COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3458S.02I
Bill No.: SB 822
Subject: Tax Credits; Taxation and Revenue - Property
Type: Original
Date: February 12, 2024

Bill Summary: This proposal modifies the senior citizens property tax relief credit.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue Fund	More or Less than ($72,145,412)	More or Less than ($78,180,499)	More or Less than ($84,640,265)
Total Estimated Net Effect on General Revenue	**More or Less than ($72,145,412)**	**More or Less than ($78,180,499)**	**More or Less than ($84,640,265)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Section(s) 135.010, 135.025 & 135.030 Senior Property Tax

Officials from the **Office of Administration – Budget & Planning (B&P)** note:

Section 135.010 would increase the income allowance for PTC claimants by $800 for renters who are married (filing combined) and $1,800 for homeowners who are married (filing combined) starting with calendar year 2025. B&P notes that because this provision is effective for calendar year 2025, it will begin affecting state revenues in FY25 as annual PTC claims are filed beginning in January. B&P further notes that the peak PTC claims are January through April each year.

Section 135.025 would increase the maximum PTC credit amount. Section 135.030.1 would increase the maximum income limits allowed to qualify for the PTC. Section 135.030.2 would increase the phase-out increments, used when calculating the PTC credit based on an individual's income. B&P notes that because these provisions are effective for calendar year 2025, they will begin affecting state revenues in FY25 as annual PTC claims are filed beginning in January. B&P further notes that the peak PTC claims are January through April each year.

Section 135.025 would increase the renter credit from $750 (current law) to $1,055 and the homeowner credit from $1,100 (current law) to $1,555 starting with calendar year 2025. Beginning calendar year 2026, the tax credit amounts shall be adjusted annually by CPI-U for the Midwest Region. For the purpose of this fiscal note, B&P will assume a 2% average annual inflation rate. Table 1 shows the estimated credit amount over time.

Table 1: PTC Credit

Calendar Year	Renter	Homeowner
Current	$750	$1,100
2025	$1,055	$1,550
2026	$1,076	$1,581
2027	$1,098	$1,613
2028	$1,120	$1,645
2029	$1,142	$1,678

*Assumes 2% average annual inflation.

Section 135.030.1 would increase the maximum upper income allowed to claim the PTC, depending on a taxpayer's filing status. Beginning calendar year 2025 the maximum limits shall be:

Table 2: Maximum Income by Filing Status

Filing Status	Own/Rent	2025 Max Income
Single	Own	$41,000
	Rent	$38,200
Married Filing Combined	Own	$48,000
	Rent	$42,200
Married Filing Separate	No longer qualifies	
Other	No longer qualifies	

B&P notes that the language in this proposal sets new maximum income levels explicitly for taxpayers with either a single or married filing combined status. Therefore, this language excludes all other filing status types, such as married filing separate or individuals that do not indicate a filing status.

In tax year 2022, there were 1,511 individual, who filed the PTC with a filing status, other than single or married filing combined, for total credit claims of $969,376. Therefore, this provision will increase GR by $969,376 starting with FY25.

Beginning January 1, 2026, the maximum income limits shall be adjusted annually for inflation using CPI-U. For the purpose of this fiscal note, B&P will assume a 2% average annual inflation rate. Tables 3 shows the maximum income limits by tax year.

Table 3: Maximum Income

Calendar Year	Renter		Homeowner	
	Single	Married	Single	Married
Current	$27,500		$30,000	
2025	$38,200	$42,200	$41,000	$48,000
2026	$38,964	$43,044	$41,820	$48,960

2027	$39,743	$43,905	$42,656	$49,939
2028	$40,538	$44,783	$43,509	$50,938
2029	$41,349	$45,679	$44,379	$51,957

*Assumes 2% average annual inflation.

Section 135.025.2 would increase the phase-out income increments from $300 (current law) to $495 beginning with calendar year 2025. The income increment amounts shall the be adjusted annually for inflation using CPI-U. B&P notes that this proposal does not state when such inflation adjustments shall occur. For the purpose of this fiscal note, B&P assumes that the adjustments will occur at the same time as other inflation adjustments contained within this proposal. B&P will assume a 2% average annual inflation rate.

Section 135.030.3 caps the reduction in the tax credit to 2%. B&P notes that under current law, the tax credit is reduced by (1/16)% for each $300 increase in a taxpayer's income, with a maximum reduction of 4.0%. This proposal would change the reduction calculation to (1/16%) for every $495 (adjusted for inflation) increase in a taxpayer's income, with a maximum reduction of 2.0%. B&P further notes that under current law, the reduction cap is never met with the existing income limits; however, the 2% reduction limit would be binding for both renters and homeowners. Therefore, after 32 reductions the minimum tax credit, based on property tax paid, will remain a constant amount.

Table 4: PTC Phase-Out Increments

Calendar Year	Income Increment	Phase-Out Cap
Current	$300	4%
2025	$495	2%
2026	$505	2%
2027	$515	2%
2028	$525	2%
2029	$536	2%

*Assumes 2% average annual inflation.

Maximum Credit and Slower Credit Phase-Out

Single – Renter

In tax year 2022, 29,451 single renters claimed the PTC, with a maximum possible credit of $750. B&P notes that the PTC phases-out as an individual's income increases. This proposal slows and limits the income phase-out.

2025

Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $750 to $1,055, increasing the phase-out limit from $300 to

$495, and capping the credit value reduction at 2% could reduce GR by $6,842,187 beginning FY25.

2026
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $750 to $1,076, increasing the phase-out limit from $300 to $505, and capping the credit value reduction at 2% could reduce GR by $7,309,240 beginning FY26.

2027
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $750 to $1,098, increasing the phase-out limit from $300 to $515, and capping the credit value reduction at 2% could reduce GR by $7,797,404 beginning FY27.

2028
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $750 to $1,120, increasing the phase-out limit from $300 to $525, and capping the credit value reduction at 2% could reduce GR by $8,284,603 beginning FY28.

2029
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $750 to $1,142, increasing the phase-out limit from $300 to $536, and capping the credit value reduction at 2% could reduce GR by $8,770,413 beginning FY29.

