

SECOND REGULAR SESSION

# SENATE BILL NO. 785

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR KOENIG.

Pre-filed December 12, 2019, and ordered printed.

ADRIANE D. CROUSE, Secretary.

3597S.011

## AN ACT

To repeal sections 137.010 and 137.122, RSMo, and to enact in lieu thereof two new sections relating to the assessment of certain properties.

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

Section A. Sections 137.010 and 137.122, RSMo, are repealed and two new  
2 sections enacted in lieu thereof, to be known as sections 137.010 and 137.122, to  
3 read as follows:

137.010. The following words, terms and phrases when used in laws  
2 governing taxation and revenue in the state of Missouri shall have the meanings  
3 ascribed to them in this section, except when the context clearly indicates a  
4 different meaning:

5 (1) "Grain and other agricultural crops in an unmanufactured condition"  
6 shall mean grains and feeds including, but not limited to, soybeans, cow peas,  
7 wheat, corn, oats, barley, kafir, rye, flax, grain sorghums, cotton, and such other  
8 products as are usually stored in grain and other elevators and on farms; but  
9 excluding such grains and other agricultural crops after being processed into  
10 products of such processing, when packaged or sacked. The term "processing"  
11 shall not include hulling, cleaning, drying, grating, or polishing;

12 (2) "Hydroelectric power generating equipment", very-low-head turbine  
13 generators with a nameplate generating capacity of at least four hundred  
14 kilowatts but not more than six hundred kilowatts and machinery and equipment  
15 used directly in the production, generation, conversion, storage, or conveyance of  
16 hydroelectric power to land-based devices and appurtenances used in the  
17 transmission of electrical energy;

18 (3) "Intangible personal property", for the purpose of taxation, shall

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

19 include all property other than real property and tangible personal property, as  
20 defined by this section;

21 (4) "Real property" includes land itself, whether laid out in town lots or  
22 otherwise, and all growing crops, buildings, structures, improvements and  
23 fixtures of whatever kind thereon, hydroelectric power generating equipment, the  
24 installed poles used in the transmission or reception of electrical energy, audio  
25 signals, video signals or similar purposes, provided the owner of such installed  
26 poles is also an owner of a fee simple interest, possessor of an easement, holder  
27 of a license or franchise, or is the beneficiary of a right-of-way dedicated for  
28 public utility purposes for the underlying land; **and** attached wires, transformers,  
29 amplifiers, substations, and other such devices and appurtenances used in the  
30 transmission or reception of electrical energy, audio signals, video signals or  
31 similar purposes when owned by the owner of the installed poles, otherwise such  
32 items are considered personal property; [and stationary property used for  
33 transportation or storage of liquid and gaseous products, including, but not  
34 limited to, petroleum products, natural gas, propane or LP gas equipment, water,  
35 and sewage];

36 (5) "Reliever airport", any land and improvements, exclusive of structures,  
37 on privately owned airports that qualify as reliever airports under the National  
38 Plan of Integrated Airport Systems that may receive federal airport improvement  
39 project funds through the Federal Aviation Administration;

40 (6) "Tangible personal property" includes every tangible thing being the  
41 subject of ownership or part ownership whether animate or inanimate, other than  
42 money, and not forming part or parcel of real property as herein defined, but does  
43 not include household goods, furniture, wearing apparel and articles of personal  
44 use and adornment, as defined by the state tax commission, owned and used by  
45 a person in his home or dwelling place. **Stationary property used for**  
46 **transportation or storage of liquid and gaseous products, including, but**  
47 **not limited to, petroleum products, natural gas, propane or LP gas**  
48 **equipment, water, and sewage shall be considered tangible personal**  
49 **property.**

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

2 (1) "Business personal property", tangible personal property which is used  
3 in a trade or business or used for production of income and which has a  
4 determinable life of longer than one year except that supplies used by a business  
5 shall also be considered business personal property, but shall not include

6 livestock, farm machinery, grain and other agricultural crops in an  
7 unmanufactured condition, property subject to the motor vehicle registration  
8 provisions of chapter 301, property assessed under section 137.078, the property  
9 of rural electric cooperatives under chapter 394, or property assessed by the state  
10 tax commission under chapters 151, 153, and 155, section 137.022, and sections  
11 137.1000 to 137.1030;

12 (2) "Class life", the class life of property as set out in the federal Modified  
13 Accelerated Cost Recovery System life tables or their successors under the  
14 Internal Revenue Code as amended;

