

Missouri Constitution

Article X TAXATION Section 6

August 28, 2005

Property exempt from taxation.

Section 6. 1. All property, real and personal, of the state, counties and other political subdivisions, and nonprofit cemeteries, shall be exempt from taxation; all personal property held as industrial inventories, including raw materials, work in progress and finished work on hand, by manufacturers and refiners, and all personal property held as goods, wares, merchandise, stock in trade or inventory for resale by distributors, wholesalers, or retail merchants or establishments shall be exempt from taxation; and all property, real and personal, not held for private or corporate profit and used exclusively for religious worship, for schools and colleges, for purposes purely charitable, or for agricultural and horticultural societies may be exempted from taxation by general law. In addition to the above, household goods, furniture, wearing apparel and articles of personal use and adornment owned and used by a person in his home or dwelling place may be exempt from taxation by general law but any such law may provide for approximate restitution to the respective political subdivisions of revenues lost by reason of the exemption. All laws exempting from taxation property other than the property enumerated in this article, shall be void. The provisions of this section exempting certain personal property of manufacturers, refiners, distributors, wholesalers, and retail merchants and establishments from taxation shall become effective, unless otherwise provided by law, in each county on January 1 of the year in which that county completes its first general reassessment as defined by law.

2. All revenues lost because of the exemption of certain personal property of manufacturers, refiners, distributors, wholesalers, and retail merchants and establishments shall be replaced to each taxing authority within a county from a countywide tax hereby imposed on all property in subclass 3 of class 1 in each county. For the year in which the exemption becomes effective, the county clerk shall calculate the total revenue lost by all taxing authorities in the county and extend upon all property in subclass 3 of class 1 within the county, a tax at the rate necessary to produce that amount. The rate of tax levied in each county according to this subsection shall not be increased above the rate first imposed and will stand levied at that rate unless later reduced according to the provisions of subsection 3. The county collector shall disburse the proceeds according to the revenue lost by each taxing authority because of the exemption of such property in that county. Restitution of the revenues lost by any taxing district contained in more than one county shall be from the several counties according to the revenue lost because of the exemption of property in each county. Each year after the first year the replacement tax is imposed, the amount distributed to each taxing authority in a county shall be increased or decreased by an amount equal to the amount resulting from the change in that district's total assessed value of property in subclass 3 of class 1 at the countywide replacement tax rate. In order to implement the provisions of this subsection, the limits set in section 11(b) of this article may be exceeded, without voter approval, if necessary to allow each county listed in section 11(b) to comply with this subsection.

3. Any increase in the tax rate imposed pursuant to subsection 2 of this section shall be decreased if such decrease is approved by a majority of the voters of the county voting on such decrease. A decrease in the

increased tax rate imposed under subsection 2 of this section may be submitted to the voters of a county by the governing body thereof upon its own order, ordinance, or resolution and shall be submitted upon the petition of at least eight percent of the qualified voters who voted in the immediately preceding gubernatorial election.

4. As used in this section, the terms "revenues lost" and "lost revenues" shall mean that revenue which each taxing authority received from the imposition of a tangible personal property tax on all personal property held as industrial inventories, including raw materials, work in progress and finished work on hand, by manufacturers and refiners, and all personal property held as goods, wares, merchandise, stock in trade or inventory for resale by distributors, wholesalers, or retail merchants or establishments in the last full tax year immediately preceding the effective date of the exemption from taxation granted for such property under subsection 1 of this section, and which was no longer received after such exemption became effective.

Source: Const. of 1875, Art. X, §§ 6, 7.

(Amended November 7, 1972)

(Amended August 3, 1982)

(1951) Large tract of land (2300 acres) owned by Boy Scout Council and used in connection with scouting program by boys for training purposes held exempt from taxation. *St. Louis Council, Boy Scouts v. Burgess*, 362 Mo. 146, 240 S.W.2d 684.

(1952) Enactment appearing at Laws 1945, p. 1023 as § 6098a which imposed premium tax on insurance companies "in lieu of" intangible tax imposed by Chap. 146, RSMo, and exempting intangibles owned by such companies from intangible tax held invalid because conflicting with § 6, Art. X of the Const. *Gen. Am. Life Ins. Co. v. Bates*, 363 Mo. 143, 249 S.W.2d 458.

