

FIRST REGULAR SESSION

SENATE BILL NO. 457

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR HENDERSON.

1449S.01H

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 135.010 and 135.030, RSMo, and to enact in lieu thereof two new sections relating to a tax credit for certain property tax liabilities.

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

Section A. Sections 135.010 and 135.030, RSMo, are
2 repealed and two new sections enacted in lieu thereof, to be
3 known as sections 135.010 and 135.030, to read as follows:

135.010. As used in sections 135.010 to 135.030 the
2 following words and terms mean:

3 (1) "Claimant", a person or persons claiming a credit
4 under sections 135.010 to 135.030. If the persons are
5 eligible to file a joint federal income tax return and
6 reside at the same address at any time during the taxable
7 year, then the credit may only be allowed if claimed on a
8 combined Missouri income tax return or a combined claim
9 return reporting their combined incomes and property taxes.
10 A claimant shall not be allowed a property tax credit unless
11 the claimant or spouse has attained the age of sixty-five on
12 or before the last day of the calendar year and the claimant
13 or spouse was a resident of Missouri for the entire year, or
14 the claimant or spouse is a veteran of any branch of the
15 Armed Forces of the United States or this state who became
16 one hundred percent disabled as a result of such service, or
17 the claimant or spouse is disabled as defined in subdivision
18 (2) of this section, and such claimant or spouse provides

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 proof of such disability in such form and manner, and at
20 such times, as the director of revenue may require, or if
21 the claimant has reached the age of sixty on or before the
22 last day of the calendar year and such claimant received
23 surviving spouse Social Security benefits during the
24 calendar year and the claimant provides proof, as required
25 by the director of revenue, that the claimant received
26 surviving spouse Social Security benefits during the
27 calendar year for which the credit will be claimed. [A
28 claimant shall not be allowed a property tax credit if the
29 claimant filed a valid claim for a credit under section
30 137.106 in the year following the year for which the
31 property tax credit is claimed.] The residency requirement
32 shall be deemed to have been fulfilled for the purpose of
33 determining the eligibility of a surviving spouse for a
34 property tax credit if a person of the age of sixty-five
35 years or older who would have otherwise met the requirements
36 for a property tax credit dies before the last day of the
37 calendar year. The residency requirement shall also be
38 deemed to have been fulfilled for the purpose of determining
39 the eligibility of a claimant who would have otherwise met
40 the requirements for a property tax credit but who dies
41 before the last day of the calendar year;

42 (2) "Disabled", the inability to engage in any
43 substantial gainful activity by reason of any medically
44 determinable physical or mental impairment which can be
45 expected to result in death or which has lasted or can be
46 expected to last for a continuous period of not less than
47 twelve months. A claimant shall not be required to be
48 gainfully employed prior to such disability to qualify for a
49 property tax credit;

50 (3) "Gross rent", amount paid by a claimant to a
51 landlord for the rental, at arm's length, of a homestead
52 during the calendar year, exclusive of charges for health
53 and personal care services and food furnished as part of the
54 rental agreement, whether or not expressly set out in the
55 rental agreement. If the director of revenue determines
56 that the landlord and tenant have not dealt at arm's length,
57 and that the gross rent is excessive, then he shall
58 determine the gross rent based upon a reasonable amount of
59 rent. Gross rent shall be deemed to be paid only if
60 actually paid prior to the date a return is filed. The
61 director of revenue may prescribe regulations requiring a
62 return of information by a landlord receiving rent,
63 certifying for a calendar year the amount of gross rent
64 received from a tenant claiming a property tax credit and
65 shall, by regulation, provide a method for certification by
66 the claimant of the amount of gross rent paid for any
67 calendar year for which a claim is made. The regulations
68 authorized by this subdivision may require a landlord or a
69 tenant or both to provide data relating to health and
70 personal care services and to food. Neither a landlord nor
71 a tenant may be required to provide data relating to
72 utilities, furniture, home furnishings or appliances;

