

SECOND REGULAR SESSION

[PERFECTED]

SENATE SUBSTITUTE FOR

SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILLS NOS. 1066 & 1088

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR BROWN (26).

4335S.04P

KRISTINA MARTIN, Secretary

## AN ACT

To repeal section 137.016, RSMo, and to enact in lieu thereof one new section relating to classification of certain residential real property.

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

Section A. Section 137.016, RSMo, is repealed and one new  
2 section enacted in lieu thereof, to be known as section 137.016,  
3 to read as follows:

137.016. 1. As used in Section 4(b) of Article X of  
2 the Missouri Constitution, the following terms mean:

3 (1) "Residential property" [ , ]:

4 (a) All real property improved by a structure which is  
5 used or intended to be used for residential living by human  
6 occupants [ , ];

7 (b) Vacant land in connection with an airport [ , ];

8 (c) Land used as a golf course [ , ];

9 (d) Manufactured home parks [ , ];

10 (e) Bed and breakfast inns in which the owner resides  
11 and uses as a primary residence with six or fewer rooms for  
12 rent [ , and ];

13 (f) Time-share units as defined in section 407.600,  
14 except to the extent such units are actually rented and

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

15 subject to sales tax under subdivision (6) of subsection 1  
16 of section 144.020[, but]; and

17 (g) Any single family home owned by an individual or  
18 business that is leased for a term of less than thirty  
19 consecutive days, in whole or in part, subject to sales tax  
20 under subdivision (6) of subsection 1 of section 144.020,  
21 provided that the provisions of this paragraph may not apply  
22 to such properties in excess of fifteen such properties  
23 owned by the same individual or business. For the purposes  
24 of this paragraph, the term "business" shall mean a sole  
25 proprietor, partnership, or limited liability company. For  
26 the purposes of this paragraph for determining the number of  
27 single family homes leased for a term of less than thirty  
28 consecutive days, in whole or in part, subject to sales tax  
29 under subdivision (6) of subsection 1 of section 144.020  
30 owned by an individual or business, all single family homes  
31 that are such properties owned by the individual or  
32 business, or which an individual or business is a part,  
33 shall be counted. The provisions of this paragraph shall  
34 not be construed to authorize the classification of any real  
35 property owned by a corporation as residential property;

36 Residential property shall not include other similar  
37 facilities used primarily for transient housing. For the  
38 purposes of this section, "transient housing" means all  
39 rooms available for rent or lease for which the receipts  
40 from the rent or lease of such rooms are subject to state  
41 sales tax pursuant to subdivision (6) of subsection 1 of  
42 section 144.020; the leasing of a single family home, in  
43 whole or in part, for a term of less than thirty consecutive  
44 days does not, in itself, constitute "transient housing";

45           (2) "Agricultural and horticultural property", all  
46 real property used for agricultural purposes and devoted  
47 primarily to the raising and harvesting of crops; to the  
48 feeding, breeding and management of livestock which shall  
49 include breeding, showing, and boarding of horses; to  
50 dairying, or to any other combination thereof; and buildings  
51 and structures customarily associated with farming,  
52 agricultural, and horticultural uses. Agricultural and  
53 horticultural property shall also include land devoted to  
54 and qualifying for payments or other compensation under a  
55 soil conservation or agricultural assistance program under  
56 an agreement with an agency of the federal government.  
57 Agricultural and horticultural property shall further  
58 include any reliever airport. Real property classified as  
59 forest croplands shall not be agricultural or horticultural  
60 property so long as it is classified as forest croplands and  
61 shall be taxed in accordance with the laws enacted to  
62 implement Section 7 of Article X of the Missouri  
63 Constitution. Agricultural and horticultural property shall  
64 also include any sawmill or planing mill defined in the U.S.  
65 Department of Labor's Standard Industrial Classification  
66 (SIC) Manual under Industry Group 242 with the SIC number  
67 2421. Agricultural and horticultural property shall also  
68 include urban and community gardens. For the purposes of  
69 this section, "urban and community gardens" shall include  
70 real property cultivated by residents of a neighborhood or  
71 community for the purposes of providing agricultural  
72 products, as defined in section 262.900, for the use of  
73 residents of the neighborhood or community, and shall not  
74 include a garden intended for individual or personal use;

75           (3) "Utility, industrial, commercial, railroad and  
76 other real property", all real property used directly or

