COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0109S.01I
Bill No.: SB 101
Subject: Tax Credits; Taxation and Revenue - Property
Type: Original
Date: January 14, 2025

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	More or Less than ($1,913,176)	More or Less than ($3,597,787)	More or Less than ($5,380,293)
Total Estimated Net Effect on General Revenue	**More or Less than ($1,913,176)**	**More or Less than ($3,597,787)**	**More or Less than ($5,380,293)**

*Oversight reflects estimates from DOR & B&P for Section(s) 135.025 & 135.130 “Circuit Breaker”.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Sections 135.025 & 135.030 "Circuit Breaker"

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

Background of Current PTC Program

This proposal makes several 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 would become effective on August 28, 2025, and says that all modifications of the property tax credit will be retroactively applied to all claims filed during the calendar year of 2025. DOR notes that the majority of the PTC tax returns for a tax year are received in our office between January 1st and April 15th. It is unclear if this proposal would require a taxpayer to file an amended PTC return in order to claim the higher credit amount.

DOR notes that the PTC formula phases out the amount of credit a person is eligible for as their income rises. Therefore, people with incomes of $14,300 are eligible for the $1,100 credit (up to the amount of property tax paid) while those with incomes at $30,000 may only receive a couple dollars in credit. This formula is established in Section 135.030.2.

Proposed Changes

This proposal makes changes to the PTC credit.

First in Section 135.025 it allows the $750 credit for renters and the $1,100 credit for homeowners to be inflation adjusted starting on January 1, 2025. DOR uses a 2% inflation factor when calculating fiscal notes.

PTC Credit

Tax Year	Fiscal Year	Renter	Homeowner
Current		$750	$1,100
2025	2026	$765	$1,122
2026	2027	$780	$1,144
2027	2028	$796	$1,167
2028	2029	$812	$1,190
2029	2030	$828	$1,214
2030	2031	$845	$1,238

*Assumes 2% average annual inflation.

Secondly in Section 135.030.1, starting January 1, 20245 this proposal increases the maximum upper limit for both renters and homeowners. Renters will go from $27,500 to $35,000 and homeowners will go from $30,000 to $38,000. Additionally, this proposal allows those maximum upper limits to be inflation adjusted in future year. Using a 2% inflation rate will raise the maximum limit by:

Maximum Income

Calendar Year	Renter	Homeowner
Current	$27,500	$30,000
2025	$35,000	$38,000
2026	$35,700	$38,760
2027	$36,414	$39,535
2028	$37,142	$40,326
2029	$37,885	$41,133
2030	$38,643	$41,956

*Assumes 2% average annual inflation.

Thirdly, this proposal does not make changes to the PTC formula in Section 135.030.2. Since the amount of credit, a person is eligible for at the maximum upper limit is phasing to $0 then increasing income without changing the formula does not add anymore people to the program. Incomes over $30,000 would get $0 credit.

<u>Increasing the Credit Impact</u>

Using the information provided by taxpayers on their 2023 individual income tax returns DOR was able to calculate the impact of increasing the amount of credit a person is eligible for over the next several years.

Renter

DOR's records indicate that 57,945 renters claimed the PTC, with a maximum possible credit of $750. Increasing the PTC credit amount to $765 would reduce general revenue another $781,080 in FY 2026. Increasing it to $845 in FY 2031 would result in a reduction to general revenue of $4,947,699.

It should be noted that this impact will continue in future years, as no stop date was included in the proposal for the inflation adjustment.

Homeowner

DOR records indicate that 46,135 homeowners claimed the PTC, with a maximum possible credit o $1,100. Increasing the PTC credit amount to $1,122 would reduce general revenue by $820,914 for FY 2026 and by FY 2031 it will have a credit of $1,238 and a loss to general revenue of $5,149,136.

It should be noted that this impact will continue in future years, as no stop date was included in the proposal for the inflation adjustment.

