SENATE BILL NO. 86

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR KRAUS.

Pre-filed December 1, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

0035S.01I

AN ACT

To repeal section 137.016, RSMo, and to enact in lieu thereof one new section relating to the definition of agricultural and horticultural property for purposes of taxation.

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Section A. Section 137.016, RSMo, is repealed and one new section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

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

3 (1) "Residential property", all real property improved by a structure which
4 is used or intended to be used for residential living by human occupants, vacant
5 land in connection with an airport, land used as a golf course, manufactured
6 home parks, bed and breakfast inns in which the owner resides and uses as a
7 primary residence with six or fewer rooms for rent, and time-share units as
8 defined in section 407.600, except to the extent such units are actually rented and
9 subject to sales tax under subdivision (6) of subsection 1 of section 144.020, but
10 residential property shall not include other similar facilities used primarily for
11 transient housing. For the purposes of this section, "transient housing" means
12 all rooms available for rent or lease for which the receipts from the rent or lease
13 of such rooms are subject to state sales tax pursuant to subdivision (6) of
14 subsection 1 of section 144.020;

15 (2) "Agricultural and horticultural property", all real property used for
16 agricultural purposes and devoted primarily to the raising and harvesting of
17 crops; to the feeding, breeding and management of livestock which shall include
18 breeding, showing, and boarding of horses; to dairying, or to any other
19 combination thereof; and buildings and structures customarily associated with

20 farming, agricultural, and horticultural uses. Agricultural and horticultural
21 property shall also include land devoted to and qualifying for payments or other
22 compensation under a soil conservation or agricultural assistance program under
23 an agreement with an agency of the federal government. Agricultural and
24 horticultural property shall further include land and improvements, exclusive of
25 structures, on privately owned airports that qualify as reliever airports under the
26 National Plan of Integrated Airports System, to receive federal airport
27 improvement project funds through the Federal Aviation Administration. Real
28 property classified as forest croplands shall not be agricultural or horticultural
29 property so long as it is classified as forest croplands and shall be taxed in
30 accordance with the laws enacted to implement Section 7 of Article X of the
31 Missouri Constitution. Agricultural and horticultural property shall also include
32 any sawmill or planing mill defined in the U.S. Department of Labor's Standard
33 Industrial Classification (SIC) Manual under Industry Group 242 with the SIC
34 number 2421**. Agricultural and horticultural property shall further
35 include the real property of a vineyard and property used in
36 connection with the vineyard, including any building used for
37 processing or storing wine, if the building is part of premises
38 designated as a bonded winery by the Alcohol and Tobacco Tax and
39 Trade Bureau and the building is not used as an event facility, tasting
40 room, or restaurant**;
41   (3) "Utility, industrial, commercial, railroad and other real property", all
42 real property used directly or indirectly for any commercial, mining, industrial,
43 manufacturing, trade, professional, business, or similar purpose, including all
44 property centrally assessed by the state tax commission but shall not include
45 floating docks, portions of which are separately owned and the remainder of
46 which is designated for common ownership and in which no one person or
47 business entity owns more than five individual units. All other real property not
48 included in the property listed in subclasses (1) and (2) of Section 4(b) of Article
49 X of the Missouri Constitution, as such property is defined in this section, shall
50 be deemed to be included in the term "utility, industrial, commercial, railroad and
51 other real property".
52   2. Pursuant to Article X of the state constitution, any taxing district may
53 adjust its operating levy to recoup any loss of property tax revenue, except
54 revenues from the surtax imposed pursuant to Article X, Subsection 2 of Section
55 6 of the constitution, as the result of changing the classification of structures

56   intended to be used for residential living by human occupants which contain five

57   or more dwelling units if such adjustment of the levy does not exceed the highest

58   tax rate in effect subsequent to the 1980 tax year. For purposes of this section,

59   loss in revenue shall include the difference between the revenue that would have

60   been collected on such property under its classification prior to enactment of this

61   section and the amount to be collected under its classification under this

62   section. The county assessor of each county or city not within a county shall

63   provide information to each taxing district within its boundaries regarding the

64   difference in assessed valuation of such property as the result of such change in

65   classification.

66   3. All reclassification of property as the result of changing the

67   classification of structures intended to be used for residential living by human

68   occupants which contain five or more dwelling units shall apply to assessments

69   made after December 31, 1994.

70   4. Where real property is used or held for use for more than one purpose

71   and such uses result in different classifications, the county assessor shall allocate

72   to each classification the percentage of the true value in money of the property

73   devoted to each use; except that, where agricultural and horticultural property,

74   as defined in this section, also contains a dwelling unit or units, the farm

75   dwelling, appurtenant residential-related structures and up to five acres

76   immediately surrounding such farm dwelling shall be residential property, as

77   defined in this section.

78   5. All real property which is vacant, unused, or held for future use; which

79   is used for a private club, a not-for-profit or other nonexempt lodge, club,

80   business, trade, service organization, or similar entity; or for which a

81   determination as to its classification cannot be made under the definitions set out

82   in subsection 1 of this section, shall be classified according to its immediate most

83   suitable economic use, which use shall be determined after consideration of:

84   (1) Immediate prior use, if any, of such property;

85   (2) Location of such property;

86   (3) Zoning classification of such property; except that, such zoning

87   classification shall not be considered conclusive if, upon consideration of all

88   factors, it is determined that such zoning classification does not reflect the

89   immediate most suitable economic use of the property;

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

91   (5) Availability of water, electricity, gas, sewers, street lighting, and other

92 public services for such property;

93   (6) Size of such property;

94   (7) Access of such property to public thoroughfares; and

95   (8) Any other factors relevant to a determination of the immediate most

96 suitable economic use of such property.

97   6. All lands classified as forest croplands shall not, for taxation purposes,

98 be classified as subclass (1), subclass (2), or subclass (3) real property, as such

99 classes are prescribed in Section 4(b) of Article X of the Missouri Constitution and

100 defined in this section, but shall be taxed in accordance with the laws enacted to

101 implement Section 7 of Article X of the Missouri Constitution.

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