77 indirectly for any commercial, mining, industrial,  
78 manufacturing, trade, professional, business, or similar  
79 purpose, including all property centrally assessed by the  
80 state tax commission but shall not include floating docks,  
81 portions of which are separately owned and the remainder of  
82 which is designated for common ownership and in which no one  
83 person or business entity owns more than five individual  
84 units. All other real property not included in the property  
85 listed in subclasses (1) and (2) of Section 4(b) of Article  
86 X of the Missouri Constitution, as such property is defined  
87 in this section, shall be deemed to be included in the term  
88 "utility, industrial, commercial, railroad and other real  
89 property".

90         2. Pursuant to Article X of the state Constitution,  
91 any taxing district may adjust its operating levy to recoup  
92 any loss of property tax revenue, except revenues from the  
93 surtax imposed pursuant to Article X, Subsection 2 of  
94 Section 6 of the Constitution, as the result of changing the  
95 classification of structures intended to be used for  
96 residential living by human occupants which contain five or  
97 more dwelling units if such adjustment of the levy does not  
98 exceed the highest tax rate in effect subsequent to the 1980  
99 tax year. For purposes of this section, loss in revenue  
100 shall include the difference between the revenue that would  
101 have been collected on such property under its  
102 classification prior to enactment of this section and the  
103 amount to be collected under its classification under this  
104 section. The county assessor of each county or city not  
105 within a county shall provide information to each taxing  
106 district within its boundaries regarding the difference in  
107 assessed valuation of such property as the result of such  
108 change in classification.

109           3. All reclassification of property as the result of  
110 changing the classification of structures intended to be  
111 used for residential living by human occupants which contain  
112 five or more dwelling units shall apply to assessments made  
113 after December 31, 1994.

114           4. Where real property is used or held for use for  
115 more than one purpose and such uses result in different  
116 classifications, the county assessor shall allocate to each  
117 classification the percentage of the true value in money of  
118 the property devoted to each use; except that, where  
119 agricultural and horticultural property, as defined in this  
120 section, also contains a dwelling unit or units, the farm  
121 dwelling, appurtenant residential-related structures and up  
122 to five acres immediately surrounding such farm dwelling  
123 shall be residential property, as defined in this section,  
124 provided that the portion of property used or held for use  
125 as an urban and community garden shall not be residential  
126 property. This subsection shall not apply to any reliever  
127 airport.

128           5. All real property which is vacant, unused, or held  
129 for future use; which is used for a private club, a not-for-  
130 profit or other nonexempt lodge, club, business, trade,  
131 service organization, or similar entity; or for which a  
132 determination as to its classification cannot be made under  
133 the definitions set out in subsection 1 of this section,  
134 shall be classified according to its immediate most suitable  
135 economic use, which use shall be determined after  
136 consideration of:

- 137           (1) Immediate prior use, if any, of such property;  
138           (2) Location of such property;  
139           (3) Zoning classification of such property; except  
140 that, such zoning classification shall not be considered

141 conclusive if, upon consideration of all factors, it is  
142 determined that such zoning classification does not reflect  
143 the immediate most suitable economic use of the property;

144 (4) Other legal restrictions on the use of such  
145 property;

146 (5) Availability of water, electricity, gas, sewers,  
147 street lighting, and other public services for such property;

148 (6) Size of such property;

149 (7) Access of such property to public thoroughfares;

150 and

151 (8) Any other factors relevant to a determination of  
152 the immediate most suitable economic use of such property.

153 6. All lands classified as forest croplands shall not,  
154 for taxation purposes, be classified as subclass (1),  
155 subclass (2), or subclass (3) real property, as such classes  
156 are prescribed in Section 4(b) of Article X of the Missouri  
157 Constitution and defined in this section, but shall be taxed  
158 in accordance with the laws enacted to implement Section 7  
159 of Article X of the Missouri Constitution.

160 **7. An assessor shall not reclassify any real property**  
161 **without first conducting an in-person consultation with the**  
162 **owner of record of such property. An assessor shall be**  
163 **considered to have satisfied the provisions of this**  
164 **subsection if the assessor can document that a good-faith**  
165 **effort was made to contact the owner of record, including,**  
166 **but not limited to, documenting any mailings, phone calls,**  
167 **or electronic notifications sent to the owner of record.**

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