COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0235S.01I
Bill No.: SB 64
Subject: Tax Credits; Taxation and Revenue - Property
Type: Original
Date: January 21, 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 Fund	More or Less than ($72,061,901)	More or Less than ($77,895,120)	More or Less than ($84,243,356)
Total Estimated Net Effect on General Revenue	**More or Less than ($72,061,901)**	**More or Less than ($77,895,120)**	**More or Less than ($84,243,356)**

*Oversight notes the proposal allows for increase of qualifying upper limit of income, $800 for renters and $1,800 for homeowners, in taxes or rent paid and total household income. The proposal would increase the renter credit from $750 (current law) to $1,055 and for the homeowner credit from $1,100 (current law) to $1,555 starting with calendar year 2026. Lastly, the proposal changes the reduction calculation to (1/16%) for every $495 (current law $300) increase in a taxpayer's income, with a maximum reduction of 2.0% (from current 4%).

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

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

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this proposal would make multiple changes to the property tax credit (PTC).

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 2026. B&P notes that because this provision is effective for calendar year 2026, it will begin affecting state revenues in FY26 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 2026, they will begin affecting state revenues in FY26 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 2026. Beginning calendar year 2027, 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
2026	$1,055	$1,550
2027	$1,076	$1,581
2028	$1,098	$1,613
2029	$1,120	$1,645
2030	$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 2026 the maximum limits shall be:

Table 2: Maximum Income by Filing Status

Filing Status	Own/Rent	2026 Max Income
Single	Own	$42,200
	Rent	$38,200
Married Filing Combined	Own	$48,000
	Rent	$41,000
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 2023, there were 1,280 individual who filed the PTC with a filing status other than single or married filing combined, for total credit claims of $798,801. Therefore, this provision will increase GR by $798,801 starting with FY26.

Beginning January 1, 2027, 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	
2026	$38,200	$42,200	$41,000	$48,000
2027	$38,964	$43,044	$41,820	$48,960
2028	$39,743	$43,905	$42,656	$49,939

2029	$40,538	$44,783	$43,509	$50,938
2030	$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 2026. 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%
2026	$495	2%
2027	$505	2%
2028	$515	2%
2029	$525	2%
2030	$536	2%

*Assumes 2% average annual inflation.

<u>**Maximum Credit and Slower Credit Phase-Out**</u>

Single – Renter

In tax year 2023, 28,534 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.

2026

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 $1,055, increasing the phase-out limit from $300 to $495, and capping the credit value reduction at 2% could reduce GR by $6,886,188 beginning FY26.

2027
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 $1,076, increasing the phase-out limit from $300 to $505, and capping the credit value reduction at 2% could reduce GR by $7,329,438 beginning FY27.

2028
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 $1,098, increasing the phase-out limit from $300 to $515, and capping the credit value reduction at 2% could reduce GR by $7,794,365 beginning FY28.

2029
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 $1,120, increasing the phase-out limit from $300 to $525, and capping the credit value reduction at 2% could reduce GR by $8,258,759 beginning FY29.

2030
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 $1,142, increasing the phase-out limit from $300 to $536, and capping the credit value reduction at 2% could reduce GR by $8,721,689 beginning FY30.

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 2023, 1,207 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.

2026

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 $1,055, increasing the phase-out limit from $300 to $495, and capping the credit value reduction at 2% could reduce GR by $282,043 beginning FY26.

2027
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 $1,076, increasing the phase-out limit from $300 to $505, and capping the credit value reduction at 2% could reduce GR by $299,482 beginning FY27.

2028
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 $1,098, increasing the phase-out limit from $300 to $515, and capping the credit value reduction at 2% could reduce GR by $317,878 beginning FY28.

2029
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 $1,120, increasing the phase-out limit from $300 to $525, and capping the credit value reduction at 2% could reduce GR by $336,175 beginning FY29.

2030
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 $1,142, increasing the phase-out limit from $300 to $536, and capping the credit value reduction at 2% could reduce GR by $354,367 beginning FY30.