Increasing the Credit Summary
Based on the above information, DOR estimates that this provision could reduce general revenue by $1,601,993 in FY 2026 and by FY 2031, this provision could reduce general revenue by $10,096,835 annually. The estimated impact by year.

Higher Credit Amount

Tax Year	Fiscal Year	Renter	Homeowner	Total
2025	2026	($781,080)	($820,914)	($1,601,993)
2026	2027	($1,562,546)	($1,641,749)	($3,204,295)
2027	2028	($2,395,673)	($2,499,915)	($4,895,588)
2028	2029	($3,229,149)	($3,358,208)	($6,587,358)
2029	2030	($4,062,596)	($4,253,618)	($8,316,214)
2030	2031	($4,947,699)	($5,149,136)	($10,096,835)

Homeownership Rates

Again, using the 2023 PTC claims, DOR determined the percentage of claimants that were homeowners versus renters. 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. This table shows the percentage for each major filing type.

PTC Homeowner vs. Renter

Filing Type	Homeowner	Renter
Age 65+	59.7%	40.3%
Widow(er)	67.5%	32.5%
Disabled	22.6%	77.4%

Increasing the Maximum Income Limits Impact

Renter

Calendar Year 2025:
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $35,000.

145	widow/widower,
40,352	65 years or older
3,790	disabled.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $765 for tax year 2025, DOR determined that no new individuals would qualify for the renter portion of the PTC.

Calendar Year 2026:
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $35,700.

160	widow/widower,
43,673	65 years or older,
4,133	disabled

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

52	widow(er),
17,610	age 65 and older,
3,197	disabled.

Using the estimated increased tax credit amount of $780 for tax year 2026, and no change to the phase-out formula, DOR was able to that only 6 qualifying widow(er), 2,169 individuals aged 65 and older, and 391 disabled individuals would now qualify for a total increase of filers of 2,566 (76+ 2,169 + 391).

DOR was also able to determine that the average PTC credit these people would receive would be $15. Therefore, this would result in a loss to general revenue of an additional $38,490 (2,566 x $15) in FY26 from the increase in the maximum upper income limit.

<u>Calendar Year 2027:</u>
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $36,414.

173	widow/widower,
46,973	65 years or older,
4,456	disabled

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

56	widow(er),
18,941	age 65 and older,
3,447	disabled.

Using the estimated increased tax credit amount of $796 for tax year 2027, and no change to the phase-out formula, DOR was able to that only 6 qualifying widow(er), 2,169 individuals aged 65 and older, and 391 disabled individuals would now qualify for a total increase of filers of 2,566 (6+ 2,169 + 391).

DOR was also able to determine that the average PTC credit these people would receive would be $19. Therefore, this would result in a loss to general revenue of an additional $47,471 (2,566 x $19) in FY27 from the increase in the maximum upper income limit.

Calendar Year 2028:
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $37,142.

186	widow/widower,
50,381	65 years or older,
4,766	disabled

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

60	widow(er),
20,315	age 65 and older,
3,687	disabled.

Using the estimated increased tax credit amount of $812 for tax year 2028, and no change to the phase-out formula, DOR was able to that only 6 qualifying widow(er), 2,169 individuals aged 65 and older, and 391 disabled individuals would now qualify for a total increase of filers of 2,566 (7 + 2,035 + 395).

DOR was also able to determine that the average PTC credit these people would receive would be $35. Therefore, this would result in a loss to general revenue of an additional $88,527 (2,566 x $35) in FY28 from the increase in the maximum upper income limit.

Calendar Year 2029:
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $37,885.

203	widow/widower,
53,891	65 years or older,
5,083	disabled

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

66	widow(er),
21,730	age 65 and older,
3,932	disabled.

Using the estimated increased tax credit amount of $828 for tax year 2029, and no change to the phase-out formula, DOR was able to that only 6 qualifying widow(er), 2,169 individuals aged 65 and older, and 391 disabled individuals would now qualify for a total increase of filers of 2,566 (6+ 2,169 + 391).

