



4/17/85

# STATE AUDITOR OF MISSOURI

JEFFERSON CITY, MISSOURI 65102

MARGARET KELLY, CPA  
STATE AUDITOR

(314) 751-4824

July 22, 1985

To All County Clerks in the  
State of Missouri

RE: Calculation of rate of additional  
countywide tax on subclass 3  
property

Dear County Clerks:

On July 11, 1985, the Missouri Attorney General issued Opinion No. 66-85 relating to the calculation of the rate of additional countywide tax on subclass 3 property to replace revenue lost because of the exemption from taxation of merchants' and manufacturers' inventory. I had interpreted the relevant constitutional and statutory provisions to require delinquent taxes on merchants' and manufacturers' inventory to be included as "lost revenue" if collected between April 1, 1984 and March 31, 1985; however, the Attorney General indicates that delinquent taxes collected between January 1, 1984 and December 31, 1984 should be included instead. I have revised the draft of the form and related instructions provided to you in March to reflect the Attorney General's view of the relevant constitutional and statutory provisions.

Enclosed herein is the revised form and related instructions to assist you in calculating the additional countywide tax on subclass 3 property. Also enclosed is a copy of Attorney General Opinion No. 66-85.

If you have any questions not answered by the enclosed instructions, please feel free to call my office (telephone 314-751-4213).

Sincerely,

Margaret Kelly, CPA  
State Auditor

MK/ha  
Enclosure

CALCULATION OF RATE OF ADDITIONAL COUNTYWIDE TAX  
ON SUBCLASS 3 PROPERTY TO REPLACE  
REVENUES LOST BECAUSE OF EXEMPTION  
OF MERCHANTS' AND MANUFACTURERS' INVENTORY

Introduction

Article X, Section 6 of the Missouri Constitution and Section 139.600, RSMo provide an exemption from taxation for certain personal property (inventory) of merchants and manufacturers. This exemption becomes effective this year. To replace the revenues lost because of this exemption, an additional countywide tax is to be levied upon property listed in subclass 3 of class 1 of Article X, Section 4(b) of the Missouri Constitution. This is the first year that this additional countywide tax on subclass 3 property is to be levied. Attached hereto as page 4 is a copy of Article X, Section 6, as page 5 is a copy of Section 139.600, and as page 6 is a copy of Article X, Section 4(b).

The following instructions and exhibit are designed to assist county clerks in computing the rate of this additional countywide tax on subclass 3 property.

Calculation of Lost Revenue

Section 137.074 provides that all county and municipal offices charged with assessing property, extending tax charges, and collecting property taxes shall arrange their records so as to identify the personal property of merchants and manufacturers now exempt from taxation pursuant to Article X, Section 6. The records were to have been separately maintained for the year 1984. A copy of Section 137.074 is attached hereto as page 7.

Section A of Exhibit 1 is designed to assist you in calculating the amount of "lost revenue" which the additional tax on subclass 3 property is to replace.

In Column A you should list each taxing authority which received revenue from property taxes on personal property of merchants and manufacturers now exempt from taxation pursuant to Article X, Section 6. Columns B, C, D and E are for computing the "lost revenue" for each of the

taxing authorities listed. The receipts which comprise "lost revenue" can be subdivided into three categories as shown in Columns B, C and D. Category 1 (Column B) is receipts of 1984 taxes on the now exempt property collected currently. Category 2 (Column C) is receipts of delinquent taxes on the now exempt property collected between January 1, 1984 and December 31, 1984. This includes any delinquent taxes of prior years collected at any time between January 1, 1984 and December 31, 1984. For example, delinquent taxes on the now exempt property which were billed in November 1982 but not collected until July 1984 would be included in Column C. Taxes for 1984 which were collected in January 1985 or any subsequent month (delinquent taxes for 1984) are not included in Column C and are not considered for purposes of computing the "lost revenue". Category 3 (Column D) is 1984 taxes on the now exempt property which are subject to appeal as of March 31, 1985. Taxes for 1984 on the now exempt property which were paid under protest prior to December 31, 1984, which protest was resolved prior to March 31, 1985, should be included in Column B to the extent the political subdivisions prevailed in the dispute. Column E is for the total "lost revenue" of each of the taxing authorities listed under Column A. For each taxing authority listed, you will need to add the amounts shown in Columns B, C and D for that taxing authority and enter the total in Column E.

Many municipalities collect their own taxes. Therefore, it will be necessary for you to contact any such municipalities in your county to obtain the necessary information to complete Section A of Exhibit 1.

The amounts shown in Column E should be added to obtain the total "lost revenue" for all taxing authorities in your county. This is the amount to be raised by an additional countywide tax on subclass 3 property only.

#### Calculation of Rate

The formula for computing the rate of the additional countywide tax on subclass 3 property is shown in Section B of Exhibit 1. The Total Lost Revenue should be divided by the Assessed Valuation of Subclass 3 Property

and the result multiplied by 100 so the rate will be expressed in cents per \$100 assessed valuation. This rate should then be levied as an additional rate on subclass 3 property only. A line has been provided for you to insert the numbers applicable to your county and compute the rate for your county.

### Conclusion

Exhibit 1 contains a certification in Section C at the bottom of the page. The county clerk should complete the certification and forward Exhibit 1 to the State Auditor's Office for review. The State Auditor's Office will notify the county clerk and the public if the proposed additional countywide tax on subclass 3 property complies with Article X, Section 6 and Section 139.600.