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 2023, 28,778 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.

2026

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 $1,550, increasing the phase-out limit from $300 to $495, and capping the credit value reduction at 2% could reduce GR by $8,160,188 beginning FY26.

2027
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 $1,581, increasing the phase-out limit from $300 to $505, and capping the credit value reduction at 2% could reduce GR by $8,642,843 beginning FY27.

2028
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 $1,613, increasing the phase-out limit from $300 to $515, and capping the credit value reduction at 2% could reduce GR by $9,142,232 beginning FY28.

2029
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 $1,645, increasing the phase-out limit from $300 to $525, and capping the credit value reduction at 2% could reduce GR by $9,642,369 beginning FY29.

2030
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 $1,678, increasing the phase-out limit from $300 to $536, and capping the credit value reduction at 2% could reduce GR by $10,153,312 beginning FY30.

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 2023, 5,682 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.

2026

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 $1,550, increasing the phase-out limit from $300 to $495, and capping the credit value reduction at 2% could reduce GR by $1,630,249 beginning FY26.

2027
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 $1,581, increasing the phase-out limit from $300 to $505, and capping the credit value reduction at 2% could reduce GR by $1,727,696 beginning FY27.

2028
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 $1,613, increasing the phase-out limit from $300 to $515, and capping the credit value reduction at 2% could reduce GR by $1,828,470 beginning FY28.

2029
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 $1,645, increasing the phase-out limit from $300 to $525, and capping the credit value reduction at 2% could reduce GR by $1,929,242 beginning FY29.

2030
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 $1,678, increasing the phase-out limit from $300 to $536, and capping the credit value reduction at 2% could reduce GR by $2,032,715 beginning FY30.

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 $16,958,668 ($7,168,231 renters + $9,790,437 homeowners) beginning FY26. By FY30, this provision could reduce GR by more than $21,262,083 ($9,076,056 renters + $12,186,027 homeowners). Table 5 shows the estimated impact by filing and owning status.

Table 5: Higher Credit and Slower Phase-Out

Calendar Year	Fiscal Year	Renter		Homeowner		Total
		Single	Married	Single	Married	
2026	2026	($6,886,188)	($282,043)	($8,160,188)	($1,630,249)	($16,958,668)
2027	2027	($7,329,438)	($299,482)	($8,642,843)	($1,727,696)	($17,999,459)
2028	2028	($7,794,365)	($317,878)	($9,142,232)	($1,828,470)	($19,082,945)
2029	2029	($8,258,759)	($336,175)	($9,642,369)	($1,929,242)	($20,166,545)
2030	2030	($8,721,689)	($354,367)	($10,153,312)	($2,032,715)	($21,262,083)

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 6 shows the percentage for each major filing type.

Table 6: 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

Single – Renter

2026
In tax year 2023, the most recent complete year available, there were 218 individuals who filed as qualifying widow/widower, 29,700 individuals who claimed they were 65 years or older, and 1,504 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 – 71 of the widow(er), 11,976 age 65 and older, and 1,163 disabled could potentially be renters. Therefore, B&P estimates that 13,210 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 $458. Therefore, B&P estimates that increase the maximum income limit for renters could reduce GR by $6,044,175 (13,210 x $458) in FY26.

2027
In tax year 2023, the most recent complete year available, there were 236 individuals who filed as qualifying widow/widower, 31,685 individuals who claimed they were 65 years or older, and 1,603 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 - 77 of the widow(er), 12,776 age 65 and older, and 1,240 disabled could potentially be renters. Therefore, B&P estimates that 14,093 additional people could qualify for the renter PTC in the 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 $472. Therefore, B&P estimates that increase to the maximum income limit for renters could reduce TSR and GR by $6,648,693 (14,093 x $472) in FY27.