DOR was also able to determine that the average PTC credit these people would receive would be $38. Therefore, this would result in a loss to general revenue of an additional $96,653 (2,566 x $38) in FY28 from the increase in the maximum upper income limit.

<u>Calendar Year 2030:</u>
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $38,643.

223	widow/widower,
57,442	65 years or older,
5,384	disabled

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

72	widow(er),
23,162	age 65 and older,
4,165	disabled.

Using the estimated increased tax credit amount of $845 for tax year 2030, and no change to the phase-out formula, DOR was able to that only 6 qualifying widow(er), 2,169 individuals aged 65 and older, and 391 disabled individuals would now qualify for a total increase of filers of 2,566 (6 + 2,169 + 391).

DOR was also able to determine that the average PTC credit these people would receive would be $42. Therefore, this would result in a loss to general revenue of an additional $107,131 (2,169 x $42) in FY30 from the increase in the maximum upper income limit.

Homeowner

<u>Calendar Year 2025:</u>
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $38,000.

158	widow/widower,
40,933	65 years or older,
3,800	disabled

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

107	widow(er),
24,428	age 65 and older,
860	disabled.

Using the estimated increased tax credit amount of $1,122 for tax year 2025, and no change to the phase-out formula, DOR was able to that only 13 qualifying widow(er), 3,054 individuals aged 65 and older, and 108 disabled individuals would now qualify for a total increase of filers of 3,175 (13+ 3,054 + 108).

DOR was also able to determine that the average PTC credit these people would receive would be $40. Therefore, this would result in a loss to general revenue of an additional $125,373 (3,174 x $40) in FY25 from the increase in the maximum upper income limit.

<u>Calendar Year 2026:</u>
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $38,760.

176	widow/widower,
44,510	65 years or older,
4,126	disabled

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

119	widow(er),
26,562	age 65 and older,
934	disabled.

Using the estimated increased tax credit amount of $1,144 for tax year 2025, and no change to the phase-out formula, DOR was able to that only 13 qualifying widow(er), 3,054 individuals aged 65 and older, and 108 disabled individuals would now qualify for a total increase of filers of 3,174 (13 + 3,054 + 108).

DOR was also able to determine that the average PTC credit these people would receive would be $47. Therefore, this would result in a loss to general revenue of an additional $148,120 (3,174 x $47) in FY26 from the increase in the maximum upper income limit.

Calendar Year 2027:
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $39,535.

195	widow/widower,
48,024	65 years or older,
4,457	disabled

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

132	widow(er),
28,659	age 65 and older,
1,009	disabled.

Using the estimated increased tax credit amount of $1,167 for tax year 2027, and no change to the phase-out formula, DOR was able to that only 27 qualifying widow(er), 6,107 individuals aged 65 and older, and 218 disabled individuals would now qualify for a total increase of filers of 6,349 (27 + 6,107 + 218).

DOR was also able to determine that the average PTC credit these people would receive would be $55. Therefore, this would result in a loss to general revenue of an additional $346,021 (6,349 x $55) in FY27 from the increase in the maximum upper income limit.

Calendar Year 2028:
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $40,326.

208	widow/widower,
51,710	65 years or older,
4,803	disabled

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

140	widow(er),
30,859	age 65 and older,
1,088	disabled.

Using the estimated increased tax credit amount of $1,190 for tax year 2028, and no change to the phase-out formula, DOR was able to that only 27 qualifying widow(er), 6,107 individuals aged 65 and older, and 218 disabled individuals would now qualify for a total increase of filers of 6,349 (27 + 6,107 + 218).

DOR was also able to determine that the average PTC credit these people would receive would be $62. Therefore, this would result in a loss to general revenue of an additional $396,178 (6,349 x $62) in FY28 from the increase in the maximum upper income limit.

Calendar Year 2029:
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $41,133.