73 (4) "Homestead", the dwelling in Missouri owned or
74 rented by the claimant and not to exceed five acres of land
75 surrounding it as is reasonably necessary for use of the
76 dwelling as a home. It may consist of part of a
77 multidwelling or multipurpose building and part of the land
78 upon which it is built. "Owned" includes a vendee in
79 possession under a land contract and one or more tenants by
80 the entirety, joint tenants, or tenants in common and
81 includes a claimant actually in possession if he was the

82 immediate former owner of record, if a lineal descendant is
83 presently the owner of record, and if the claimant actually
84 pays all taxes upon the property. It may include a mobile
85 home;

86 (5) "Income", Missouri adjusted gross income as
87 defined in section 143.121 less two thousand dollars **for all**
88 **calendar years ending on or before December 31, 2025**, or in
89 the case of a homestead owned and occupied, for the entire
90 year, by the claimant, **for all calendar years ending on or**
91 **before December 31, 2025**, less four thousand dollars as an
92 exemption for the claimant's spouse residing at the same
93 address[,]; **and for all calendar years beginning on or after**
94 **January 1, 2026, less five thousand dollars, or in the case**
95 **of a homestead owned and occupied, for the entire year, by**
96 **the claimant, less five thousand dollars as an exemption for**
97 **the claimant's spouse residing at the same address;** and
98 increased, where necessary, to reflect the following:

99 (a) Social Security, railroad retirement, and veterans
100 payments and benefits unless the claimant is a one hundred
101 percent service-connected, disabled veteran or a spouse of a
102 one hundred percent service-connected, disabled veteran.
103 The one hundred percent service-connected disabled veteran
104 shall not be required to list veterans payments and benefits;

105 (b) The total amount of all other public and private
106 pensions and annuities;

107 (c) Public relief, public assistance, and unemployment
108 benefits received in cash, other than benefits received
109 under this chapter;

110 (d) No deduction being allowed for losses not incurred
111 in a trade or business;

112 (e) Interest on the obligations of the United States,
113 any state, or any of their subdivisions and
114 instrumentalities;

115 (6) "Property taxes accrued", property taxes paid,
116 exclusive of special assessments, penalties, interest, and
117 charges for service levied on a claimant's homestead in any
118 calendar year. Property taxes shall qualify for the credit
119 only if actually paid prior to the date a return is filed.
120 The director of revenue shall require a tax receipt or other
121 proof of property tax payment. If a homestead is owned only
122 partially by claimant, then "property taxes accrued" is that
123 part of property taxes levied on the homestead which was
124 actually paid by the claimant. For purposes of this
125 subdivision, property taxes are "levied" when the tax roll
126 is delivered to the director of revenue for collection. If
127 a claimant owns a homestead part of the preceding calendar
128 year and rents it or a different homestead for part of the
129 same year, "property taxes accrued" means only taxes levied
130 on the homestead both owned and occupied by the claimant,
131 multiplied by the percentage of twelve months that such
132 property was owned and occupied as the homestead of the
133 claimant during the year. When a claimant owns and occupies
134 two or more different homesteads in the same calendar year,
135 property taxes accrued shall be the sum of taxes allocable
136 to those several properties occupied by the claimant as a
137 homestead for the year. If a homestead is an integral part
138 of a larger unit such as a farm, or multipurpose or
139 multidwelling building, property taxes accrued shall be that
140 percentage of the total property taxes accrued as the value
141 of the homestead is of the total value. For purposes of
142 this subdivision "unit" refers to the parcel of property

143 covered by a single tax statement of which the homestead is
144 a part;

145 (7) "Rent constituting property taxes accrued", twenty
146 percent of the gross rent paid by a claimant and spouse in
147 the calendar year.