2028
In tax year 2023, the most recent complete year available, there were 254 individuals who filed as qualifying widow/widower, 33,670 individuals who claimed they were 65 years or older, and 1,701 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 - 82 of the widow(er), 13,577 age 65 and older, and 1,316 disabled could potentially be renters. Therefore, B&P estimates that 14,975 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 $493. Therefore, B&P

estimates that increase the maximum income limit for renters could reduce TSR and GR by $7,377,059 (14,975 x $493) in FY28.

2029
In tax year 2023, the most recent complete year available, there were 264 individuals who filed as qualifying widow/widower, 35,814 individuals who claimed they were 65 years or older, and 1,788 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 - 86 of the widow(er), 14,441 age 65 and older, and 1,383 disabled could potentially be renters. Therefore, B&P estimates that 15,910 additional people could qualify for the renter PTC in calendar year 2029.

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 $514. Therefore, B&P estimates that increase to the maximum income limit for renters could reduce TSR and GR by $8,175,292 (15,910 x $514) in FY29.

2030
In tax year 2023, the most recent complete year available, there were 286 individuals who filed as qualifying widow/widower, 37,910 individuals who claimed they were 65 years or older, and 1,892 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 – 93 of the widow(er), 15,286 age 65 and older, and 1,464 disabled could potentially be renters. Therefore, B&P estimates that 16,843 additional people could qualify for the renter PTC in calendar year 2030.

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 $528. Therefore, B&P estimates that increase to the maximum income limit for renters could reduce TSR and GR by $8,898,095 (16,843 x $528) in FY30.

B&P notes that the annual loss for years after FY30 will likely exceed this amount as the maximum income for renters will continue to be adjusted annually for inflation.

Married, Filing Combined – Renter

2026

In tax year 2023, the most recent complete year available, there were 32,070 individuals who claimed they were 65 years or older and 4,598 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 $41,000.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals – 12,932 age 65 and older and 3,557 disabled could potentially be renters. Therefore, B&P estimates that 16,489 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 $455. Therefore, B&P estimates that increase to the maximum income limit for renters could reduce GR by $7,506,159 (16,489 x $455) in FY26.

2027
In tax year 2023, the most recent complete year available, there were 33,738 individuals who claimed they were 65 years or older and 4,852 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 $41,820.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals – 13,604 age 65 and older and 3,753 disabled could potentially be renters. Therefore, B&P estimates that 17,357 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 $469. Therefore, B&P estimates that increase to the maximum income limit for renters could reduce TSR and GR by $8,141,053 (17,357 x $469) in FY27.

2028
In tax year 2023, the most recent complete year available, there were 35,360 individuals who claimed they were 65 years or older and 5,115 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 $42,656.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals – 14,258 age 65 and older and 3,957 disabled could potentially be renters. Therefore, B&P estimates that 18,215 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 $490. Therefore, B&P

estimates that increase to the maximum income limit for renters could reduce TSR and GR by $8,917,813 (18,215 x $490) in FY28.

2029
In tax year 2023, the most recent complete year available, there were 37,115 individuals who claimed they were 65 years or older and 5,356 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 $43,509.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals – 14,966 age 65 and older and 4,143 disabled could potentially be renters. Therefore, B&P estimates that 19,109 additional people could qualify for the renter PTC in calendar year 2029.

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 $510. Therefore, B&P estimates that an increase to the maximum income limit for renters could reduce TSR and GR by $9,748,672 (19,109 x $510) in FY29.

2030
In tax year 2023, the most recent complete year available, there were 38,886 individuals who claimed they were 65 years or older and 5,576 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 $44,379.

Using the homeowner/renter split discussed above, B&P assumes that of those individuals – 15,680 age 65 and older and 4,313 disabled could potentially be renters. Therefore, B&P estimates that 19,993 additional people could qualify for the renter PTC in calendar year 2030.

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 $526. Therefore, B&P estimates that increase to the maximum income limit for renters could reduce TSR and GR by $10,517,651 (19,993 x $526) in FY30.

B&P notes that the annual loss for years after FY30 will likely exceed this amount as the maximum income for renters will continue to be adjusted annually for inflation.