224	widow/widower,
55,436	65 years or older,
5,134	disabled

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

151	widow(er),
33,083	age 65 and older,
1,162	disabled.

Using the estimated increased tax credit amount of $1,214 for tax year 2029, and no change to the phase-out formula, DOR was able to that only 27 qualifying widow(er), 6,107 individuals aged 65 and older, and 218 disabled individuals would now qualify for a total increase of filers of 6,349 (27 + 6,107 + 218).

DOR was also able to determine that the average PTC credit these people would receive would be $86. Therefore, this would result in a loss to general revenue of an additional $548,554 (6,349 x $86) in FY29 from the increase in the maximum upper income limit.

Calendar Year 2030:
In tax year 2023, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $41,956.

252	widow/widower,
59,141	65 years or older,
5,480	disabled

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

170	widow(er),
35,294	age 65 and older,
1,241	disabled.

Using the estimated increased tax credit amount of $1,238 for tax year 2029, and no change to the phase-out formula, DOR was able to that only 27 qualifying widow(er), 6,107 individuals aged 65 and older, and 218 disabled individuals would now qualify for a total increase of filers of 6,349 (27 + 6,107 + 218).

DOR was also able to determine that the average PTC credit these people would receive would be $95. Therefore, this would result in a loss to general revenue of an additional $604,213 (6,349 x $95) in FY30 from the increase in the maximum upper income limit.

<u>Changes to the Maximum Income Summary</u>
This will result in an impact of:

Higher Maximum Income Limit

Calendar Year	Fiscal Year	Renter	Homeowner	Total
2025	2026	$0	($125,373)	($125,373)
2026	2026	($38,490)	($148,120)	($186,610)
2027	2027	($47,471)	($346,021)	($393,492)
2028	2028	($88,527)	($396,178)	($484,705)
2029	2029	($96,653)	($548,554)	($645,207)
2030	2030	($107,131)	($604,213)	($711,344)

Property Tax Credit Summary

All the changes in this proposal would result in the following impact.

Table 6: Summary of GR Impact

Fiscal Year	Renter		Homeowner		Total GR Loss
	Higher Income	Increased Credit	Higher Income	Increased Credit	
2026	($38,490)	($781,080)	($273,493)	($820,914)	($1,913,976)
2027	($47,471)	($1,562,546)	($346,021)	($1,641,749)	($3,597,787)
2028	($88,527)	($2,395,673)	($396,178)	($2,499,915)	($5,380,293)
2029	($96,653)	($3,229,149)	($548,554)	($3,358,208)	($7,232,565)
2030	($107,131)	($4,062,596)	($604,213)	($4,253,618)	($9,027,558)
2031	($107,131)	($4,947,699)	($604,213)	($5,149,136)	($10,808,179)

DOR will need to change to the MO-PTC & MO-PTS form annually at a cost of $4,400. DOR will also need to update the Departments' website and computer programs annually for these changes at a cost of $1,832. This will result in costs estimated at $6,232 annually.

Oversight assumes the Department of Revenue (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the administrative costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Officials from the **Office of Administration – Budget & Planning** note:

Overview

Section 135.025 would adjust both the renter and owner property tax credit amounts by inflation beginning with tax year 2025. B&P notes that tax year 2025 PTC claims will be filed beginning January 2026. Peak PTC claims are January through April each year. Therefore, this provision will begin affecting state revenues in FY26. For the purpose of this fiscal note, B&P will assume a 2% average annual inflation rate. Table 1 shows the estimated credit amounts by tax year.

Table 1: PTC Credit

Tax Year	Fiscal Year	Renter	Homeowner
Current		$750	$1,100
2025	2026	$765	$1,122
2026	2027	$780	$1,144
2027	2028	$796	$1,167
2028	2029	$812	$1,190
2029	2030	$828	$1,214
2030	2031	$845	$1,238

*Assumes 2% average annual inflation.

