

SENATE COMMITTEE SUBSTITUTE

FOR

HOUSE COMMITTEE SUBSTITUTE

FOR

HOUSE BILL NO. 2178

AN ACT

To repeal sections 137.115, 138.010, 138.060, 138.390, and 138.430, RSMo, and to enact in lieu thereof five new sections relating to taxation of property.

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

Section A. Sections 137.115, 138.010, 138.060, 138.390, and 138.430, RSMo, are repealed and five new sections enacted in lieu thereof, to be known as sections 137.115, 138.010, 138.060, 138.390, and 138.430, to read as follows:

137.115. 1. (1) All other laws to the contrary notwithstanding, the assessor or the assessor's deputies in all counties of this state including the City of St. Louis shall annually make a list of all real and tangible personal property taxable in the assessor's city, county, town or district.

(2) Except as otherwise provided in subsection 3 of this section and section 137.078, the assessor shall annually assess all personal property at thirty-three and one-third percent of its true value in money as of January first of each calendar year.

(3) The assessor shall annually assess all real property, including any new construction and improvements to real property, and possessory interests in real property at the percent of its true value in money set in subsection 5 of this section. The true value in money of any possessory interest in real property in subclass (3), where such real

property is on or lies within the ultimate airport boundary as shown by a federal airport layout plan, as defined by 14 CFR 151.5, of a commercial airport having a FAR Part 139 certification and owned by a political subdivision, shall be the otherwise applicable true value in money of any such possessory interest in real property, less the total dollar amount of costs paid by a party, other than the political subdivision, towards any new construction or improvements on such real property completed after January 1, 2008, and which are included in the above-mentioned possessory interest, regardless of the year in which such costs were incurred or whether such costs were considered in any prior year. The assessor shall annually assess all real property in the following manner: new assessed values shall be determined as of January first of each odd-numbered year and shall be entered in the assessor's books; those same assessed values shall apply in the following even-numbered year, except for new construction and property improvements which shall be valued as though they had been completed as of January first of the preceding odd-numbered year. The assessor may call at the office, place of doing business, or residence of each person required by this chapter to list property, and require the person to make a correct statement of all taxable tangible personal property owned by the person or under his or her care, charge or management, taxable in the county.

(4) On or before January first of each even-numbered year, the assessor shall prepare and submit a two-year assessment maintenance plan to the county governing body and the state tax commission for their respective approval or modification. The county governing body shall approve and forward such plan or its alternative to the plan to the state tax commission by February first. If the county

governing body fails to forward the plan or its alternative to the plan to the state tax commission by February first, the assessor's plan shall be considered approved by the county governing body. If the state tax commission fails to approve a plan and if the state tax commission and the assessor and the governing body of the county involved are unable to resolve the differences, in order to receive state cost-share funds outlined in section 137.750, the county or the assessor shall petition the administrative hearing commission, by May first, to decide all matters in dispute regarding the assessment maintenance plan. Upon agreement of the parties, the matter may be stayed while the parties proceed with mediation or arbitration upon terms agreed to by the parties. The final decision of the administrative hearing commission shall be subject to judicial review in the circuit court of the county involved.

(5) In the event a valuation of subclass (1) real property or subclass (3) real property within any county with a charter form of government, or within a city not within a county, is made by a computer, computer-assisted method or a computer program, the burden of proof, supported by clear, convincing and cogent evidence to sustain such valuation, shall be on the assessor at any hearing or appeal. In any such county, unless the assessor proves otherwise, there shall be a presumption that the assessment was made by a computer, computer-assisted method or a computer program. Such evidence shall include, but shall not be limited to, the following:

[(1)] (a) The findings of the assessor based on an appraisal of the property by generally accepted appraisal techniques; and

[(2)] (b) The purchase prices from sales of at least three comparable properties and the address or location

thereof. As used in this subdivision, the word "comparable" means that:

[(a)] a. Such sale was closed at a date relevant to the property valuation; and

[(b)] b. Such properties are not more than one mile from the site of the disputed property, except where no similar properties exist within one mile of the disputed property, the nearest comparable property shall be used. Such property shall be within five hundred square feet in size of the disputed property, and resemble the disputed property in age, floor plan, number of rooms, and other relevant characteristics.

2. Assessors in each county of this state and the City of St. Louis may send personal property assessment forms through the mail.