Single – Homeowner

2026
In tax year 2023, the most recent complete year available, there were 263 individuals who filed as qualifying widow/widower, 32,775 individuals who claimed they were 65 years or older, and

1,591 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 $42,200.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals - 178 of the widow(er), 19,559 age 65 and older, and 360 disabled could potentially be homeowners. Therefore, B&P estimates that 20,097 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 $940. Therefore, B&P estimates that an increase to the maximum income limit for homeowners could reduce GR by $18,891,180 (20,097 x $940) in FY26.

2027
In tax year 2023, the most recent complete year available, there were 284 individuals who filed as qualifying widow/widower, 34,960 individuals who claimed they were 65 years or older, and 1,668 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 $43,044.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals - 192 of the widow(er), 20,863 age 65 and older, and 378 disabled could potentially be homeowners. Therefore, B&P estimates that 21,433 additional people could qualify for the homeowner PTC in the 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 $964. Therefore, B&P estimates that increase to the maximum income limit for homeowners could reduce TSR and GR by $20,661,412 (21,433 x $964) in FY27.

2028
In tax year 2023, the most recent complete year available, there were 300 individuals who filed as qualifying widow/widower, 37,083 individuals who claimed they were 65 years or older, and 1,748 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 $43,905.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals - 203 of the widow(er), 22,130 age 65 and older, and 396 disabled could potentially be homeowners. Therefore, B&P estimates that 22,729 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 $990. Therefore, B&P estimates that increase to the maximum income limit for homeowners could reduce TSR and GR by $22,501,710 (22,729 x $990) in FY28.

2029
In tax year 2023, the most recent complete year available, there were 321 individuals who filed as qualifying widow/widower, 39,278 individuals who claimed they were 65 years or older, and 1,828 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 $44,783.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals - 217 of the widow(er), 23,440 age 65 and older, and 414 disabled could potentially be homeowners. Therefore, B&P estimates that 24,071 additional people could qualify for the homeowner PTC in calendar year 2029.

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 $1,017. Therefore, B&P estimates that increase to the maximum income limit for homeowners could reduce TSR and GR by $24,481,067 (24,017 x $1,017) in FY29.

2030
In tax year 2023, the most recent complete year available, there were 338 individuals who filed as qualifying widow/widower, 41,497 individuals who claimed they were 65 years or older, and 1,915 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 $45,679.

Using the homeowner/homeowner split discussed above, B&P assumes that of those individuals – 228 of the widow(er), 24,764 age 65 and older, and 434 disabled could potentially be homeowners. Therefore, B&P estimates that 25,426 additional people could qualify for the homeowner PTC in calendar year 2030.

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 $1,043. Therefore, B&P estimates that increase to the maximum income limit for homeowners could reduce TSR and GR by $26,520,195 (25,426 x $1,043) in FY30.

B&P notes that the annual loss for years after FY30 will likely exceed this amount as the maximum income for homeowners will continue to be adjusted annually for inflation.

Married, Filing Combined – Homeowner

2026
In tax year 2023, the most recent complete year available, there were 39,688 individuals who claimed they were 65 years or older and 5,622 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 – 23,685 age 65 and older and 1,273 disabled could potentially be homeowners. Therefore, B&P estimates that 24,958 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 $940. Therefore, B&P estimates that increase to the maximum income limit for homeowners could reduce GR by $23,460,520 (24,958 x $940) in FY26.

2027
In tax year 2023, the most recent complete year available, there were 41,641 individuals who claimed they were 65 years or older and 5,899 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 – 24,850 age 65 and older and 1,336 disabled could potentially be homeowners. Therefore, B&P estimates that 26,186 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 $964. Therefore, B&P estimates that increase to the maximum income limit for homeowners could reduce TSR and GR by $25,243,304 (26,186 x $964) in FY27.