Section 135.030 would increase the maximum income allowed for both renters and homeowners. The maximum renter income would increase to $35,000 and the maximum homeowner income would increase to $38,000 beginning with calendar year 2025. Both maximum income amounts will then be adjusted annually for inflation (beginning calendar year 2025). For the purpose of this fiscal note, B&P will assume a 2% average annual inflation rate. Tables 2 shows the maximum income limits by tax year

Table 2: Maximum Income

Calendar Year	Renter	Homeowner
Current	$27,500	$30,000
2025	$35,000	$38,000
2026	$35,700	$38,760
2027	$36,414	$39,535
2028	$37,142	$40,326
2029	$37,885	$41,133
2030	$38,643	$41,956

*Assumes 2% average annual inflation.

B&P notes that this provision would not become effective until August 28, 2025. However, the change would be retroactively applied to all claims filed during calendar year 2025. It is unclear if individuals would have to amend their original 2025 PTC return or if DOR would be required to manually adjust every PTC return filed prior to August 28, 2025.

B&P notes that while this proposal would increase the maximum income threshold, it does not make any changes to the tax credit phase-out calculation in subsection 135.030.2. That calculation is designed to phase-out the property tax credit to $0 once the current maximum incomes ($27,500 for renters and $30,000 for owners) have been reached. While increasing the property tax credits will result in a slightly longer phase-out, the incomes granted credits will fall well short of the new maximum amounts set in this proposal.

<u>Maximum Credit</u>

Renter

In tax year 2023, 57,945 non-homeowners 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 increases the maximum credit by inflation. For the purpose of this fiscal note, B&P will assume a 2% average annual inflation rate.

Using tax year 2023 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $750 to $765 could reduce GR by $781,080 for FY26. By FY31, increasing the maximum PTC credit from $750 to $845 could reduce GR by $4,947,699.

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 TSR and GR by more than $4,947,699 by FY31. B&P notes that the annual loss for years after FY31 will likely exceed this amount as the maximum property tax credit for renters will continue to be adjusted annually for inflation.

Homeowner

In tax year 2023, 46,135 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 increases the maximum credit by inflation. For the purpose of this fiscal note, B&P will assume a 2% average annual inflation rate.

Using tax year 2023 data, the most recent available, and the phase-out formula, B&P estimates that increasing the PTC credit from $1,100 to $1,122 could reduce GR by $820,914 for FY26. By FY31, increasing the maximum PTC credit from $1,100 to $1,238 could reduce GR by $5,149,136.

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 TSR and GR by more than $5,149,136 by FY31. B&P notes that the annual loss for years after FY31 will likely exceed this amount as the maximum property tax credit for homeowners will continue to be adjusted annually for inflation.

Credit Changes Summary

Based on the above information, B&P estimates that this provision could reduce GR by $1,601,993 in FY26. By FY31, this provision could reduce GR by $10,096,835 annually. Table 3 shows the estimated impact by year.

Table 3: Higher Credit Amount

Tax Year	Fiscal Year	Renter	Homeowner	Total
2025	2026	($781,080)	($820,914)	($1,601,993)
2026	2027	($1,562,546)	($1,641,749)	($3,204,295)
2027	2028	($2,395,673)	($2,499,915)	($4,895,588)
2028	2029	($3,229,149)	($3,358,208)	($6,587,358)
2029	2030	($4,062,596)	($4,253,618)	($8,316,214)
2030	2031	($4,947,699)	($5,149,136)	($10,096,835)

Homeownership Rates

Using tax year 2023 PTC claims, the most recent year available, B&P determined the percentage of claimants that were homeowners versus renters. Table 4 shows the percentage for each major filing type.

Table 4: PTC Homeowner vs. Renter

Filing Type	Homeowner	Renter
Age 65+	59.7%	40.3%
Widow(er)	67.5%	32.5%
Disabled	22.6%	77.4%

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

Renter

Calendar Year 2025:
In tax year 2023, the most recent complete year available, there were 145 individuals who filed as qualifying widow/widower, 40,352 individuals who claimed they were 65 years or older, and 3,790 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $35,000.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $765 for tax year 2025, B&P determined that no new individuals would qualify for the renter portion of the PTC.