3. The following items of personal property shall each constitute separate subclasses of tangible personal property and shall be assessed and valued for the purposes of taxation at the following percentages of their true value in money:

(1) Grain and other agricultural crops in an unmanufactured condition, one-half of one percent;

(2) Livestock, twelve percent;

(3) Farm machinery, twelve percent;

(4) Motor vehicles which are eligible for registration as and are registered as historic motor vehicles pursuant to section 301.131 and aircraft which are at least twenty-five years old and which are used solely for noncommercial purposes and are operated less than two hundred hours per year or aircraft that are home built from a kit, five percent;

(5) Poultry, twelve percent;

(6) Tools and equipment used for pollution control and tools and equipment used in retooling for the purpose of introducing new product lines or used for making improvements to existing products by any company which is located in a state enterprise zone and which is identified by any standard industrial classification number cited in subdivision (7) of section 135.200, twenty-five percent; and

(7) Solar panels, racking systems, inverters, and related solar equipment, components, materials, and supplies installed in connection with solar photovoltaic energy systems, as described in subdivision (46) of subsection 2 of section 144.030, that were constructed and producing solar energy prior to August 9, 2022, five percent.

4. The person listing the property shall enter a true and correct statement of the property, in a printed blank prepared for that purpose. The statement, after being filled out, shall be signed and either affirmed or sworn to as provided in section 137.155. The list shall then be delivered to the assessor.

5. (1) All subclasses of real property, as such subclasses are established in Section 4(b) of Article X of the Missouri Constitution and defined in section 137.016, shall be assessed at the following percentages of true value:

(a) For real property in subclass (1), nineteen percent;

(b) For real property in subclass (2), twelve percent; and

(c) For real property in subclass (3), thirty-two percent.

(2) A taxpayer may apply to the county assessor, or, if not located within a county, then the assessor of such city, for the reclassification of such taxpayer's real property if the use or purpose of such real property is

changed after such property is assessed under the provisions of this chapter. If the assessor determines that such property shall be reclassified, he or she shall determine the assessment under this subsection based on the percentage of the tax year that such property was classified in each subclassification.

6. Manufactured homes, as defined in section 700.010, which are actually used as dwelling units shall be assessed at the same percentage of true value as residential real property for the purpose of taxation. The percentage of assessment of true value for such manufactured homes shall be the same as for residential real property. If the county collector cannot identify or find the manufactured home when attempting to attach the manufactured home for payment of taxes owed by the manufactured home owner, the county collector may request the county commission to have the manufactured home removed from the tax books, and such request shall be granted within thirty days after the request is made; however, the removal from the tax books does not remove the tax lien on the manufactured home if it is later identified or found. For purposes of this section, a manufactured home located in a manufactured home rental park, rental community or on real estate not owned by the manufactured home owner shall be considered personal property. For purposes of this section, a manufactured home located on real estate owned by the manufactured home owner may be considered real property.

7. Each manufactured home assessed shall be considered a parcel for the purpose of reimbursement pursuant to section 137.750, unless the manufactured home is deemed to be real estate as defined in subsection 7 of section 442.015 and assessed as a realty improvement to the existing real estate parcel.

8. Any amount of tax due and owing based on the assessment of a manufactured home shall be included on the personal property tax statement of the manufactured home owner unless the manufactured home is deemed to be real estate as defined in subsection 7 of section 442.015, in which case the amount of tax due and owing on the assessment of the manufactured home as a realty improvement to the existing real estate parcel shall be included on the real property tax statement of the real estate owner.

9. The assessor of each county and each city not within a county shall use a nationally recognized automotive trade publication such as the National Automobile Dealers' Association Official Used Car Guide, Kelley Blue Book, Edmunds, or other similar publication as the recommended guide of information for determining the true value of motor vehicles described in such publication. The state tax commission shall select and make available to all assessors which publication shall be used. The assessor of each county and each city not within a county shall use the trade-in value published in the current October issue of the publication selected by the state tax commission. The assessor shall not use a value that is greater than the average trade-in value in determining the true value of the motor vehicle without performing a physical inspection of the motor vehicle. For vehicles two years old or newer from a vehicle's model year, the assessor may use a value other than average without performing a physical inspection of the motor vehicle. In the absence of a listing for a particular motor vehicle in such publication, the assessor shall use such information or publications that, in the assessor's judgment, will fairly estimate the true value in money of the motor vehicle. For motor vehicles with a true value of less than fifty thousand dollars as of January 1, 2025, the

assessor shall not assess such motor vehicle for an amount greater than such motor vehicle was assessed in the previous year, provided that such motor vehicle was properly assessed in the previous year.