2028
In tax year 2023, the most recent complete year available, there were 43,629 individuals who claimed they were 65 years or older and 6,181 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 – 26,037 age 65 and older and 1,400 disabled could potentially be homeowners. Therefore, B&P estimates that 27,437 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 $990. Therefore, B&P estimates that increase to the maximum income limit for homeowners could reduce TSR and GR by $27,162,630 (27,437 x $990) in FY28.

2029
In tax year 2023, the most recent complete year available, there were 45,627 individuals who claimed they were 65 years or older and 6,476 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 – 27,229 age 65 and older and 1,466 disabled could potentially be homeowners. Therefore, B&P estimates that 28,695 additional people could qualify for the homeowner PTC in calendar year 2029.

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 $1,017. Therefore, B&P estimates that increase to the maximum income limit for homeowners could reduce TSR and GR by $29,174,924 (28,695 x $1,017) in FY29.

2030
In tax year 2023, the most recent complete year available, there were 47,730 individuals who claimed they were 65 years or older and 6,775 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 – 28,484 age 65 and older and 1,534 disabled could potentially be homeowners. Therefore, B&P estimates that 30,018 additional people could qualify for the homeowner PTC in calendar year 2030.

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 $1,043. Therefore, B&P estimates that increasing the maximum income limit for homeowners could reduce TSR and GR by $31,301,270 (30,018 x $1,043) in FY30.

B&P notes that the annual loss for years after FY30 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 $55,902,034 ($13,550,334 renters + $42,351,700 homeowners) in FY26. By FY30, this provision could reduce GR by $77,237,211 ($19,415,746 renters + $57,821,465 homeowners) annually. Table 7 shows the estimated impact by filing/owning status.

Table 7: Higher Maximum Income Limit

Calendar Year	Fiscal Year	Renter		Homeowner		Total
		Single	Married	Single	Married	
2026	2026	($6,044,175)	($7,506,159)	($18,891,180)	($23,460,520)	($55,902,034)
2027	2027	($6,648,693)	($8,141,053)	($20,661,412)	($25,243,304)	($60,694,462)
2028	2028	($7,377,059)	($8,917,813)	($22,501,710)	($27,162,630)	($65,959,212)
2029	2029	($8,175,292)	($9,748,672)	($24,481,067)	($29,174,924)	($71,579,955)
2030	2030	($8,898,095)	($10,517,651)	($26,520,195)	($31,301,270)	($77,237,211)

<u>Bill Summary</u>

B&P estimates that this proposal could reduce GR by $72,061,901 in FY26. By FY30, this provision could reduce GR by $97,700,493. 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	
2026	$798,801	($13,550,334)	($7,168,231)	($42,351,700)	($9,790,437)	($72,061,901)
2027	$798,801	($14,789,746)	($7,628,920)	($45,904,716)	($10,370,539)	($77,895,120)
2028	$798,801	($16,294,872)	($8,112,243)	($49,664,340)	($10,970,702)	($84,243,356)
2029	$798,801	($17,923,964)	($8,594,934)	($53,655,991)	($11,571,611)	($90,947,699)
2030	$798,801	($19,415,746)	($9,076,056)	($57,821,465)	($12,186,027)	($97,700,493)

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, 2026. DOR notes that the majority of the PTC tax returns are received in their office between January and April of each year. DOR assume that the changes made by this proposal would fully impact FY 2026.

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 2026.

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 $1,550 starting with calendar year 2026. 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.

PTC Credit

Calendar Year	Renter	Homeowner
Current	$750	$1,100
2026	$1,055	$1,550
2027	$1,076	$1,581
2028	$1,098	$1,613
2029	$1,120	$1,645
2030	$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.