B&P notes that this estimate does not include a higher average PTC claim for the individuals discussed under the "maximum upper limit" section. Therefore, increasing the maximum credit could reduce GR by more than the estimates discussed above.

Married, Filing Combined – Renter
In tax year 2022, 1,448 married, filing combined, renters claimed the PTC, with a maximum possible credit of $750. B&P notes that the PTC phases-out as an individual's income increases. This proposal slows and limits the income phase-out.

2025
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $750 to $1,055, increasing the phase-out limit from $300 to

495, and capping the credit value reduction at 2% could reduce GR by $320,005 beginning FY25.

2026
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $750 to $1,076, increasing the phase-out limit from $300 to $505, and capping the credit value reduction at 2% could reduce GR by $341,746 beginning FY26.

2027
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $750 to $1,098, increasing the phase-out limit from $300 to $515, and capping the credit value reduction at 2% could reduce GR by $364,450 beginning FY27.

2028
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $750 to $1,120, increasing the phase-out limit from $300 to $525, and capping the credit value reduction at 2% could reduce GR by $387,042 beginning FY28.

2029
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $750 to $1,142, increasing the phase-out limit from $300 to $536, and capping the credit value reduction at 2% could reduce GR by $409,578 beginning FY29.

B&P notes that this estimate does not include a higher average PTC claim for the individuals discussed under the "maximum upper limit" section. Therefore, increasing the maximum credit could reduce GR by more than the estimates discussed above.

Single – Homeowner
In tax year 2022, 33,479 single homeowners claimed the PTC, with a maximum possible credit of $1,100. B&P notes that the PTC phases-out as an individual's income increases. This proposal slows and limits the income phase-out.

2025
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $1,100 to $1,550, increasing the phase-out limit from $300 to

$495, and capping the credit value reduction at 2% could reduce GR by $8,768,793 beginning FY25.

2026
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $1,100 to $1,581, increasing the phase-out limit from $300 to $505, and capping the credit value reduction at 2% could reduce GR by $9,366,559 beginning FY26.

2027
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $1,100 to $1,613, increasing the phase-out limit from $300 to $515, and capping the credit value reduction at 2% could reduce GR by $9,982,424 beginning FY27.

2028
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $1,100 to $1,645, increasing the phase-out limit from $300 to $525, and capping the credit value reduction at 2% could reduce GR by $10,596,912 beginning FY28.

2029
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $1,100 to $1,678, increasing the phase-out limit from $300 to $536, and capping the credit value reduction at 2% could reduce GR by $11,226,766 beginning FY29.

B&P notes that this estimate does not include a higher average PTC claim for the individuals discussed under the "maximum upper limit" section. Therefore, increasing the maximum credit could reduce GR by more than the estimates discussed above.

Married, Filing Combined – Homeowner
In tax year 2022, 7,481 married, filing combined, homeowners claimed the PTC, with a maximum possible credit of $1,100. B&P notes that the PTC phases-out as an individual's income increases. This proposal slows and limits the income phase-out.

2025
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $1,100 to $1,550, increasing the phase-out limit from $300 to

$495, and capping the credit value reduction at 2% could reduce GR by $1,928,034 beginning FY25.

2026
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $1,100 to $1,581, increasing the phase-out limit from $300 to $505, and capping the credit value reduction at 2% could reduce GR by $2,059,665 beginning FY26.

2027
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $1,100 to $1,613, increasing the phase-out limit from $300 to $515, and capping the credit value reduction at 2% could reduce GR by $2,195,197 beginning FY27.

2028
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $1,100 to $1,645, increasing the phase-out limit from $300 to $525, and capping the credit value reduction at 2% could reduce GR by $2,330,363 beginning FY28.

2029
Using tax year 2022 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $1,100 to $1,678, increasing the phase-out limit from $300 to $536, and capping the credit value reduction at 2% could reduce GR by $2,469,075 beginning FY29.

B&P notes that this estimate does not include a higher average PTC claim for the individuals discussed under the "maximum upper limit" section. Therefore, increasing the maximum credit could reduce GR by more than the estimates discussed above.

Credit Changes Summary
Based on the above information, B&P estimates that this provision could reduce GR by more than $17,859,019 ($7,162,192 renters + $10,696,827 homeowners) beginning FY25.

By FY29, this provision could reduce GR by more than $22,875,832 ($9,179,991 renters + $13,695,841 homeowners). Table 5 shows the estimated impact by filing and owning status.

Table 5: Higher Credit and Slower Phase-Out

Calendar Year	Renter		Homeowner		Total
	Single	Married	Single	Married	
2025	($6,842,187)	($320,005)	($8,768,793)	($1,928,034)	($17,859,019)
2026	($7,309,240)	($341,746)	($9,366,559)	($2,059,665)	($19,077,210)
2027	($7,797,404)	($364,450)	($9,982,424)	($2,195,197)	($20,339,476)
2028	($8,284,603)	($387,042)	($10,596,912)	($2,330,363)	($21,598,920)
2029	($8,770,413)	($409,578)	($11,226,766)	($2,469,075)	($22,875,832)

Homeownership Rates

Using tax year 2022 PTC claims, the most recent year available, B&P determined the percentage of claimants that were homeowners versus renters. Table 2 shows the percentage for each major filing type.

Table 2: PTC Homeowner vs. Renter

Filing Type	Homeowner	Renter
Age 65+	62.7%	37.3%
Widow(er)	68.9%	31.1%
Disabled	23.5%	76.5%

For the purpose of this fiscal note, B&P will assume the potential newly qualified (under the higher maximum income limits) individuals will follow the same owner/renter pattern. However, it is likely that as the income limit increases, the homeownership rate would also increase.

Maximum Income Limits
Single – Renter
2025
In tax year 2021, the most recent complete year available, there were 250 individuals who filed as qualifying widow/widower, 29,110 individuals who claimed they were 65 years or older, and 1,501 individuals who claimed they were disabled on their individual income tax forms, filed as single, and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $38,200.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 78 of the widow(er), 10,869 age 65 and older, and 1,149 disabled could potentially be renters. Therefore, B&P estimates that 12,096 additional people could qualify for the renter PTC in calendar year 2025.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $458. Therefore, B&P

estimates that increase the maximum income limit for renters could reduce GR by $5,534,470 (12,096 x $458) in FY25.