10. (1) Before the assessor may increase the assessed valuation of any parcel of subclass (1) real property by more than fifteen percent since the last assessment, excluding increases due to new construction or improvements, the assessor shall conduct a physical inspection of such property.

(2) The property owner of any parcel of subclass (3) real property may request the assessor to conduct a physical inspection of such property if the assessed valuation of such property has increased by more than fifteen percent since the last assessment, excluding increases due to new construction or improvements. Such physical inspection shall comply with the provisions of subsection 12 of this section.

11. If a physical inspection is required[,] pursuant to subdivision (1) of subsection 10 of this section, the assessor shall notify the property owner of that fact in writing and shall provide the owner clear written notice of the owner's rights relating to the physical inspection. If a physical inspection is required, the property owner may request that an interior inspection be performed during the physical inspection. The owner shall have no less than thirty days to notify the assessor of a request for an interior physical inspection.

12. A physical inspection[, as required by subsection 10 of this section,] conducted pursuant to subsection 10 of this section shall include, but not be limited to, an on-site personal observation and review of all exterior portions of the land and any buildings and improvements to

which the inspector has or may reasonably and lawfully gain external access, and shall include an observation and review of the interior of any buildings or improvements on the property upon the timely request of the owner pursuant to subsection 11 of this section. Mere observation of the property via a drive-by inspection or the like shall not be considered sufficient to constitute a physical inspection as required by this section.

13. A county or city collector may accept credit cards as proper form of payment of outstanding property tax or license due. No county or city collector may charge surcharge for payment by credit card which exceeds the fee or surcharge charged by the credit card bank, processor, or issuer for its service. A county or city collector may accept payment by electronic transfers of funds in payment of any tax or license and charge the person making such payment a fee equal to the fee charged the county by the bank, processor, or issuer of such electronic payment.

14. Any county or city not within a county in this state may, by an affirmative vote of the governing body of such county, opt out of the provisions of this section and sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general assembly, second regular session and section 137.073 as modified by house committee substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-second general assembly, second regular session, for the next year of the general reassessment, prior to January first of any year. No county or city not within a county shall exercise this opt-out provision after implementing the provisions of this section and sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general assembly, second regular session and section 137.073 as

modified by house committee substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-second general assembly, second regular session, in a year of general reassessment. For the purposes of applying the provisions of this subsection, a political subdivision contained within two or more counties where at least one of such counties has opted out and at least one of such counties has not opted out shall calculate a single tax rate as in effect prior to the enactment of house bill no. 1150 of the ninety-first general assembly, second regular session. A governing body of a city not within a county or a county that has opted out under the provisions of this subsection may choose to implement the provisions of this section and sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general assembly, second regular session, and section 137.073 as modified by house committee substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-second general assembly, second regular session, for the next year of general reassessment, by an affirmative vote of the governing body prior to December thirty-first of any year.

15. The governing body of any city of the third classification with more than twenty-six thousand three hundred but fewer than twenty-six thousand seven hundred inhabitants located in any county that has exercised its authority to opt out under subsection 14 of this section may levy separate and differing tax rates for real and personal property only if such city bills and collects its own property taxes or satisfies the entire cost of the billing and collection of such separate and differing tax rates. Such separate and differing rates shall not exceed such city's tax rate ceiling.

16. Any portion of real property that is available as reserve for strip, surface, or coal mining for minerals for purposes of excavation for future use or sale to others that has not been bonded and permitted under chapter 444 shall be assessed based upon how the real property is currently being used. Any information provided to a county assessor, state tax commission, state agency, or political subdivision responsible for the administration of tax policies shall, in the performance of its duties, make available all books, records, and information requested, except such books, records, and information as are by law declared confidential in nature, including individually identifiable information regarding a specific taxpayer or taxpayer's mine property. For purposes of this subsection, "mine property" shall mean all real property that is in use or readily available as a reserve for strip, surface, or coal mining for minerals for purposes of excavation for current or future use or sale to others that has been bonded and permitted under chapter 444.

