

BONDS: The maximum amount of bonded  
STATE AUDITOR: indebtedness in 1975 is to be  
determined by the 1974 assessed  
valuation of tangible personal property although Senate Bill  
333, 77th General Assembly, Second Regular Session, excludes  
household goods from taxation beginning January 1975.

OPINION NO. 63

March 31, 1975

Honorable George W. Lehr  
State Auditor of Missouri  
State Capitol Building  
Jefferson City, Missouri 65101



Dear Mr. Lehr:

This opinion is in response to the question asked by your predecessor, stated as follows:

"May 1974 property valuations used for bond issues voted in 1975 include household goods, furniture, wearing apparel, and articles of personal use and adornment."

It was further stated that:

"Counties and political subdivisions are limited in the amount of indebtedness they may assume by article VI, Sections 23, 26 and 27 of the Missouri Constitution. That indebtedness is a percentage of the property within that subdivision. Bond issues voted in one year use the valuation of the previous year since that year is the 'last completed assessment' referred to in Article VI, Section 26.

"Starting January 1, 1975, the tax base for state, county, or local purposes will not include household goods, furniture, wearing apparel and articles of personal use and adornment. Section 137.100 RSMo 1974. The amount of indebtedness that a city, county,

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or political subdivision may assume is a percentage of the taxable tangible property within its boundaries. The limitation of the indebtedness is described in the Missouri Constitution in Article VI, Section 26(b) as 'an amount not to exceed five percent of the value of taxable tangible property therein as shown by the last completed assessment for state or county purposes.' The Constitutional Sections which raise the percentage do not elaborate further on what is taxable tangible property.

"The elimination of household goods from the tax base has raised a serious problem with regard to the method for determining the valuation of property for bond elections in calendar year 1975. It is arguable that the amount of household goods, furniture, wearing apparel and articles of personal use and adornment assessed in 1974 should be removed from the valuation used for bond elections in 1975. The new section 137.100 takes effect on January 1, 1975. However, since the constitution refers to the last completed assessment, and since valuations for bond elections in 1975 must be based upon assessments completed in 1974, it is also arguable that the soon to be eliminated items be included for the 1975 elections."

The amendment referred to is Senate Bill 333, 77th General Assembly, Second Regular Session.

Section 26(b) of Article VI of the Missouri Constitution, provides:

"Any county, city, incorporated town or village or other political corporation or subdivision of the state, by vote of two-thirds of the qualified electors thereof voting thereon, may become indebted in an amount not to exceed five per cent of the value of taxable tangible property therein as shown by the last completed assessment for state or county purposes, except that

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a school district by a vote of two-thirds of the qualified electors voting thereon may become indebted in an amount not to exceed ten per cent of the value of such taxable tangible property."

We find no precedent with respect to this question.

Under Section 108.240, RSMo, the state auditor has the function of registering bonds of certain political subdivisions and must certify that the bonds issued have complied with all the conditions of laws.

We note that the constitutional provision cited is clear and unequivocal and does not provide for adjustments because of present legislative enactments affecting assessments. It is therefore our view that the auditor should use the complete assessment figures for 1974 in determining the maximum amount of bonded indebtedness.

#### CONCLUSION

It is the opinion of this office that the maximum amount of bonded indebtedness in 1975 is to be determined by the 1974 assessed valuation of tangible personal property although Senate Bill 333, 77th General Assembly, Second Regular Session, excludes household goods from taxation beginning January 1975.

The foregoing opinion, which I hereby approve, was prepared by my assistant, John C. Klaffenbach.

Very truly yours,



JOHN C. DANFORTH  
Attorney General