2026
In tax year 2021, the most recent complete year available, there were 261 individuals who filed as qualifying widow/widower, 31,080 individuals who claimed they were 65 years or older, and 1,585 individuals who claimed they were disabled on their individual income tax forms, filed as single, and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $38,964.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 81 of the widow(er), 11,605 age 65 and older, and 1,213 disabled could potentially be renters. Therefore, B&P estimates that 12,899 additional people could qualify for the renter PTC in calendar year 2026.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $472. Therefore, B&P estimates that increase the maximum income limit for renters could reduce TSR and GR by $6,085,396 (12,899 x $472) in FY26.

2027
In tax year 2021, the most recent complete year available, there were 279 individuals who filed as qualifying widow/widower, 33,136 individuals who claimed they were 65 years or older, and 1,679 individuals who claimed they were disabled on their individual income tax forms, filed as single, and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $39,743.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 87 of the widow(er), 12,373 age 65 and older, and 1,285 disabled could potentially be renters. Therefore, B&P estimates that 13,745 additional people could qualify for the renter PTC in calendar year 2027.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $487. Therefore, B&P estimates that increase the maximum income limit for renters could reduce TSR and GR by $6,698,596 (13,745 x $487) in FY27.

2028
In tax year 2021, the most recent complete year available, there were 297 individuals who filed as qualifying widow/widower, 35,174 individuals who claimed they were 65 years or older, and 1,764 individuals who claimed they were disabled on their individual income tax forms, filed as single, and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $40,538.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 92 of the widow(er), 13,134 age 65 and older, and 1,350 disabled could potentially be renters.

Therefore, B&P estimates that 14,576 additional people could qualify for the renter PTC in calendar year 2028.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $503. Therefore, B&P estimates that increase the maximum income limit for renters could reduce TSR and GR by $7,338,699 (14,576 x $503) in FY28.

2029
In tax year 2021, the most recent complete year available, there were 315 individuals who filed as qualifying widow/widower, 37,228 individuals who claimed they were 65 years or older, and 1,842 individuals who claimed they were disabled on their individual income tax forms, filed as single, and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $41,349.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals – 98 of the widow(er), 13,901 age 65 and older, and 1,410 disabled could potentially be renters. Therefore, B&P estimates that 15,409 additional people could qualify for the renter PTC in calendar year 2029.

In addition, based on the additional maximum credit and slower phase-out out discussed above, B&P estimates that the average PTC credit for these individuals may be $518. Therefore, B&P estimates that increase the maximum income limit for renters could reduce TSR and GR by $7,983,788 (15,409 x $518) in FY29.

B&P notes that the annual loss for years after FY29 will likely exceed this amount as the maximum income for renters will continue to be adjusted annually for inflation.

Married, Filing Combined – Renter
2025
In tax year 2021, the most recent complete year available, there were 35,352 individuals who claimed they were 65 years or older and 5,269 individuals who claimed they were disabled on their individual income tax forms, filed as married (combined), and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $42,200.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals – 13,200 age 65 and older and 4,033 disabled could potentially be renters. Therefore, B&P estimates that 17,233 additional people could qualify for the renter PTC in calendar year 2025.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $455. Therefore, B&P

estimates that increase the maximum income limit for renters could reduce GR by $7,832,696 (17,233 x $455) in FY25.

2026
In tax year 2021, the most recent complete year available, there were 37,158 individuals who claimed they were 65 years or older and 5,556 individuals who claimed they were disabled on their individual income tax forms, filed as married (combined), and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $43,044.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals – 13,874 age 65 and older and 4,253 disabled could potentially be renters. Therefore, B&P estimates that 18,127 additional people could qualify for the renter PTC in calendar year 2026.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $468. Therefore, B&P estimates that increase the maximum income limit for renters could reduce TSR and GR by $8,490,083 (18,127 x $468) in FY26.

2027
In tax year 2021, the most recent complete year available, there were 38,964 individuals who claimed they were 65 years or older and 5,848 individuals who claimed they were disabled on their individual income tax forms, filed as married (combined), and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $43,905.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals – 14,549 age 65 and older and 4,476 disabled could potentially be renters. Therefore, B&P estimates that 19,025 additional people could qualify for the renter PTC in calendar year 2027.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $484. Therefore, B&P estimates that increase the maximum income limit for renters could reduce TSR and GR by $9,211,169 (19,025 x $484) in FY27.

2028
In tax year 2021, the most recent complete year available, there were 40,783 individuals who claimed they were 65 years or older and 6,114 individuals who claimed they were disabled on

their individual income tax forms, filed as married (combined), and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $44,783.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals – 15,228 age 65 and older and 4,680 disabled could potentially be renters. Therefore, B&P estimates that 19,908 additional people could qualify for the renter PTC in calendar year 2028.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $500. Therefore, B&P estimates that increase the maximum income limit for renters could reduce TSR and GR by $9,953,378 (19,908 x $500) in FY28.

2029
In tax year 2021, the most recent complete year available, there were 42,602 individuals who claimed they were 65 years or older and 6,345 individuals who claimed they were disabled on their individual income tax forms, filed as married (combined), and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $45,679.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals – 15,907 age 65 and older and 4,857 disabled could potentially be renters. Therefore, B&P estimates that 20,764 additional people could qualify for the renter PTC in calendar year 2029.

In addition, based on the additional maximum credit and slower phase-out out discussed above, B&P estimates that the average PTC credit for these individuals may be $515. Therefore, B&P estimates that increase the maximum income limit for renters could reduce TSR and GR by $10,695,407 (20,764 x $515) in FY29.

B&P notes that the annual loss for years after FY29 will likely exceed this amount as the maximum income for renters will continue to be adjusted annually for inflation.

