

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
SENATE SUBSTITUTE FOR

SENATE BILL NO. 314

98TH GENERAL ASSEMBLY

1645H.04C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 137.076, RSMo, and to enact in lieu thereof two new sections relating to property taxation.

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

Section A. Section 137.076, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as 137.018 and 137.076, to read as follows:

137.018. 1. As used in this section, the term "merchandise" shall include short term rentals of equipment and other merchandise offered for short term rentals by rental companies classified under 532412 or 532210 of the 2012 edition of the North American Industry Classification System as prepared by the Executive Office of the President, Office of Management and Budget, which will subsequently or ultimately sell such merchandise or equipment. As used in this section, the term "short term rental" shall mean rentals for a period of less than three hundred sixty five consecutive days, for an unde fined period, or under an open-ended contract.

2. For the purposes of section 6 of article X of the Constitution of Missouri, all merchandise held or owned by a merchant whether or not currently subject to a short term rental and which will subsequently or ultimately be sold shall be considered inventory and exempt from ad valorem taxes.

137.076. 1. In establishing the value of a parcel of real property the county assessor shall consider current market conditions and previous decisions of the county board of equalization, the state tax commission or a court of competent jurisdiction that affected the value of such parcel. For purposes of this section, the term "current market conditions", shall include the impact upon the housing market of foreclosures and bank sales.

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.

6 **2. In establishing the value of a parcel of real property the county assessor shall and**
7 **will use an income based approach for assessment of parcels of real property with federal**
8 **or state imposed restrictions in regard to rent limitations, operations requirements or any**
9 **other restrictions imposed upon the property in connection with the property being eligible**
10 **for any income tax credits under section 42 of the Internal Revenue Code of 1986 as**
11 **amended; property constructed with the use of the United States Department of Housing**
12 **and Urban Development HOME investment partnerships program; property constructed**
13 **with the use of incentives provided by the United States Department of Agriculture Rural**
14 **Development; or property receiving any other state or federal subsidies provided with**
15 **respect to use of the property for housing purposes.**

16 **3. For the purposes of this section, the term “income based approach” shall and will**
17 **include the use of direct capitalization methodology and computed by dividing the**
18 **estimated net operating income of the parcel of property by an appropriate capitalization**
19 **rate not to exceed the average of the current market data available in the county of said**
20 **parcel of property. Federal and State tax credits or other subsidies shall not be considered**
21 **when calculating the capitalization rate. Upon expiration of a land use restriction**
22 **agreement, such parcel of property shall no longer be subject to this section.**

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