Maximum Income by Filing Status

Filing Status	Own/Rent	2026 Max Income
Single	Rent	$38,200
	Own	$42,200
Married Filing Combined	Rent	$41,000
	Own	$48,000
Married Filing Separate	No longer qualifies	
Other	No longer qualifies	

In tax year 2023, there were 1,280 individuals who filed a PTC claim with a filing status other than single or married filing combined. They claimed $798,801 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, 2027, will allow the maximum limit to be increased annually by the CPI. For fiscal note purposes, DOR uses a 2% inflation factor. Therefore, DOR expects the incomes to increase as follows:

Maximum Income

Calendar Year	Renter		Homeowner	
	Single	Married	Single	Married
Current	$27,500		$30,000	
2026	$38,200	$42,200	$41,000	$48,000
2027	$38,964	$43,044	$41,820	$48,960
2028	$39,743	$43,905	$42,656	$49,939
2029	$40,538	$44,783	$43,509	$50,938
2030	$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 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.

PTC Phase-Out Increments

Calendar Year	Income Increment	Phase-Out Cap
Current	$300	4%
2026	$495	2%
2027	$505	2%
2028	$515	2%
2029	$525	2%
2030	$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 2023, there were 28,534 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 expects 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
2026	$1,055	$495	2%	($6,886,188)
2027	$1,076	$505	2%	($7,329,438)
2028	$1,098	$515	2%	($7,794,365)
2029	$1,120	$525	2%	($8,258,759)
2030	$1,142	$536	2%	($8,721,689)

DOR note 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 2023, there were 1,207 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% the DOR expects 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
2026	$1,055	$495	2%	($282,043)
2027	$1,076	$505	2%	($299,482)
2028	$1,098	$515	2%	($317,878)
2029	$1,120	$525	2%	($336,175)
2030	$1,142	$536	2%	($354,367)

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 2023, there were 28,778 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% the DOR expects 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
2026	$1,550	$495	2%	($8,160,188)
2027	$1,581	$505	2%	($8,642,843)
2028	$1,613	$515	2%	($9,142,232)
2029	$1,645	$525	2%	($9,642,369)
2030	$1,678	$536	2%	($10,153,312)

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 2023, there were 5,682 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% the DOR expects 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
2026	$1,550	$495	2%	($1,630,249)
2027	$1,581	$505	2%	($1,727,696)
2028	$1,613	$515	2%	($1,828,470)
2029	$1,645	$525	2%	($1,929,242)
2030	$1,678	$536	2%	($2,032,715)

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

Tax Year	Renter		Homeowner		Total
	Single	Married	Single	Married	
2026	($6,886,188)	($282,043)	($8,160,188)	($1,630,249)	($16,958,668)
2027	($7,329,438)	($299,482)	($8,642,843)	($1,727,696)	($17,999,459)
2028	($7,794,365)	($317,878)	($9,142,232)	($1,828,470)	($19,082,945)
2029	($8,258,759)	($336,175)	($9,642,369)	($1,929,242)	($20,166,545)
2030	($8,721,689)	($354,367)	($10,153,312)	($2,032,715)	($21,262,083)

<u>**Impact from Change in Maximum Upper Limit**</u>

Increasing the maximum upper limit will allow additional people to qualify for the credit that currently do not qualify. Using the 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 the DOR is not aware many of these additional people are homeowners and renters, DOR pulled the tax year 2023 PTC claims and found the current percentage of homeowners and renters.

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%

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

Single Renters
2026
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.

218	widow/widower,
29,700	65 years or older,
1,504	disabled

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

71	widow(er),
11,976	age 65 and older,
1,163	disabled.
13,210	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 $6,044,175 ($458 credit * 13,210 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 $38,964 who filed as a single filer.

236	widow/widower,
31,685	65 years or older,
1,603	disabled

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

77	widow(er),
12,776	age 65 and older,
1,240	disabled.
14,093	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 $6,648,693 ($472 credit * 14,093 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 $39,743 who filed as a single filer.

254	widow/widower,
33,670	65 years or older,
1,701	disabled

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

82	widow(er),
13,577	age 65 and older,
<u>1,316</u>	disabled.
14,975	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 $493. Therefore, this could result in an increased loss to general revenue of $7,377,059 ($493 credit * 14,975 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 $40,538 who filed as a single filer.