Single – Homeowner
2025
In tax year 2021, the most recent complete year available, there were 247 individuals who filed as qualifying widow/widower, 29,041 individuals who claimed they were 65 years or older, and 1,379 individuals who claimed they were disabled on their individual income tax forms, filed as single, and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $41,000.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals - 170 of the widow(er), 18,197 age 65 and older, and 323 disabled could potentially be homeowners. Therefore, B&P estimates that 18,690 additional people could qualify for the homeowner PTC in calendar year 2025.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $950. Therefore, B&P

estimates that increase the maximum income limit for homeowners could reduce GR by $17,759,653 (18,690 x $950) in FY25.

2026
In tax year 2021, the most recent complete year available, there were 275 individuals who filed as qualifying widow/widower, 31,120 individuals who claimed they were 65 years or older, and 1,471 individuals who claimed they were disabled on their individual income tax forms, filed as single, and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $41,820.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals - 189 of the widow(er), 19,500 age 65 and older, and 345 disabled could potentially be homeowners. Therefore, B&P estimates that 20,034 additional people could qualify for the homeowner PTC in calendar year 2026.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $974. Therefore, B&P estimates that increase the maximum income limit for homeowners could reduce TSR and GR by $19,513,832 (20,034 x $974) in FY26.

2027
In tax year 2021, the most recent complete year available, there were 289 individuals who filed as qualifying widow/widower, 33,236 individuals who claimed they were 65 years or older, and 1,557 individuals who claimed they were disabled on their individual income tax forms, filed as single, and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $42,656.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals - 199 of the widow(er), 20,826 age 65 and older, and 365 disabled could potentially be homeowners. Therefore, B&P estimates that 21,390 additional people could qualify for the homeowner PTC in calendar year 2027.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $1,000. Therefore, B&P estimates that increase the maximum income limit for homeowners could reduce TSR and GR by $21,385,574 (21,390 x $1,000) in FY27.

2028
In tax year 2021, the most recent complete year available, there were 302 individuals who filed as qualifying widow/widower, 35,262 individuals who claimed they were 65 years or older, and 1,642 individuals who claimed they were disabled on their individual income tax forms, filed as single, and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $43,509.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals - 208 of the widow(er), 22,095 age 65 and older, and 385 disabled could potentially be homeowners. Therefore, B&P estimates that 22,688 additional people could qualify for the homeowner PTC in calendar year 2028.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $1,026. Therefore, B&P estimates that increase the maximum income limit for homeowners could reduce TSR and GR by $23,268,057 (22,688 x $1,026) in FY28.

2029
In tax year 2021, the most recent complete year available, there were 314 individuals who filed as qualifying widow/widower, 37,228 individuals who claimed they were 65 years or older, and 1,719 individuals who claimed they were disabled on their individual income tax forms, filed as single, and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $44,379.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals – 216 of the widow(er), 23,327 age 65 and older, and 403 disabled could potentially be homeowners. Therefore, B&P estimates that 23,946 additional people could qualify for the homeowner PTC in calendar year 2029.

In addition, based on the additional maximum credit and slower phase-out out discussed above, B&P estimates that the average PTC credit for these individuals may be $1,052. Therefore, B&P estimates that increase the maximum income limit for homeowners could reduce TSR and GR by $25,184,008 (23,946 x $1,052) in FY29.

B&P notes that the annual loss for years after FY29 will likely exceed this amount as the maximum income for homeowners will continue to be adjusted annually for inflation.

Married, Filing Combined – Homeowner
2025
In tax year 2021, the most recent complete year available, there were 38,355 individuals who claimed they were 65 years or older and 6,110 individuals who claimed they were disabled on their individual income tax forms, filed as married (combined), and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $48,000.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals – 24,034 age 65 and older and 1,433 disabled could potentially be homeowners. Therefore, B&P estimates that 25,467 additional people could qualify for the homeowner PTC in calendar year 2025.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $947. Therefore, B&P

estimates that increase the maximum income limit for homeowners could reduce GR by $24,128,950 (25,467 x $947) in FY25.

2026
In tax year 2021, the most recent complete year available, there were 40,298 individuals who claimed they were 65 years or older and 6,360 individuals who claimed they were disabled on their individual income tax forms, filed as married (combined), and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $48,960.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals – 25,251 age 65 and older and 1,492 disabled could potentially be homeowners. Therefore, B&P estimates that 26,743 additional people could qualify for the homeowner PTC in calendar year 2026.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $972. Therefore, B&P estimates that increase the maximum income limit for homeowners could reduce TSR and GR by $25,983,354 (26,743 x $972) in FY26.

2027
In tax year 2021, the most recent complete year available, there were 42,257 individuals who claimed they were 65 years or older and 6,655 individuals who claimed they were disabled on their individual income tax forms, filed as married (combined), and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $49,939.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals – 26,479 age 65 and older and 1,561 disabled could potentially be homeowners. Therefore, B&P estimates that 28,040 additional people could qualify for the homeowner PTC in calendar year 2027.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $998. Therefore, B&P estimates that increase the maximum income limit for homeowners could reduce TSR and GR by $27,974,826 (28,040 x $998) in FY27.

2028
In tax year 2021, the most recent complete year available, there were 44,221 individuals who claimed they were 65 years or older and 6,938 individuals who claimed they were disabled on their individual income tax forms, filed as married (combined), and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $50,938.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals – 27,709 age 65 and older and 1,627 disabled could potentially be homeowners. Therefore, B&P

estimates that 29,336 additional people could qualify for the homeowner PTC in calendar year 2028.

In addition, based on the additional maximum credit and slower phase-out discussed above, B&P estimates that the average PTC credit for these individuals may be $1,024. Therefore, B&P estimates that increase the maximum income limit for homeowners could reduce TSR and GR by $30,032,928 (29,336 x $1,024) in FY28.

2029
In tax year 2021, the most recent complete year available, there were 46,241 individuals who claimed they were 65 years or older and 7,238 individuals who claimed they were disabled on their individual income tax forms, filed as married (combined), and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $51,957.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals – 28,975 age 65 and older and 1,698 disabled could potentially be homeowners. Therefore, B&P estimates that 30,673 additional people could qualify for the homeowner PTC in calendar year 2029.

In addition, based on the additional maximum credit and slower phase-out out discussed above, B&P estimates that the average PTC credit for these individuals may be $1,050. Therefore, B&P estimates that increase the maximum income limit for homeowners could reduce TSR and GR by $32,202,505 (30,673 x $1,050) in FY29.

