

FIRST REGULAR SESSION

# SENATE BILL NO. 196

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR KOENIG.

0786S.02I

ADRIANE D. CROUSE, Secretary

## 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  
2 repealed and two new sections enacted in lieu thereof, to be  
3 known as sections 137.010 and 137.122, to read as follows:

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

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

16 (2) "Hydroelectric power generating equipment", very-  
17 low-head turbine generators with a nameplate generating  
18 capacity of at least four hundred kilowatts but not more

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

19 than six hundred kilowatts and machinery and equipment used  
20 directly in the production, generation, conversion, storage,  
21 or conveyance of hydroelectric power to land-based devices  
22 and appurtenances used in the transmission of electrical  
23 energy;

24 (3) "Intangible personal property", for the purpose of  
25 taxation, shall include all property other than real  
26 property and tangible personal property, as defined by this  
27 section;

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

48 (5) "Reliever airport", any land and improvements,  
49 exclusive of structures, on privately owned airports that  
50 qualify as reliever airports under the National Plan of

51 Integrated Airport Systems that may receive federal airport  
52 improvement project funds through the Federal Aviation  
53 Administration;

54 (6) "Tangible personal property" includes every  
55 tangible thing being the subject of ownership or part  
56 ownership whether animate or inanimate, other than money,  
57 and not forming part or parcel of real property as herein  
58 defined, but does not include household goods, furniture,  
59 wearing apparel and articles of personal use and adornment,  
60 as defined by the state tax commission, owned and used by a  
61 person in his home or dwelling place. **Stationary property**  
62 **used for transportation or storage of liquid and gaseous**  
63 **products, including, but not limited to, petroleum products,**  
64 **natural gas that is not propane or LP gas, water, and sewage**  
65 **shall be considered tangible personal property.**

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

3 (1) "Business personal property", tangible personal  
4 property which is used in a trade or business or used for  
5 production of income and which has a determinable life of  
6 longer than one year except that supplies used by a business  
7 shall also be considered business personal property, but  
8 shall not include livestock, farm machinery, grain and other  
9 agricultural crops in an unmanufactured condition, property  
10 subject to the motor vehicle registration provisions of  
11 chapter 301, property assessed under section 137.078, the  
12 property of rural electric cooperatives under chapter 394,  
13 or property assessed by the state tax commission under  
14 chapters 151, 153, and 155, section 137.022, and sections  
15 137.1000 to 137.1030;

16 (2) "Class life", the class life of property as set  
17 out in the federal Modified Accelerated Cost Recovery System

18 life tables or their successors under the Internal Revenue  
19 Code as amended;

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

24 (4) "Original cost", the price the current owner, the  
25 taxpayer, paid for the item without freight, installation,  
26 or sales or use tax. In the case of acquisition of items of  
27 personal property as part of an acquisition of an entity,  
28 the original cost shall be the historical cost of those  
29 assets remaining in place and in use and the placed-in-  
30 service date shall be the date of acquisition by the entity  
31 being acquired;

32 (5) "Placed in service", property is placed in service  
33 when it is ready and available for a specific use, whether  
34 in a business activity, an income-producing activity, a tax-  
35 exempt activity, or a personal activity. Even if the  
36 property is not being used, the property is in service when  
37 it is ready and available for its specific use;

38 (6) "Recovery period", the period over which the  
39 original cost of depreciable tangible personal property  
40 shall be depreciated for property tax purposes and shall be  
41 the same as the recovery period allowed for such property  
42 under the Internal Revenue Code.

43 2. To establish uniformity in the assessment of  
44 depreciable tangible personal property, each assessor shall  
45 use the standardized schedule of depreciation in this  
46 section to determine the assessed valuation of depreciable  
47 tangible personal property for the purpose of estimating the  
48 value of such property subject to taxation under this  
49 chapter.

50           3. For purposes of this section, and to estimate the  
 51 value of depreciable tangible personal property for mass  
 52 appraisal purposes, each assessor shall value depreciable  
 53 tangible personal property by applying the class life and  
 54 recovery period to the original cost of the property  
 55 according to the following depreciation schedule. The  
 56 percentage shown for the first year shall be the percentage  
 57 of the original cost used for January first of the year  
 58 following the year of acquisition of the property, and the  
 59 percentage shown for each succeeding year shall be the  
 60 percentage of the original cost used for January first of  
 61 the respective succeeding year as follows:

62	Year	Recovery Period in Years					
63		3	5	7	10	15	20
64	1	75.00	85.00	89.29	92.50	95.00	96.25
65	2	37.50	59.50	70.16	78.62	85.50	89.03
66	3	12.50	41.65	55.13	66.83	76.95	82.35
67	4	5.00	24.99	42.88	56.81	69.25	76.18
68	5		10.00	30.63	48.07	62.32	70.46
69	6			18.38	39.33	56.09	65.18
70	7			10.00	30.59	50.19	60.29
71	8				21.85	44.29	55.77
72	9				15.00	38.38	51.31
73	10					32.48	46.85
74	11					26.57	42.38
75	12					20.67	37.92
76	13					15.00	33.46
77	14						29.00
78	15						24.54

79	16	20.08
80	17	20.00

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

90 4. Such estimate of value determined under this  
91 section shall be presumed to be correct for the purpose of  
92 determining the true value in money of the depreciable  
93 tangible personal property, but such estimation may be  
94 disproved **by a taxpayer** by substantial and persuasive  
95 evidence of the true value in money under any method  
96 determined by the state tax commission to be correct,  
97 including, but not limited to, an appraisal of the tangible  
98 personal property specifically utilizing generally accepted  
99 appraisal techniques, and contained in a narrative appraisal  
100 report in accordance with the Uniform Standards of  
101 Professional Appraisal Practice or by proof of economic or  
102 functional obsolescence or evidence of excessive physical  
103 deterioration. For purposes of appeal of the provisions of  
104 this section, the salvage or scrap value of depreciable  
105 tangible personal property may only be considered if the  
106 property is not in use as of the assessment date.

107 5. This section shall not apply to business personal  
108 property placed in service before January 2, 2006. Nothing

109 in this section shall create a presumption as to the proper  
110 method of determining the assessed valuation of business  
111 personal property placed in service before January 2, 2006,  
112 **provided, however, that as of January 1, 2021, this section**  
113 **shall apply to all stationary property used for**  
114 **transportation or storage of liquid and gaseous products,**  
115 **including, but not limited to, petroleum products, natural**  
116 **gas that is not propane or LP gas, water, and sewage that**  
117 **was or will be placed in service at any time.**

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

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