264	widow/widower,
35,814	65 years or older,
1,788	disabled

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

86	widow(er),
14,441	age 65 and older,
<u>1,383</u>	disabled.
15,910	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 $514. Therefore, this could result in an increased loss to general revenue of $8,175,292 ($514 credit * 15,910 new filers) in FY 2029.

2030

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.

286	widow/widower,
37,910	65 years or older,
1,892	disabled

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

93	widow(er),
15,286	age 65 and older,
1,464	disabled.
16,843	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 $528. Therefore, this could result in an increased loss to general revenue of $8,898,095 ($528 credit * 16,843 new filers) in FY 2030.

DOR notes that the annual loss will continue past FY 2030 due to the inflation rate continuing into the future.

Married Filing Combined Renters
2026
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $41,000 who filed as a married filing combined filer.

32,070	65 years or older,
4,598	disabled

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

12,932	age 65 and older,
3,557	disabled.
16,489	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 $7,506,159 ($455 credit * 16,489 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 $41,820 who filed as a married filing combined filer.

33,738	65 years or older,
4,852	disabled

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

13,604	age 65 and older,
<u>3,753</u>	disabled.
17,357	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 $469. Therefore, this could result in an increased loss to general revenue of $8,141,053 ($469 credit * 17,357 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 $42,656 who filed as a married filing combined filer.

35,360	65 years or older,
5,115	disabled

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

14,258	age 65 and older,
<u>3,957</u>	disabled.
18,215	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 $490. Therefore, this could result in an increased loss to general revenue of $8,917,813 ($490 credit * 18,215 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 $43,509 who filed as a married filing combined filer.

37,115	65 years or older,
5,356	disabled

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

14,966	age 65 and older,
<u>4,143</u>	disabled.
19,109	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 $510. Therefore, this could result in an increased loss to general revenue of $9,748,672 ($510 credit * 19,109 new filers) in FY 2029.

2030

Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $27,500 and $44,379 who filed as a married filing combined filer.

38,886	65 years or older,
5,576	disabled

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

15,680	age 65 and older,
<u>4,313</u>	disabled.
19,993	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 $526. Therefore, this could result in an increased loss to general revenue of $10,517,651 ($526 credit * 19,993 new filers) in FY 2030.

<u>Single Homeowners</u>

2026

Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $42,200 who filed as a single filer.

263	widow/widower
32,775	65 years or older,
1,591	disabled

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

178	widow/widower
19,559	age 65 and older,
<u>360</u>	disabled.
20,097	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 $940. Therefore, this could result in an increased loss to general revenue of $18,891,180 ($940 credit * 20,097 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 $43,044 who filed as a single filer.

284	widow/widower
34,960	65 years or older,
1,668	disabled

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

192	widow/widower
20,863	age 65 and older,
<u>378</u>	disabled.
21,433	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 $964. Therefore, this could result in an increased loss to general revenue of $20,661,412 ($964 credit * 21,433 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 $43,905 who filed as a single filer.

300	widow/widower
37,083	65 years or older,
1,748	disabled

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

203	widow/widower
22,130	age 65 and older,
<u>396</u>	disabled.
22,729	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 $990. Therefore, this could result in an increased loss to general revenue of $22,501,710 ($990 credit * 22,729 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 $44,783 who filed as a single filer.

321	widow/widower
39,278	65 years or older,
1,828	disabled

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

217	widow/widower
23,440	age 65 and older,
414	disabled.
24,071	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 $1,017. Therefore, this could result in an increased loss to general revenue of $24,481,067 ($1,017 credit * 24,071 new filers) in FY 2029.

2030
Using the most current year data, there were the following individuals with a Missouri Adjusted Gross Income (MAGI) between $30,000 and $45,679 who filed as a single filer.

338	widow/widower
41,497	65 years or older,
1,915	disabled

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

228	widow/widower
24,764	age 65 and older,
434	disabled.
25,426	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 $1,043. Therefore, this could result in an increased loss to general revenue of $26,520,195 ($1,043 credit * 25,426 new filers) in FY 2030.