B&P notes that the annual loss for years after FY29 will likely exceed this amount as the maximum income for homeowners will continue to be adjusted annually for inflation.

Maximum Income Changes Summary

B&P estimates that increasing the maximum income limits could reduce GR by $55,255,769 ($13,367,165 renters + $41,888,603 homeowners) in FY25. By FY29, this provision could reduce GR by $76,065,708 ($18,679,195 renters + $57,386,513 homeowners) annually. Table 7 shows the estimated impact by filing/owning status.

Table 7: Higher Maximum Income Limit

Calendar Year	Renter		Homeowner		Total
	Single	Married	Single	Married	
2025	($5,534,470)	($7,832,696)	($17,759,653)	($24,128,950)	($55,255,769)
2026	($6,085,396)	($8,490,083)	($19,513,832)	($25,983,354)	($60,072,665)
2027	($6,698,596)	($9,211,169)	($21,385,574)	($27,974,826)	($65,270,165)
2028	($7,338,699)	($9,953,378)	($23,268,057)	($30,032,928)	($70,593,062)
2029	($7,983,788)	($10,695,407)	($25,184,008)	($32,202,505)	($76,065,708)

<u>Bill Summary</u>

B&P estimates that this proposal could reduce GR by $72,145,412 in FY25. By FY29, this provision could reduce GR by $97,972,164. Table 8 shows the impact by fiscal year.

Table 8: Summary of GR Impact

Fiscal Year	No Longer Qualify	Renter		Homeowner		Total GR Loss
		Higher Income	Increased Credit	Higher Income	Increased Credit	
2025	$969,376	($13,367,165)	($7,162,192)	($41,888,603)	($10,696,827)	($72,145,412)
2026	$969,376	($14,575,479)	($7,650,986)	($45,497,186)	($11,426,224)	($78,180,499)
2027	$969,376	($15,909,764)	($8,161,855)	($49,360,400)	($12,177,621)	($84,640,265)
2028	$969,376	($17,292,077)	($8,671,645)	($53,300,985)	($12,927,275)	($91,222,605)
2029	$969,376	($18,679,195)	($9,179,991)	($57,386,513)	($13,695,841)	($97,972,164)

Officials from the **Department of Revenue (DOR)** note:

Background of Current PTC Program
This proposal attempts to make modifications to the Senior Property tax credit (PTC). The PTC provides two tax credits, one to homeowners and one to renters that pay property tax. In order to qualify for the PTC program there are income eligibility requirements, and a person must:

Be over the age of 65,
Or 100% disabled,
Or a 100% disabled veteran,
Or at least 60 and the qualifying widow of someone in the previous categories.

For homeowners, the PTC provides a credit to offset the amount of actual property tax paid by the homeowner. The credit is up to $1,100 in property tax actually paid but the credit amount phases out as an individual's income rises. The homeowner's credit is for those with incomes of less than $30,000. It should be noted, there is no limit on the number of individuals who can receive the credit annually.

The PTC also currently provides a credit to offset the amount of property tax included in a taxpayer's rent payment. The tax credit for renters is up to $750 in property tax paid and to qualify a renter must have an income less than $27,500. The amount of the credit does phase out as income rises and there is no limit on the number of renters who can receive the credit annually.

This proposal says that most of the modifications of the property tax credit will begin on January 1, 2025. DOR notes that the majority of the PTC tax returns are received in our office between January and April of each year. They assume that the changes made by this proposal would fully impact FY 2025.

Proposed Changes
This proposal would increase the income allowance for PTC claimants by $800 for renters who are married (filing combined) and $1,800 for homeowners who are married (filing combined) starting with calendar year 2025.

This proposal would increase the maximum PTC credit amount for renters and homeowners. Renters would increase from $750 to $1,055 and homeowners would increase from $1,100 to $1,555 starting with calendar year 2025. Additionally, this proposal allows this credit amount to be adjusted annually by the CPI. For fiscal note purposes, DOR uses a 2% inflation factor annually.

Table 1: PTC Credit

Calendar Year	Renter	Homeowner
Current	$750	$1,100
2025	$1,055	$1,550
2026	$1,076	$1,581
2027	$1,098	$1,613
2028	$1,120	$1,645
2029	$1,142	$1,678

*Assumes 2% average annual inflation.

This proposal also increases the maximum income limits allowed to qualify for the PTC. However, it limits the PTC to those with a filing status of "single" or "married filing combined". Therefore, those who check the "married filing separate" box and those that do not check a box will no longer be eligible for the PTC credit.

Table 2: Maximum Income by Filing Status

Filing Status	Own/Rent	2025 Max Income
Single	Own	$41,000
	Rent	$38,200
Married Filing Combined	Own	$48,000
	Rent	$42,200
Married Filing Separate	No longer qualifies	
Other	No longer qualifies	

In tax year 2022, there were 1,511 individuals who filed a PTC claim with a filing status other than single or married filing combined. They claimed $969,376 and therefore, this would result in a savings to general revenue of these filers no longer being eligible for the PTC credit.

In addition to increasing the PTC maximum income limit, this proposal starting January 1, 2026, will allow the maximum limit to be increased annually by the CPI. For fiscal note purposes, DOR uses a 2% inflation factor. Therefore, DOR can expect the incomes to increase as follows:

Table 3: Maximum Income

Calendar Year	Renter		Homeowner	
	Single	Married	Single	Married
Current	$27,500		$30,000	
2025	$38,200	$42,200	$41,000	$48,000
2026	$38,964	$43,044	$41,820	$48,960
2027	$39,743	$43,905	$42,656	$49,939
2028	$40,538	$44,783	$43,509	$50,938
2029	$41,349	$45,679	$44,379	$51,957

*Assumes 2% average annual inflation.

DOR notes that the PTC credit is calculated using a formula that takes into account that as an individual's income rises the amount of the credit, they are eligible for decreases. Currently for every $300 increase in income the tax credit amount given decreases $25.

