenue of the property within the jurisdiction of the taxing authority, which
269 amount shall be equal to the sum of the products of multiplying the assessed
270 valuation of each class and subclass of property by the corresponding tax rate for
271 such class or subclass, then dividing the total tax revenue by the total assessed

272 valuation of the same jurisdiction, and then multiplying the resulting quotient
273 by a factor of one hundred. Where the taxing authority is a school district, such
274 blended rate shall also be used by such school district for calculating revenue
275 from state-assessed railroad and utility property as defined in chapter 151 and
276 for apportioning the tax rate by purpose.

277 (2) Each taxing authority proposing to levy a tax rate in any year shall
278 notify the clerk of the county commission in the county or counties where the tax
279 rate applies of its tax rate ceiling and its proposed tax rate. Each taxing
280 authority shall express its proposed tax rate in a fraction equal to the nearest
281 one-tenth of a cent, unless its proposed tax rate is in excess of one dollar, then
282 one/one-hundredth of a cent. If a taxing authority shall round to
283 one/one-hundredth of a cent, it shall round up a fraction greater than or equal to
284 five/one-thousandth of one cent to the next higher one/one-hundredth of a cent;
285 if a taxing authority shall round to one-tenth of a cent, it shall round up a
286 fraction greater than or equal to five/one-hundredths of a cent to the next higher
287 one-tenth of a cent. Any taxing authority levying a property tax rate shall
288 provide data, in such form as shall be prescribed by the state auditor by rule,
289 substantiating such tax rate complies with Missouri law. All forms for the
290 calculation of rates pursuant to this section shall be promulgated as a rule and
291 shall not be incorporated by reference. The state auditor shall promulgate rules
292 for any and all forms for the calculation of rates pursuant to this section which
293 do not currently exist in rule form or that have been incorporated by reference. In
294 addition, each taxing authority proposing to levy a tax rate for debt service shall
295 provide data, in such form as shall be prescribed by the state auditor by rule,
296 substantiating the tax rate for debt service complies with Missouri law. A tax
297 rate proposed for annual debt service requirements will be prima facie valid if,
298 after making the payment for which the tax was levied, bonds remain outstanding
299 and the debt fund reserves do not exceed the following year's payments. The
300 county clerk shall keep on file and available for public inspection all such
301 information for a period of three years. The clerk shall, within three days of
302 receipt, forward a copy of the notice of a taxing authority's tax rate ceiling and
303 proposed tax rate and any substantiating data to the state auditor. The state
304 auditor shall, within fifteen days of the date of receipt, examine such information
305 and return to the county clerk his or her findings as to compliance of the tax rate
306 ceiling with this section and as to compliance of any proposed tax rate for debt
307 service with Missouri law. If the state auditor believes that a taxing authority's

308 proposed tax rate does not comply with Missouri law, then the state auditor's
309 findings shall include a recalculated tax rate, and the state auditor may request
310 a taxing authority to submit documentation supporting such taxing authority's
311 proposed tax rate. The county clerk shall immediately forward a copy of the
312 auditor's findings to the taxing authority and shall file a copy of the findings with
313 the information received from the taxing authority. The taxing authority shall
314 have fifteen days from the date of receipt from the county clerk of the state
315 auditor's findings and any request for supporting documentation to accept or
316 reject in writing the rate change certified by the state auditor and to submit all
317 requested information to the state auditor. A copy of the taxing authority's
318 acceptance or rejection and any information submitted to the state auditor shall
319 also be mailed to the county clerk. If a taxing authority rejects a rate change
320 certified by the state auditor and the state auditor does not receive supporting
321 information which justifies the taxing authority's original or any subsequent
322 proposed tax rate, then the state auditor shall refer the perceived violations of
323 such taxing authority to the attorney general's office and the attorney general is
324 authorized to obtain injunctive relief to prevent the taxing authority from levying
325 a violative tax rate.

326 (3) In the event that the taxing authority incorrectly completes the forms
327 created and promulgated under subdivision (2) of this subsection, or makes a
328 clerical error, the taxing authority may submit amended forms with an
329 explanation for the needed changes. If such amended forms are filed under
330 regulations prescribed by the state auditor, the state auditor shall take into
331 consideration such amended forms for the purposes of this subsection.

332 7. No tax rate shall be extended on the tax rolls by the county clerk unless
333 the political subdivision has complied with the foregoing provisions of this
334 section.

335 8. Whenever a taxpayer has cause to believe that a taxing authority has
336 not complied with the provisions of this section, the taxpayer may make a formal
337 complaint with the prosecuting attorney of the county. Where the prosecuting
338 attorney fails to bring an action within ten days of the filing of the complaint, the
339 taxpayer may bring a civil action pursuant to this section and institute an action
340 as representative of a class of all taxpayers within a taxing authority if the class
341 is so numerous that joinder of all members is impracticable, if there are questions
342 of law or fact common to the class, if the claims or defenses of the representative
343 parties are typical of the claims or defenses of the class, and if the representative

344 parties will fairly and adequately protect the interests of the class. In any class
345 action maintained pursuant to this section, the court may direct to the members
346 of the class a notice to be published at least once each week for four consecutive
347 weeks in a newspaper of general circulation published in the county where the
348 civil action is commenced and in other counties within the jurisdiction of a taxing
349 authority. The notice shall advise each member that the court will exclude him
350 or her from the class if he or she so requests by a specified date, that the
351 judgment, whether favorable or not, will include all members who do not request
352 exclusion, and that any member who does not request exclusion may, if he or she
353 desires, enter an appearance. In any class action brought pursuant to this
354 section, the court, in addition to the relief requested, shall assess against the
355 taxing authority found to be in violation of this section the reasonable costs of
356 bringing the action, including reasonable attorney's fees, provided no attorney's
357 fees shall be awarded any attorney or association of attorneys who receive public
358 funds from any source for their services. Any action brought pursuant to this
359 section shall be set for hearing as soon as practicable after the cause is at issue.

360 9. If in any action, including a class action, the court issues an order
361 requiring a taxing authority to revise the tax rates as provided in this section or
362 enjoins a taxing authority from the collection of a tax because of its failure to
363 revise the rate of levy as provided in this section, any taxpayer paying his or her
364 taxes when an improper rate is applied has erroneously paid his or her taxes in
365 part, whether or not the taxes are paid under protest as provided in section
366 139.031 or otherwise contested. The part of the taxes paid erroneously is the
367 difference in the amount produced by the original levy and the amount produced
368 by the revised levy. The township or county collector of taxes or the collector of
369 taxes in any city shall refund the amount of the tax erroneously paid. The taxing
370 authority refusing to revise the rate of levy as provided in this section shall make
371 available to the collector all funds necessary to make refunds pursuant to this
372 subsection. No taxpayer shall receive any interest on any money erroneously paid
373 by him or her pursuant to this subsection. Effective in the 1994 tax year, nothing
374 in this section shall be construed to require a taxing authority to refund any tax
375 erroneously paid prior to or during the third tax year preceding the current tax
376 year.

377 10. Any rule or portion of a rule, as that term is defined in section
378 536.010, that is created under the authority delegated in this section shall
379 become effective only if it complies with and is subject to all of the provisions of

380 chapter 536 and, if applicable, section 536.028. This section and chapter 536 are
381 nonseverable and if any of the powers vested with the general assembly pursuant
382 to chapter 536 to review, to delay the effective date, or to disapprove and annul
383 a rule are subsequently held unconstitutional, then the grant of rulemaking
384 authority and any rule proposed or adopted after August 28, 2004, shall be
385 invalid and void.

✓

Unofficial

Bill

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