(1952) Airplane manufacturing and assembly plant originally erected on land owned by city and later conveyed to the city which rented it to operator and later sold it, held exempt from taxation while owned by city. *School Dist. of Berkeley v. Evans*, 363 Mo. 208, 260 S.W.2d 499.

(1953) Where statute imposing tax on insurance companies was held invalid because violative of this section, repeal of prior section was also invalid, so that prior section continued in effect. *Missouri Ins. Co. v. Morris (Mo.)*, 255 S.W.2d 781.

(1953) Buildings owned by bible school operated for purpose of training ministers and missionaries and used for housing students and also containing apartments furnished without cost to faculty members and their families held exempt as being exclusively used for school and charitable purposes. *Midwest Bible & Missionary Inst. v. Sestric*, 364 Mo. 167, 260 S.W.2d 25.

(1953) Property owned by William Jewell College and leased for use as a foundry and industrial plant held exempt from taxation under special charter provision enacted in 1857 granting tax exemption for lands granted to said college for the benefit of education where rents from such property are used for "the benefit of education". *State ex rel. Bannister v. Trustees of William Jewell College*, 364 Mo. 199, 260 S.W.2d 479.

(1954) Section 353.110 is authorized by § 7, Art. X of the Const. and does not conflict with § 6, Art. X. *Land Clearance for Redevelopment Auth. v. City of St. Louis (Mo.)*, 270 S.W.2d 58.

(1957) Buildings on land owned by the United States, erected by private corporations under lease with government held subject to taxation in this state. Such buildings were properly assessed as real estate. *State ex rel. Benson v. Personnel Housing, Inc. (Mo.)*, 300 S.W.2d 506.

(1964) Hospital owned and operated by association, facilities of which generally were available only to members who paid monthly dues to the association, was not exempt from taxation though operated at a loss, since not operated exclusively for purposes purely charitable. *Frisco Employees' Hospital Ass'n. v. State Tax Com'n. (Mo.)*, 381 S.W.2d 772.

(1966) Residential properties owned by charitable hospital and occupied by key personnel necessary to efficient operation who were on call 24 hours a day were used exclusively for charitable purposes and hence exempt from taxation. *Bethesda General Hospital v. State Tax Commission (Mo.)*, 396 S.W.2d 631.

(1968) Leasehold interest held by private corporation in real estate owned by municipality is within definition of "real property" of § 137.010, RSMo, and is taxable as real property and the exemption accorded the municipality from taxation on its real estate does not extend to a privately owned leasehold in that real estate. *Iron County v. State Tax Commission (Mo.)*, 437 S.W.2d 665.

(1968) Not-for-profit corporation's property used for housing for the aged was not used for purposes purely charitable and was not exempt from taxation. *Defenders' Townhouse, Inc. v. Kansas City (Mo.)*, 441 S.W.2d 365.

(1968) The charitable use doctrine depends upon the use made of the property sought to be exempted, and not solely upon the nature or stated purpose of the organization owning the property. *Community Memorial Hospital v. City of Moberly (Mo.)*, 442 S.W.2d 290.

(1969) Nonprofit corporation which operated housing facilities for low income elderly was not entitled to tax exemption where facility was intended to be completely self-supporting and self-liquidating without any intention that gifts or charity were to be involved. *Paraclete Manor of Kansas City v. State Tax Com'n. (Mo.)*, 447 S.W.2d 311.

(1975) Youth summer camp owned by religious and charitable organization which did not charge adequate fees to cover costs held to be exempt from taxation. *Jewish Community Centers Association v. State Tax Commission (Mo.)*, 520 S.W.2d 23.

(1975) Certain hospitals held to qualify as tax-exempt charitable institutions. Residence quarters used by nurses held tax exempt as incident to hospital's basic objectives. *Jackson County v. State Tax Commission (Mo.)*, 521 S.W.2d 378.

(1975) If any part of property is used for noncharitable purpose, the whole is taxable. *City of St. Louis v. State Tax Commission (Mo.)*, 524 S.W.2d 839.

(1977) Held, the term "religious worship" has as a minimum requirement a belief in a Supreme Being. *Mo. Church of Scientology v. State Tax Comm. (Mo.)*, 560 S.W.2d 837.



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