This proposal increases the phase-out increments used when running the calculation. It increases the income limit from $300 to $495 and then allows it to be inflation adjusted in future fiscal years. DOR notes that this does not indicate when DOR is to make the adjustments and for fiscal note purposes, DOR will adjust it as the department is do all other adjustments under this proposal. DOR will assume it is CPI adjusted each January. DOR uses a 2% inflation factor for fiscal note purposes.

This proposal also changes the formula to cap the tax credit reduction to 2%. Currently the credit is reduced by 1/16% for each $300 increment for a maximum reduction of 4%. This would change the $300 to $495 and change the 4% to 2%. Under current law, the reduction cap is not met however, this proposal would limit both the renters and homeowners. After 32 reductions the maximum tax credit allowed would remain constant.

Table 4: PTC Phase-Out Increments

Calendar Year	Income Increment	Phase-Out Cap
Current	$300	4%
2025	$495	2%
2026	$505	2%
2027	$515	2%
2028	$525	2%
2029	$536	2%

*Assumes 2% average annual inflation.

Impact of Maximum Credit and Slower Credit Phase-Out (Formula Changes)

Increasing the maximum credit and making changes to how the formula calculates the amount of credit each person gets will impact the current filers of the program. If no additional people were allowed in the program, this is the impact to the current filers from the changes in this proposal.

Single Renters
In tax year 2022, there were 29,451 single renters who claimed the PTC with a maximum credit of $750. With this proposal increasing the amount of the credit from $750 to $1,055 and increasing the phase-out income limit from $300 to $495 and changing the cap reduction to 2% DOR can expect an increase in the amount of credits paid out over the next several years.

Single-Renters (Change in PTC formula)

Tax Year	Credit Cap	Income Increments	Reduction Cap	GR Impact
Current	$750	$300	4%	$0
2025	$1,055	$495	2%	($6,842,187)
2026	$1,076	$505	2%	($7,309,240)
2027	$1,098	$515	2%	($7,797,404)
2028	$1,120	$525	2%	($8,284,603)
2029	$1,142	$536	2%	($8,770,413)

DOR notes that because the credit cap and income increments keep being inflated in future years, this will continue to have an increasing impact on general revenue. Additionally, these changes are about the formula only and do not include the changes made to the maximum upper limit.

Married Filing Combined Renters
In tax year 2022, there were 1,448 married filing combined renters claiming the PTC with a maximum credit of $750. With this proposal increasing the amount of the credit from $750 to $1,055 and increasing the phase-out limit from $300 to $495 and changing the cap reduction to 2% DOR can expect an increase in the amount of credits paid out over the next several years.

Married Filing Combined - Renters (Change in Formula)

Tax Year	Credit Cap	Income Increments	Reduction Cap	GR Impact
Current	$750	$300	4%	$0
2025	$1,055	$495	2%	($320,005)
2026	$1,076	$505	2%	($341,746)
2027	$1,098	$515	2%	($364,450)
2028	$1,120	$525	2%	($387,042)
2029	$1,142	$536	2%	($8,770,413)

DOR notes that because the credit cap and income increments keep being inflated in future years, this will continue to have an increasing impact on general revenue. Additionally, these changes are about the formula only and do not include the changes made to the maximum upper limit.

Single Homeowners
In tax year 2022, there were 33,479 single homeowners who claimed the PTC with a maximum credit of $1,100. With this proposal increasing the amount of the credit from $1,100 to $1,550 and increasing the phase-out income limit from $300 to $495 and changing the cap reduction to 2% DOR can expect an increase in the amount of credits paid out over the next several years.

Single-Homeowners (Change in PTC formula)

Tax Year	Credit Cap	Income Increments	Reduction Cap	GR Impact
Current	$1,100	$300	4%	$0
2025	$1,550	$495	2%	($8,768,793)
2026	$1,581	$505	2%	($9,366,559)
2027	$1,613	$515	2%	($9,982,424)
2028	$1,645	$525	2%	($10,596,912)
2029	$1,678	$536	2%	($11,226,766)

DOR notes that because the credit cap and income increments keep being inflated in future years, this will continue to have an increasing impact on general revenue. Additionally, these changes are about the formula only and do not include the changes made to the maximum upper limit.

Married Filing Combined Homeowners
In tax year 2022, there were 7,481 married filing combined homeowners who claimed the PTC with a maximum credit of $1,100. With this proposal increasing the amount of the credit from $1,100 to $1,550 and increasing the phase-out income limit from $300 to $495 and changing the

cap reduction to 2% DOR can expect an increase in the amount of credits paid out over the next several years.

Married Filing Combined-Homeowners (Change in PTC formula)

Tax Year	Credit Cap	Income Increments	Reduction Cap	GR Impact
Current	$1,100	$300	4%	$0
2025	$1,550	$495	2%	($1,928,034)
2026	$1,581	$505	2%	($2,059,665)
2027	$1,613	$515	2%	($2,195,197)
2028	$1,645	$525	2%	($2,330,363)
2029	$1,678	$536	2%	($2,469,075)

DOR notes that because the credit cap and income increments keep being inflated in future years, this will continue to have an increasing impact on general revenue. Additionally, these changes are about the formula only and do not include the changes made to the maximum upper limit.

Credit and Formula Changes Summary
The changes to the amount of the credit allowed and the formula would result in the following impact to general revenue:

Higher Credit and Slower Phase-Out

Calendar Year	Renter		Homeowner		Total
	Single	Married	Single	Married	
2025	($6,842,187)	($320,005)	($8,768,793)	($1,928,034)	($17,859,019)
2026	($7,309,240)	($341,746)	($9,366,559)	($2,059,665)	($19,077,210)
2027	($7,797,404)	($364,450)	($9,982,424)	($2,195,197)	($20,339,476)
2028	($8,284,603)	($387,042)	($10,596,912)	($2,330,363)	($21,598,920)
2029	($8,770,413)	($409,578)	($11,226,766)	($2,469,075)	($22,875,832)

Impact from Change in Maximum Upper Limit
Increasing the maximum upper limit will allow additional people to qualify for the credit that currently do not qualify. Using our individual income tax system, DOR is able to determine the number of additional people that would qualify with an income fitting the new limits in the proposal. Adding these new people into the program will result in the following impact.