138.010. 1. Except as otherwise provided by law, in every county in this state there shall be a county board of equalization consisting of the commissioners of the county commission, the county assessor as a nonvoting member, the county surveyor, and the county clerk who shall be secretary of the board without a vote. The county commissioners shall also appoint two additional members to the board who shall be citizens of the county, but not officers of the county and, for such additional members appointed after August 28, 2007, not related to any member of the county board of equalization within the third degree of consanguinity, who shall have some level of experience as determined by the county commission as a real estate broker, real estate appraiser, home builder, property developer, lending officer, or investor in real estate before such member's

appointment to the board. The assessor or a member of the assessor's staff shall be present at all board of equalization hearings, and shall have the right to present evidence pertaining to any assessment matter before the board.

2. Except as provided in subsection 3 of this section, this board shall meet at the office of the county clerk on the third Monday of July of each year.

3. Upon a finding by the board that it is necessary in order to fairly hear all cases arising from a general reassessment, the board may begin meeting after July first in any applicable year to timely consider any appeal or complaint resulting from an evaluation made during a general reassessment of all taxable real property and possessory interests in the county.

4. Any cases arising from general reassessment involving property whose assessed valuation increased at least fifteen percent from the previous assessment, unless such increase is due to new construction or improvement, that were not heard and acted upon by the board of equalization by September thirtieth in any applicable year shall be dismissed, the assessor's increased assessed valuation shall be void in its entirety, and the previous assessed valuation shall be applied to the property in place of the increased assessed valuation.

138.060. 1. (1) The county board of equalization shall, in a summary way, determine all appeals from the valuation of property made by the assessor, and shall correct and adjust the assessment accordingly. There shall be no presumption that the assessor's valuation is correct.

(2) In any county with a charter form of government with a population greater than two hundred eighty thousand inhabitants but less than two hundred eighty-five thousand

inhabitants, in any county with a charter form of government with greater than one million inhabitants, in any city not within a county, and in any other county for any property whose assessed valuation increased at least fifteen percent from the previous assessment unless the increase is due to new construction or improvement, the assessor shall have the burden to prove that the assessor's valuation does not exceed the true market value of the subject property. In such county or city, in the event a physical inspection of the subject property is required by subsection 10 of section 137.115, the assessor shall have the burden to establish the manner in which the physical inspection was performed and shall have the burden to prove that the physical inspection was performed in accordance with section 137.115. In such county or city, in the event the assessor fails to provide sufficient evidence to establish that the physical inspection was performed in accordance with section 137.115, the property owner shall prevail on the appeal as a matter of law, the assessor's increased assessed valuation shall be void in its entirety, and the previous assessed valuation shall be applied to the property in place of the increased assessed valuation.

(3) At any hearing before the state tax commission or a court of competent jurisdiction of an appeal of assessment from a first class charter county or a city not within a county, the assessor shall not advocate nor present evidence advocating a valuation higher than that value finally determined by the assessor or the value determined by the board of equalization, whichever is higher, for that assessment period.

2. The county clerk shall keep an accurate record of the proceedings and orders of the board, and the assessor shall correct all erroneous assessments, and the clerk shall

adjust the tax book according to the orders of such board and the orders of the state tax commission, except that in adding or deducting such percent to each tract or parcel of real estate as required by such board or state tax commission, [he] the clerk shall add or deduct in each case any fractional sum of less than fifty cents, so that the value of any separate tract shall contain no fractions of a dollar.

3. If a taxpayer submits a written appraisal report prepared by a licensed Missouri appraiser to the board of equalization at least five days prior to the hearing date scheduled by the board of equalization to hear the taxpayer's appeal, the value of the property determined in the appraisal report shall presumptively determine the property's true value in money unless the assessor produces substantial and persuasive evidence as to why such value should not be adopted by the board of equalization.

138.390. 1. The state tax commission shall equalize the valuation of real and tangible personal property among the several counties in the state in the following manner: with the abstracts of all the taxable property in the several counties of the state and the abstracts of the sales of real estate in such counties as returned by the respective county clerks and the assessor of the city of St. Louis, the commission shall classify all real estate situate in cities, towns, and villages, as town lots, and all other real estate as farming lands, and shall classify all tangible personal property as follows: banking corporations, railroad corporations, street railroad corporations, all other corporations, horses, mares and geldings, mules, asses and jennets, neat cattle, sheep, swine, goats, domesticated small animals and all other

livestock, poultry, power machinery, farm implements, other tangible personal property.

