

SECOND REGULAR SESSION

HOUSE BILL NO. 1907

100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CHRISTOFANELLI.

4516H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 137.010 and 137.122, RSMo, and to enact in lieu thereof two new sections relating to property tax.

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Section A. Sections 137.010 and 137.122, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 137.010 and 137.122, to read as follows:

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

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

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

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

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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

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

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

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

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

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

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

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

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

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

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

32 3. For purposes of this section, and to estimate the value of depreciable tangible personal
 33 property for mass appraisal purposes, each assessor shall value depreciable tangible personal
 34 property by applying the class life and recovery period to the original cost of the property
 35 according to the following depreciation schedule. The percentage shown for the first year shall
 36 be the percentage of the original cost used for January first of the year following the year of
 37 acquisition of the property, and the percentage shown for each succeeding year shall be the
 38 percentage of the original cost used for January first of the respective succeeding year as follows:

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Year	Recovery Period in Years								
	3	5	7	10	15	20			
40 1	75.00	85.00	89.29	92.50	95.00	96.25			
41 2	37.50	59.50	70.16	78.62	85.50	89.03			
42 3	12.50	41.65	55.13	66.83	76.95	82.35			
43 4	5.00		24.99	42.88	56.81	69.25	76.18		
44 5			10.00	30.63	48.07	62.32	70.46		
45 6					18.38	39.33	56.09	65.18	
46 7						10.00	30.59	50.19	60.29

49	8	21.85	44.29	55.77	
50	9	15.00	38.38	51.31	
51	10			32.48	46.85
52	11			26.57	42.38
53	12			20.67	37.92
54	13			15.00	33.46
55	14				29.00
56	15				24.54
57	16				20.08
58	17				20.00
59					

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

66 4. Such estimate of value determined under this section shall be presumed to be correct
 67 for the purpose of determining the true value in money of the depreciable tangible personal
 68 property, but such estimation may be disproved **by a taxpayer** by substantial and persuasive
 69 evidence of the true value in money under any method determined by the state tax commission
 70 to be correct, including, but not limited to, an appraisal of the tangible personal property
 71 specifically utilizing generally accepted appraisal techniques, and contained in a narrative
 72 appraisal report in accordance with the Uniform Standards of Professional Appraisal Practice or
 73 by proof of economic or functional obsolescence or evidence of excessive physical deterioration.
 74 For purposes of appeal of the provisions of this section, the salvage or scrap value of depreciable
 75 tangible personal property may only be considered if the property is not in use as of the
 76 assessment date.

77 5. This section shall not apply to business personal property placed in service before
 78 January 2, 2006. Nothing in this section shall create a presumption as to the proper method of
 79 determining the assessed valuation of business personal property placed in service before January
 80 2, 2006. **Notwithstanding any provisions of this subsection or section to the contrary, as
 81 of January 1, 2021, this section shall apply to all stationary property used for
 82 transportation or storage of liquid and gaseous products including, but not limited to,
 83 petroleum products, natural gas, propane or LP gas equipment, water, and sewage that
 84 was, is, or will be placed in service at any time.**

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

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