Calendar Year 2026:
In tax year 2023, the most recent complete year available, there were 160 individuals who filed as qualifying widow/widower, 43,673 individuals who claimed they were 65 years or older, and 4,133 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $35,700.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 52 of the widow(er), 17,610 age 65 and older, and 3,197 disabled could potentially be renters.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $780 for tax year 2026, B&P determined that only 6 qualifying widow(er), 2,169 individuals aged 65 and older, and 391 disabled individuals would now qualify. Therefore, B&P estimates that 2,566 additional people could qualify for the renter PTC in calendar year 2026.

In addition, based slower phase out from the higher tax credit amount, B&P estimates that the average PTC credit for these individuals would be $15. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $38,490 (2,566 x $15) in FY26.

Calendar Year 2027:
In tax year 2023, the most recent complete year available, there were 173 individuals who filed as qualifying widow/widower, 46,973 individuals who claimed they were 65 years or older, and 4,456 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $36,414.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 56 of the widow(er), 18,941 age 65 and older, and 3,447 disabled could potentially be renters.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $796 for tax year 2027, B&P determined that only 6 qualifying widow(er), 2,169 individuals aged 65 and older, and 391 disabled individuals would now qualify. Therefore, B&P estimates that 2,566 additional people could qualify for the renter PTC in calendar year 2027.

In addition, based slower phase out from the higher tax credit amount, B&P estimates that the average PTC credit for these individuals would be $19. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $47,471 (2,566 x $19) in FY27.

Calendar Year 2028:
In tax year 2023, the most recent complete year available, there were 186 individuals who filed as qualifying widow/widower, 50,381 individuals who claimed they were 65 years or older, and 4,766 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $37,142.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 60 of the widow(er), 20,315 age 65 and older, and 3,687 disabled could potentially be renters.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $812 for tax year 2028, B&P determined that only 6 qualifying widow(er), 2,169 individuals aged 65 and older, and 391 disabled individuals would now qualify. Therefore, B&P estimates that 2,566 additional people could qualify for the renter PTC in calendar year 2028.

In addition, based slower phase out from the higher tax credit amount, B&P estimates that the average PTC credit for these individuals would be $35. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $88,527 (2,566 x $35) in FY28.

Calendar Year 2029:
In tax year 2023, the most recent complete year available, there were 203 individuals who filed as qualifying widow/widower, 53,891 individuals who claimed they were 65 years or older, and 5,083 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $37,885.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 66 of the widow(er), 21,730 age 65 and older, and 3,932 disabled could potentially be renters.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $828 for tax year 2029, B&P determined that only 6 qualifying widow(er), 2,169 individuals aged 65 and older, and 391 disabled individuals would now qualify. Therefore, B&P estimates that 2,566 additional people could qualify for the renter PTC in calendar year 2029.

In addition, based slower phase out from the higher tax credit amount, B&P estimates that the average PTC credit for these individuals would be $38. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $96,653 (2,566 x $38) in FY29.

<u>Calendar Year 2030:</u>
In tax year 2023, the most recent complete year available, there were 223 individuals who filed as qualifying widow/widower, 57,442 individuals who claimed they were 65 years or older, and 5,384 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $27,500 and $38,643.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 72 of the widow(er), 23,162 age 65 and older, and 4,165 disabled could potentially be renters.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $845 for tax year 2030, B&P determined that only 6 qualifying widow(er), 2,169 individuals aged 65 and older, and 391 disabled individuals would now qualify. Therefore, B&P estimates that 2,566 additional people could qualify for the renter PTC in calendar year 2030.

In addition, based slower phase out from the higher tax credit amount, B&P estimates that the average PTC credit for these individuals would be $42. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $107,131 (2,566 x $42) in FY30.