Since DOR does not know how many of these additional people are homeowners and renters, DOR pulled the tax year 2022 PTC claims and found the current percentage of homeowners and renters.

PTC Homeowner vs. Renter

Filing Type	Homeowner	Renter
Age 65+	62.7%	37.3%

Widow(er)	68.9%	31.1%
Disabled	23.5%	76.5%

While DOR note that as incomes rise, there is a likely hood more people will own their home rather than rent, it is unclear how DOR could calculate that. For the simplicity of the fiscal note, DOR will use this same split for the new people being added under this proposal as the current split.

Single Renters
2025
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $38,200 who filed as a single filer.

250 widow/widower,
29,110 65 years or older,
1,501 disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the renters.

78 widow(er),
10,869 age 65 and older,
1,149 disabled.
12,096 total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $458. Therefore, this could result in an increased loss to general revenue of $5,534,470 ($458 credit * 12,096 new filers) in FY 2025.

2026
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $38,964 who filed as a single filer.

261 widow/widower,
31,080 65 years or older,
1,585 disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the renters.

81 widow(er),
11,605 age 65 and older,
1,213 disabled.
12,899 total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $472. Therefore, this could result in an increased loss to general revenue of $6,085,396 ($472 credit * 12,899 new filers) in FY 2026.

2027
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $39,743 who filed as a single filer.

279	widow/widower,
33,136	65 years or older,
1,679	disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the renters.

87	widow(er),	
12,373	age 65 and older,	
1,285	disabled.	
	13,745	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $487. Therefore, this could result in an increased loss to general revenue of $6,698,596 ($487credit * 13,745 new filers) in FY 2027.

2028
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $40,538 who filed as a single filer.

297	widow/widower,
35,174	65 years or older,
1,764	disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the renters.

92	widow(er),	
13,134	age 65 and older,	
1,350	disabled.	
	14,576	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $503. Therefore, this could result in an increased loss to general revenue of $7,338,699 ($503credit * 14,576 new filers) in FY 2028.

2029
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $41,349 who filed as a single filer.

315	widow/widower,	
37,228	65 years or older,	
1,842	disabled	

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the renters.

98	widow(er),	
13,901	age 65 and older,	
1,410	disabled.	
	15,409	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $518. Therefore, this could result in an increased loss to general revenue of $7,983,788 ($518credit * 15,409 new filers) in FY 2029.

DOR notes that the annual loss will continue past FY 2029 due to the inflation rate continuing into the future.

Married Filing Combined Renters
2025
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $42,200 who filed as a married filing combined filer.

35,352	65 years or older,	
5,269	disabled	

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the renters.

13,200	age 65 and older,	
4,033	disabled.	
	17,233	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $455. Therefore, this could result in an increased loss to general revenue of $7,832,696 ($455 credit * 17,233 new filers) in FY 2025.

2026
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $43,044 who filed as a married filing combined filer.

37,158	65 years or older,	
5,556	disabled	

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the renters.

13,874	age 65 and older,	
4,253	disabled.	
	18,127	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $468. Therefore, this could result in an increased loss to general revenue of $8,490,083 ($468 credit * 18,127 new filers) in FY 2026.

2027
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $43,905 who filed as a married filing combined filer.

38,964	65 years or older,	
5,845	disabled	

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the renters.

14,549	age 65 and older,	
4,476	disabled.	
	19,025	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $484. Therefore, this could result in an increased loss to general revenue of $9,211,169 ($484 credit * 19,025 new filers) in FY 2027.

2028
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $44,783 who filed as a married filing combined filer.

40,783	65 years or older,	

6,114	disabled	

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the renters.

15,228	age 65 and older,	
4,680	disabled.	
	19,908	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $500. Therefore, this could result in an increased loss to general revenue of $9,953,375 ($500 credit * 19,908 new filers) in FY 2028.

2029
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $45,679 who filed as a married filing combined filer.

42,602	65 years or older,
6,345	disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the renters.

15,907	age 65 and older,	
4,857	disabled.	
	20,764	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $515. Therefore, this could result in an increased loss to general revenue of $10,695,407 ($515 credit * 20,764 new filers) in FY 2029.

Single Homeowners
2025
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $41,000 who filed as a single filer.

247	widow/widower
29,041	65 years or older,
1,379	disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the homeowners.

	170	widow/widower
18,197	age 65 and older,	
<u>323</u>	disabled.	
	18,690	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $950. Therefore, this could result in an increased loss to general revenue of $17,759,653 ($950 credit * 18,690 new filers) in FY 2025.

2026
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $41,820 who filed as a single filer.

275	widow/widower
31,120	65 years or older,
1,471	disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the homeowners.

	189	widow/widower
19,500	age 65 and older,	
<u>345</u>	disabled.	
	20,034	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $974. Therefore, this could result in an increased loss to general revenue of $19,513,832 ($974 credit * 20,034 new filers) in FY 2026.

2027
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $42,656 who filed as a single filer.

289	widow/widower
33,236	65 years or older,
1,557	disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the homeowners.

	199	widow/widower
20,826	age 65 and older,	
<u>365</u>	disabled.	
	21,390	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $1,000. Therefore, this could result in an increased loss to general revenue of $21,385,574 ($1,000 credit * 21,390 new filers) in FY 2027.

2028
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $43,509 who filed as a single filer.

302	widow/widower
35,262	65 years or older,
1,642	disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the homeowners.

	208	widow/widower
22,095	age 65 and older,	
<u>385</u>	disabled.	
	22,688	total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $1,026. Therefore, this could result in an increased loss to general revenue of $23,268,057 ($1,026 credit * 22,688 new filers) in FY 2028.

2029
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $44,379 who filed as a single filer.

314	widow/widower
37,228	65 years or older,
1,719	disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the homeowners.

	216	widow/widower
23,327	age 65 and older,	
<u>403</u>	disabled.	
	23,946	total new filers

In addition to the additional maximum credit and formula changes, DORs estimate that the average PTC credit for these additional people may be $1,052. Therefore, this could result in an increased loss to general revenue of $25,184,008 ($1,052 credit * 23,946 new filers) in FY 2029.

