

HCS SS SB 314 -- TAXATION OF PROPERTY

SPONSOR: Wallingford (Korman)

COMMITTEE ACTIONS: Voted "Do Pass" by the Standing Committee on Economic Development and Business Attraction and Retention by a vote of 7 to 0. Voted "Do Pass with HCS" by the Select Committee on Commerce by a vote of 9 to 0.

This bill specifies that merchandise held or owned by a rental company and available for short-term rentals of less than 365 consecutive days which will be subsequently or ultimately sold must be considered inventory and exempt from property taxes.

The bill requires the county assessor to use an income based approach for tax assessments on property eligible for Federal or State tax credits or subsidies as specified in the bill.

PROPOSERS: Supporters say that the bill clarifies what is inventory for rental equipment/merchandise for property taxation. There has been some dispute as to what is for sale and what is for rent. A couple assessors in the St. Louis area are looking at taxing certain rental equipment. A rent-to-own store can sell merchandise, can rent short-term, or rent-to-own. There is no business activity code for rent-to-own stores that fits perfectly. Merchandise that is on the shop floor would be considered inventory currently and not subject to property tax. In question, is merchandise that is rented on January 1 and that merchandise should also be considered inventory for the purpose of property taxation as it is exactly the same in nature as the other inventory that is in the store on that day. The fact that it is not physically in the store should make no difference. The merchandise is always available for sale and should be treated as inventory for property tax purposes.

Testifying for the bill were Senator Wallingford; Multistate Associates, Inc. on Behalf of United Rentals; Missouri Chamber of Commerce and Industry; Associated Industries of Missouri; Missouri Budget Project; and MO Rental Dealers Association.

OPPONENTS: There was no opposition voiced to the committee.