15 (3) "Economic or functional obsolescence", a loss in value of personal  
16 property above and beyond physical deterioration and age of the property. Such  
17 loss may be the result of economic or functional obsolescence or both;

18 (4) "Original cost", the price the current owner, the taxpayer, paid for the  
19 item without freight, installation, **capitalized overhead expenses**, or sales or  
20 use tax. In the case of acquisition of items of personal property as part of an  
21 acquisition of an entity, the original cost shall be the historical cost of those  
22 assets remaining in place and in use and the placed-in-service date shall be the  
23 date of acquisition by the entity being acquired;

24 (5) "Placed in service", property is placed in service when it is ready and  
25 available for a specific use, whether in a business activity, an income-producing  
26 activity, a tax-exempt activity, or a personal activity. Even if the property is not  
27 being used, the property is in service when it is ready and available for its  
28 specific use;

29 (6) "Recovery period", the period over which the original cost of  
30 depreciable tangible personal property shall be depreciated for property tax  
31 purposes and shall be the same as the recovery period allowed for such property  
32 under the Internal Revenue Code.

33 2. To establish uniformity in the assessment of depreciable tangible  
34 personal property, each assessor shall use the standardized schedule of  
35 depreciation in this section to determine the assessed valuation of depreciable  
36 tangible personal property for the purpose of estimating the value of such  
37 property subject to taxation under this chapter.

38 3. For purposes of this section, and to estimate the value of depreciable  
39 tangible personal property for mass appraisal purposes, each assessor shall value  
40 depreciable tangible personal property by applying the class life and recovery  
41 period to the original cost of the property according to the following depreciation

42 schedule. The percentage shown for the first year shall be the percentage of the  
 43 original cost used for January first of the year following the year of acquisition  
 44 of the property, and the percentage shown for each succeeding year shall be the  
 45 percentage of the original cost used for January first of the respective succeeding  
 46 year as follows:

47	Year	Recovery Period in Years					
		3	5	7	10	15	20
48							
49	1	75.00	85.00	89.29	92.50	95.00	96.25
50	2	37.50	59.50	70.16	78.62	85.50	89.03
51	3	12.50	41.65	55.13	66.83	76.95	82.35
52	4	5.00	24.99	42.88	56.81	69.25	76.18
53	5		10.00	30.63	48.07	62.32	70.46
54	6			18.38	39.33	56.09	65.18
55	7			10.00	30.59	50.19	60.29
56	8				21.85	44.29	55.77
57	9				15.00	38.38	51.31
58	10					32.48	46.85
59	11					26.57	42.38
60	12					20.67	37.92
61	13					15.00	33.46
62	14						29.00
63	15						24.54
64	16						20.08
65	17						20.00

66 Depreciable tangible personal property in all recovery periods shall continue in  
 67 subsequent years to have the depreciation factor last listed in the appropriate  
 68 column so long as it is owned or held by the taxpayer. The state tax commission  
 69 shall study and analyze the values established by this method of assessment and  
 70 in every odd-numbered year make recommendations to the joint committee on tax  
 71 policy pertaining to any changes in this methodology, if any, that are warranted.

72 4. Such estimate of value determined under this section shall be presumed  
 73 to be correct for the purpose of determining the true value in money of the  
 74 depreciable tangible personal property, but such estimation may be disproved **by**  
 75 **a taxpayer** by substantial and persuasive evidence of the true value in money  
 76 under any method determined by the state tax commission to be correct,  
 77 including, but not limited to, an appraisal of the tangible personal property

78 specifically utilizing generally accepted appraisal techniques, and contained in  
79 a narrative appraisal report in accordance with the Uniform Standards of  
80 Professional Appraisal Practice or by proof of economic or functional obsolescence  
81 or evidence of excessive physical deterioration. For purposes of appeal of the  
82 provisions of this section, the salvage or scrap value of depreciable tangible  
83 personal property may only be considered if the property is not in use as of the  
84 assessment date.

85         5. This section shall not apply to business personal property placed in  
86 service before January 2, 2006. Nothing in this section shall create a  
87 presumption as to the proper method of determining the assessed valuation of  
88 business personal property placed in service before January 2, 2006, **provided,**  
89 **however, that as of January 1, 2020, this section shall apply to all**  
90 **stationary property used for transportation or storage of liquid and**  
91 **gaseous products, including, but not limited to, petroleum products,**  
92 **natural gas, propane or LP gas equipment, water, and sewage that was**  
93 **or will be placed in service at any time.**

94         6. The provisions of this section are not intended to modify the definition  
95 of tangible personal property as defined in section 137.010.

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