2. The state tax commission shall equalize the valuation of each class or subclass of property thereof among the respective counties of the state in the following manner:

(1) It shall add to the valuation of each class, subclass, or portion thereof of the property, real or tangible personal, of each county which it believes to be valued below its real value in money such amount or percent as will increase the same in each case to its true value;

(2) It shall deduct from the valuation of each class, subclass, or portion thereof of the property, real or tangible personal, of each county which it believes to be valued above its real value in money such amount or percent as will reduce the same in each case to its true value.

3. When the state tax commission equalizes the valuation of a class or subclass of property that results in an increase of more than fifteen percent in a single tax year, such increase shall be evenly divided between each of the next successive reassessment cycles in a manner that does not cause any single year increase to exceed fifteen percent.

138.430. 1. Every owner of real property or tangible personal property shall have the right to appeal from the local boards of equalization to the state tax commission under rules prescribed by the state tax commission, within the time prescribed in this chapter or thirty days following the final action of the local board of equalization, whichever date later occurs, concerning all questions and disputes involving the assessment against such property, the correct valuation to be placed on such property, the method or formula used in determining the valuation of such

property, or the assignment of a discriminatory assessment to such property. The commission shall investigate all such appeals and shall correct any assessment or valuation which is shown to be unlawful, unfair, improper, arbitrary or capricious. Any person aggrieved by the decision of the commission may seek review as provided in chapter 536.

2. In order to investigate such appeals, the commission may inquire of the owner of the property or of any other party to the appeal regarding any matter or issue relevant to the valuation, subclassification or assessment of the property. The commission may make its decision regarding the assessment or valuation of the property based solely upon its inquiry and any evidence presented by the parties to the commission, or based solely upon evidence presented by the parties to the commission.

3. Every owner of real property or tangible personal property shall have the right to appeal to the circuit court of the county in which the collector maintains [his] the collector's office from the decision of the local board of equalization not later than thirty days after the final decision of the board of equalization concerning all questions and disputes involving the exclusion or exemption of such property from assessment or from the tax rolls pursuant to the Constitution of the United States or the constitution or laws of this state, or of the taxable situs of such property. The appeal shall be as a trial de novo in the manner prescribed for nonjury civil proceedings. Upon the timely filing of the appeal, the clerk of the circuit court shall send to the county collector to whom the taxes on the property involved would be due a notice that an appeal seeking exemption has been filed, which notice shall contain the name of the taxpayer, the case number assigned by the court, and the parcel or locator number of the

property being appealed. The notice to the collector shall state that the taxes in dispute are to be impounded in accordance with subsection 2 of section 139.031.

4. Upon the timely filing of an appeal to the state tax commission as provided in this section, or the transfer of an appeal to the commission in accordance with subsection 5 of this section, the commission shall send to the county collector to whom the taxes on the property involved would be due a notice that an appeal has been filed or transferred as the case may be, which notice shall contain the name of the taxpayer filing the appeal, the appeal number assigned by the commission, the parcel or locator number of the property being appealed, the assessed value by the board of equalization and the assessed value proposed by the taxpayer, if such values have been provided to the commission when the appeal is filed. The notice to the collector shall state that the taxes in dispute are to be impounded in accordance with subsection 2 of section 139.031. Notice to the collector of an appeal filed in an odd-numbered year shall also serve as notice to the collector to impound taxes for the following even-numbered year if no decision has been rendered in the appeal. The state tax commission shall notify the collector once a decision has been rendered in an appeal.

5. If the circuit court, after review of the appeal, finds that the appeal is not a proper subject for the appeal to the circuit court as provided in subsection 3 of this section, it shall transfer the appeal to the state tax commission for consideration.

6. If an assessor classifies real property under a classification that is contrary to or in conflict with a determination by the state tax commission or a court of competent jurisdiction of said property, the taxpayer shall

be awarded costs of appeal and reasonable attorney's fees on a challenge of the assessor's determination.

7. If an assessor appeals the decision of the state tax commission to a court of competent jurisdiction on any grounds other than overvaluation and the taxpayer is the prevailing party, the taxpayer shall be awarded costs of appeal and reasonable attorney's fees.