135.030. 1. As used in this section:

2 (1) The term "maximum upper limit" shall, for each
3 calendar year after December 31, 1997, but before calendar
4 year 2008, be the sum of twenty-five thousand dollars. For
5 all calendar years beginning on or after January 1, 2008,
6 **but ending on or before December 31, 2025,** the maximum upper
7 limit shall be the sum of twenty-seven thousand five hundred
8 dollars. In the case of a homestead owned and occupied for
9 the entire year by the claimant, **for all calendar years**
10 **ending on or before December 31, 2025,** the maximum upper
11 limit shall be the sum of thirty thousand dollars. **For all**
12 **calendar years beginning on or after January 1, 2026, the**
13 **maximum upper limit shall be the sum of thirty-two thousand**
14 **five hundred dollars, and in the case of a homestead owned**
15 **and occupied for the entire year by the claimant, the**
16 **maximum upper limit shall be the sum of forty thousand**
17 **dollars;**

18 (2) The term "minimum base" shall, for each calendar
19 year after December 31, 1997, but before calendar year 2008,
20 be the sum of thirteen thousand dollars. For all calendar
21 years beginning on or after January 1, 2008, the minimum
22 base shall be the sum of fourteen thousand three hundred
23 dollars.

24 2. (1) If the income on a return is equal to or less
25 than the maximum upper limit for the calendar year for which
26 the return is filed, the property tax credit shall be
27 determined from a table of credits based upon the amount by

28 which the total property tax described in section 135.025
 29 exceeds the percent of income in the following list:

30 31	If the income on the return is:	The percent is:
32 33 34 35 36	Not over the minimum base	0 percent with credit not to exceed \$1,100 in actual property tax or rent equivalent paid up to \$750
37 38 39	Over the minimum base but not over the maximum upper limit	1/16 percent accumulative per \$300 from 0 percent to 4 percent.

40 **(2)** The director of revenue shall prescribe a table
 41 based upon [the preceding sentences] **subdivision (1) of this**
 42 **subsection.** The property tax shall be in increments of
 43 twenty-five dollars and the income in increments of three
 44 hundred dollars. The credit shall be the amount rounded to
 45 the nearest whole dollar computed on the basis of the
 46 property tax and income at the midpoints of each increment.
 47 As used in this subsection, the term "accumulative" means an
 48 increase by continuous or repeated application of the
 49 percent to the income increment at each three hundred dollar
 50 level.

51 **3. (1) For all calendar years beginning on or after**
 52 **January 1, 2026, if the income on a return is equal to or**
 53 **less than the maximum upper limit for the calendar year for**
 54 **which the return is filed, the property tax credit shall be**
 55 **determined from a table of credits based upon the amount by**
 56 **which the total property tax described in section 135.025**
 57 **exceeds the percent of income in the following list:**

58	If the income on the	The percent is:
59	return is:	
60	Not over the minimum	0 percent with credit
61	base	not to exceed \$1,100 in
62		actual property tax or
63		rent equivalent paid up
64		to \$750.
65	Over the minimum base	1/16 percent
66	but not over the maximum	accumulative per \$495
67	upper limit	from 0 percent to 2
		percent.

68 (2) The director of revenue shall prescribe a table
69 based upon subdivision (1) of this subsection. The property
70 tax shall be in increments of twenty-five dollars and the
71 income in increments of four hundred ninety-five dollars.
72 The credit shall be the amount rounded to the nearest whole
73 dollar computed on the basis of the property tax and income
74 at the midpoints of each increment. As used in this
75 subsection, the term "accumulative" means an increase by
76 continuous or repeated application of the percent to the
77 income increment at each four-hundred-ninety-five-dollar
78 level.

79 4. Notwithstanding subsection 4 of section 32.057, the
80 department of revenue or any duly authorized employee or
81 agent shall determine whether any taxpayer filing a report
82 or return with the department of revenue who has not applied
83 for the credit allowed pursuant to section 135.020 may
84 qualify for the credit, and shall notify any qualified
85 claimant of the claimant's potential eligibility, where the
86 department determines such potential eligibility exists.

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