Homeowner

<u>Calendar Year 2025:</u>
In tax year 2023, the most recent complete year available, there were 158 individuals who filed as qualifying widow/widower, 40,933 individuals who claimed they were 65 years or older, and 3,800 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $38,000.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 107 of the widow(er), 24,428 age 65 and older, and 860 disabled could potentially be homeowners.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $1,122 for tax year 2025, B&P determined that only 13 qualifying widow(er), 3,054 individuals aged 65 and older, and 108 disabled individuals would now qualify. Therefore, B&P estimates that 3,174 additional people could qualify for the homeowner PTC in calendar year 2025.

In addition, based slower phase out from the higher tax credit amount, B&P estimates that the average PTC credit for these individuals would be $40. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $125,373 (3,174 x $40) in FY25.

<u>Calendar Year 2026:</u>
In tax year 2023, the most recent complete year available, there were 176 individuals who filed as qualifying widow/widower, 44,510 individuals who claimed they were 65 years or older, and 4,126 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $38,760.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 119 of the widow(er), 26,562 age 65 and older, and 934 disabled could potentially be homeowners. However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $1,144 for tax year 2026, B&P determined that only 13 qualifying widow(er), 3,054 individuals aged 65 and older, and 108 disabled individuals would now qualify. Therefore, B&P estimates that 3,174 additional people could qualify for the homeowner PTC in calendar year 2026.

In addition, based slower phase out from the higher tax credit amount, B&P estimates that the average PTC credit for these individuals would be $47. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $148,120 (3,174 x $47) in FY26.

<u>Calendar Year 2027:</u>
In tax year 2023, the most recent complete year available, there were 195 individuals who filed as qualifying widow/widower, 48,024 individuals who claimed they were 65 years or older, and 4,457 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $39,535.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 132 of the widow(er), 28,659 age 65 and older, and 1,009 disabled could potentially be homeowners.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $1,167 for tax year 2027, B&P determined that only 27 qualifying widow(er), 6,107 individuals aged 65 and older, and 218 disabled individuals would now qualify. Therefore, B&P estimates that 6,349 additional people could qualify for the homeowner PTC in calendar year 2027.

In addition, based slower phase out from the higher tax credit amount, B&P estimates that the average PTC credit for these individuals would be $55. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $346,021 (6,349 x $55) in FY27.

Calendar Year 2028:
In tax year 2023, the most recent complete year available, there were 208 individuals who filed as qualifying widow/widower, 51,710 individuals who claimed they were 65 years or older, and 4,803 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $40,326.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 140 of the widow(er), 30,859 age 65 and older, and 1,088 disabled could potentially be homeowners.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $1,190 for tax year 2028, B&P determined that only 27 qualifying widow(er), 6,107 individuals aged 65 and older, and 218 disabled individuals would now qualify. Therefore, B&P estimates that 6,349 additional people could qualify for the homeowner PTC in calendar year 2028.

In addition, based slower phase out from the higher tax credit amount, B&P estimates that the average PTC credit for these individuals would be $62. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $396,178 (6,349 x $62) in FY28.

Calendar Year 2029:
In tax year 2023, the most recent complete year available, there were 224 individuals who filed as qualifying widow/widower, 55,436 individuals who claimed they were 65 years or older, and 5,134 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $41,133.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 151 of the widow(er), 33,083 age 65 and older, and 1,162 disabled could potentially be homeowners.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $1,214 for tax year 2029, B&P determined that only 27 qualifying widow(er), 6,107 individuals aged 65 and older, and 218 disabled individuals would now qualify. Therefore, B&P estimates that 6,349 additional people could qualify for the homeowner PTC in calendar year 2029.

In addition, based slower phase out from the higher tax credit amount, B&P estimates that the average PTC credit for these individuals would be $86. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $548,554 (6,349 x $86) in FY29.