Married Filing Combined Homeowners
2026

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 filer.

39,688	65 years or older,
5,622	disabled

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

23,685	age 65 and older,
1,273	disabled.
24,958	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 $940. Therefore, this could result in an increased loss to general revenue of $23,460,520 ($940 credit * 24,958 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 $48,960 who filed as a married filing combined filer.

41,641	65 years or older,
5,899	disabled

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

24,850	age 65 and older,
1,336	disabled.
26,186	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 $964. Therefore, this could result in an increased loss to general revenue of $25,243,304 ($964 credit * 26,186 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 $49,939 who filed as a married filing combined filer.

43,629	65 years or older,
6,181	disabled

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

26,037	age 65 and older,
1,400	disabled.
27,437	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 $990. Therefore, this could result in an increased loss to general revenue of $27,162,630 ($990 credit * 27,437 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 $50,938 who filed as a married filing combined filer.

45,627	65 years or older,
6,476	disabled

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

27,229	age 65 and older,
1,466	disabled.
28,695	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 $1,017. Therefore, this could result in an increased loss to general revenue of $29,174,924 ($1,017 credit * 28,695 new filers) in FY 2029.

2030

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 filer.

47,730	65 years or older,
6,775	disabled

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

28,484	age 65 and older,
1,534	disabled.
30,018	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 $1,043. Therefore, this could result in an increased loss to general revenue of $31,301,270 ($1,043 credit * 30,018 new filers) in FY 2030.

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

Tax Year	Renter		Homeowner		Total
	Single	Married	Single	Married	
2026	($6,044,175)	($7,506,159)	($18,891,180)	($23,460,520)	($55,902,034)
2027	($6,648,693)	($8,141,053)	($20,661,412)	($25,243,304)	($60,694,462)
2028	($7,377,059)	($8,917,813)	($22,501,710)	($27,162,630)	($65,959,212)
2029	($8,175,292)	($9,748,672)	($24,481,067)	($29,174,924)	($71,579,955)
2030	($8,898,095)	($10,517,651)	($26,520,195)	($31,301,270)	($77,237,211)

Total Bill Summary

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

Table 8: Summary of GR Impact

Fiscal Year	No Longer Qualify	Renter		Homeowner		Total GR Loss
		Higher Income	Increased Credit	Higher Income	Increased Credit	
2026	$798,801	($13,550,334)	($7,168,231)	($42,351,700)	($9,790,437)	($72,061,901)
2027	$798,801	($14,789,746)	($7,628,920)	($45,904,716)	($10,370,539)	($77,895,120)
2028	$798,801	($16,294,872)	($8,112,243)	($49,664,340)	($10,970,702)	($84,243,356)
2029	$798,801	($17,923,964)	($8,594,934)	($53,655,991)	($11,571,611)	($90,947,699)
2030	$798,801	($19,415,746)	($9,076,056)	($57,821,465)	($12,186,027)	($97,700,493)

This will require website changes, form changes ($2,200) and changes to the DOR's individual income tax computer systems ($7,327). These changes will need to occur each year and therefore are estimated to cost $9,527 annually.

Oversight notes the DOR requests a one-time cost of $9,527 for website income-tax changes and updates to comply with the proposed language; however, Oversight notes that DOR receives appropriation for routine website updates and will not show those costs in the fiscal note.

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

Oversight will note the redemption could be substantially lower or exceed the estimates provided by B&P 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.

FISCAL IMPACT – State Government	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
Cost – Property Tax Credit – Sections 135.010, 135.800, & 135.030 (summary, pages 19 & 36)	More or Less than ($72,061,901)	More or Less than ($77,895,120)	More or Less than ($84,243,356)
NET EFFECT ON THE GENERAL REVENUE FUND	**More or Less than ($72,061,901)**	**More or Less than ($77,895,120)**	**More or Less than ($84,243,356)**

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, 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

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January 21, 2025

Jessica Harris
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January 21, 2025

BB:LR:OD