Married Filing Combined Homeowners
2025
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $48,000 who filed as a married filing combined filers.

38,355 65 years or older,
6,110 disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the homeowners.

24,034 age 65 and older,
1,433 disabled.
25,467 total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $947. Therefore, this could result in an increased loss to general revenue of $24,128,950 ($947 credit * 25,467 new filers) in FY 2025.

2026
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $48,960 who filed as a married filing combined filers.

40,298 65 years or older,
6,360 disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the homeowners.

25,251 age 65 and older,
1,492 disabled.
26,743 total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $972. Therefore, this could result in an increased loss to general revenue of $25,983,354 ($972 credit * 26,743 new filers) in FY 2026.

2027

Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $49,939 who filed as a married filing combined filers.

42,257 65 years or older,
6,655 disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the homeowners.

26,479 age 65 and older,
1,561 disabled.
28,040 total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $998. Therefore, this could result in an increased loss to general revenue of $27,974,826 ($998 credit * 28,040 new filers) in FY 2027.

2028
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $50,938 who filed as a married filing combined filers.

44,221 65 years or older,
6,938 disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the homeowners.

27,709 age 65 and older,
1,627 disabled.
29,336 total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $1,024. Therefore, this could result in an increased loss to general revenue of $30,032,928 ($1,024 credit * 29,336 new filers) in FY 2028.

2029
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $51,957 who filed as a married filing combined filers.

46,241 65 years or older,
7,238 disabled

Using the homeowner/renter split discussed above DOR assumes the following could potentially be the homeowners.

28,975 age 65 and older,
1,698 disabled.
30,673 total new filers

In addition to the additional maximum credit and formula changes, DOR estimates that the average PTC credit for these additional people may be $1,050. Therefore, this could result in an increased loss to general revenue of $32,202,505 ($1,050 credit * 30,673 new filers) in FY 2029.

DOR notes that the annual loss will continue to increase given the inflation factor language.

Maximum Upper Limit Summary
Adding the additional people to the PTC program will result in the following impact:

Higher Maximum Income Limit

Calendar Year	Renter		Homeowner		Total
	Single	Married	Single	Married	
2025	($5,534,470)	($7,832,696)	($17,759,653)	($24,128,950)	($55,255,769)
2026	($6,085,396)	($8,490,083)	($19,513,832)	($25,983,354)	($60,072,665)
2027	($6,698,596)	($9,211,169)	($21,385,574)	($27,974,826)	($65,270,165)
2028	($7,338,699)	($9,953,378)	($23,268,057)	($30,032,928)	($70,593,062)
2029	($7,983,788)	($10,695,407)	($25,184,008)	($32,202,505)	($76,065,708)

Total Bill Summary
All the changes in this proposal will result in the following impact.

Summary of GR Impact

Fiscal Year	No Longer Qualify	Renter		Homeowner		Total GR Loss
		Higher Income	Increased Credit	Higher Income	Increased Credit	
2025	$969,376	($13,367,165)	($7,162,192)	($41,888,603)	($10,696,827)	($72,145,412)
2026	$969,376	($14,575,479)	($7,650,986)	($45,497,186)	($11,426,224)	($78,180,499)
2027	$969,376	($15,909,764)	($8,161,855)	($49,360,400)	($12,177,621)	($84,640,265)
2028	$969,376	($17,292,077)	($8,671,645)	($53,300,985)	($12,927,275)	($91,222,605)
2029	$969,376	($18,679,195)	($9,179,991)	($57,386,513)	($13,695,841)	($97,972,164)

This will require computer changes, form changes and changes to DOR individual income tax computer systems. These changes will need to occur each year, and therefore are estimated to cost $8,923 annually.

Officials from the **State Tax Commission (STC)** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for STC.

Oversight will note the redemption could be substantially lower or exceed the estimates provided by B&P and DOR each year thereafter depending on increase or decrease in homeowners and renters applying for the tax credit, future CPI adjustments, or home versus rent pattern behaviors in the markets.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from **City of Kansas City** Officials assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight will note the redemption could be substantially lower or exceed the estimates provided by B&P and DOR each year thereafter depending on increase or decrease in homeowners and renters applying for the tax credit, future CPI adjustments, or home versus rent pattern behaviors in the markets.

FISCAL IMPACT – State Government	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
Cost – Property Tax Credit – Sections 135.010, 135.800, & 135.030 (pages 19 & 34)	More or Less than ($72,145,412)	More or Less than ($78,180,499)	More or Less than ($84,640,265)
NET EFFECT ON THE GENERAL REVENUE FUND	**More or Less than ($72,145,412)**	**More or Less than ($78,180,499)**	**More or Less than ($84,640,265)**

FISCAL IMPACT – Local Government	FY 2025 (10 Mo.)	FY 2026	FY 2027
	$0	**$0**	**$0**

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Current law authorizes an income tax credit for certain senior citizens and disabled veterans in amount equal to a portion of such taxpayer's property tax liabilities, with the amount of the credit dependent on the taxpayer's income and property tax liability. This act modifies the definition of "income" to increase the amount deducted from Missouri adjusted gross income from $2,000 to $2,800, or, for claimants who owned and occupied the residence for the entire year, such amount is increased from $4,000 to $5,800. (Section 135.010)

The maximum allowable credit under current law is limited to $750 in rent constituting property taxes actually paid or $1,100 in actual property tax paid. This act increases such amounts to $1,055 and $1,550, respectively, and annually adjusts such maximum amounts for inflation. (Section 135.025)

Additionally, current law limits the tax credit to qualifying taxpayers with an income of $27,500 or less, or $30,000 in the case of a homestead owned and occupied by a claimant for the entire year. This act increases such maximum income to $38,200 for claimants with a filing status of single, $42,200 for claimants with a filing status of single and who owned and occupied a homestead for the entire year, $41,000 for claimants with a filing status of married filing combined, and $48,000 for claimants with a filing status of married filing combined and who owned and occupied a homestead for the entire year, and annually adjusts such amounts for inflation. (Section 135.030)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration – Budget & Planning

Julie Morff
Director
February 12, 2024

Ross Strope
Assistant Director
February 12, 2024