Calendar Year 2030:
In tax year 2023, the most recent complete year available, there were 252 individuals who filed as qualifying widow/widower, 59,141 individuals who claimed they were 65 years or older, and

5,480 individuals who claimed they were disabled on their individual income tax forms and had a Missouri Adjusted Gross Income (MAGI) between $30,000 and $41,956.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals - 170 of the widow(er), 35,294 age 65 and older, and 1,241 disabled could potentially be homeowners.

However, as noted above this proposal does not change the tax credit phase-out calculation under subsection 135.030.2. Using the estimated increased tax credit amount of $1,238 for tax year 2030, B&P determined that only 27 qualifying widow(er), 6,107 individuals aged 65 and older, and 218 disabled individuals would now qualify. Therefore, B&P estimates that 6,349 additional people could qualify for the homeowner PTC in calendar year 2030.

In addition, based slower phase out from the higher tax credit amount, B&P estimates that the average PTC credit for these individuals would be $95. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $604,213 (6,349 x $95) in FY30.

<u>Maximum Income Changes Summary</u>
B&P estimates that increasing the maximum income limits could reduce GR by $311,983 in FY26. B&P notes that the maximum income threshold is increased for calendar year 2025 but will not become effective until after the start of FY26. Therefore, the FY26 impact includes both the changes made in calendar year 2025 and 2026.

By FY30, this provision could reduce GR by $711,344 annually. Table 5 shows the estimated impact by year.

Table 5: Higher Maximum Income Limit

Calendar Year	Fiscal Year	Renter	Homeowner	Total
2025	2026	$0	($125,373)	($125,373)
2026	2026	($38,490)	($148,120)	($186,610)
2027	2027	($47,471)	($346,021)	($393,492)
2028	2028	($88,527)	($396,178)	($484,705)
2029	2029	($96,653)	($548,554)	($645,207)
2030	2030	($107,131)	($604,213)	($711,344)

Property Tax Credit Summary
B&P estimates that this proposal could reduce GR by $1,913,976 in FY26. By FY31, this provision could reduce GR by $10,808,179. Table 6 shows the impact by fiscal year.

Table 6: Summary of GR Impact

Fiscal Year	Renter		Homeowner		Total GR Loss
	Higher Income	Increased Credit	Higher Income	Increased Credit	
2026	($38,490)	($781,080)	($273,493)	($820,914)	($1,913,976)
2027	($47,471)	($1,562,546)	($346,021)	($1,641,749)	($3,597,787)
2028	($88,527)	($2,395,673)	($396,178)	($2,499,915)	($5,380,293)
2029	($96,653)	($3,229,149)	($548,554)	($3,358,208)	($7,232,565)
2030	($107,131)	($4,062,596)	($604,213)	($4,253,618)	($9,027,558)
2031	($107,131)	($4,947,699)	($604,213)	($5,149,136)	($10,808,179)

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.

Officials from the **City of Kansas City** assume the proposal will have no fiscal impact on their organization.

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

Oversight notes that the B&P and DOR calculations are identical, therefore, Oversight will note the B&P & DOR estimated impact in the fiscal note.

FISCAL IMPACT – State Government	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
Cost – Property Tax Credit – Sections 135.025 & 135.030 (pages 12 & 22)	More or Less than ($1,913,176)	More or Less than ($3,597,787)	More or Less than ($5,380,293)
NET EFFECT ON THE GENERAL REVENUE FUND	**More or Less than ($1,913,176)**	**More or Less than ($3,597,787)**	**More or Less than ($5,380,293)**

FISCAL IMPACT – Local Government	FY 2026 (10 Mo.)	FY 2027	FY 2028
	$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, not to exceed $750 in rent constituting property taxes actually paid or $1,100 in actual property tax paid. This act 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 $35,000, or $38,000 in the case of a homestead owned and occupied by a claimant for the entire year and annually adjusts both 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
City of Kansas City
State Tax Commission

Julie Morff
Director
January 14, 2025

Jessica Harris
Assistant Director
January 14, 2025