

FIRST REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 457
94TH GENERAL ASSEMBLY

Reported from the Committee on Ways and Means, May 9, 2007, with recommendation that the Senate Committee Substitute do pass.

1084S.03C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 135.010 and 135.030, RSMo, and to enact in lieu thereof two new sections relating to the senior citizens' homestead tax relief act.

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

Section A. Sections 135.010 and 135.030, RSMo, are repealed and two new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

135.010. **1. Sections 135.010 to 135.035 shall be known and may be**
2 **cited as the "Senior Citizens' Homestead Tax Relief Act".**

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

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

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

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

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

40 (3) "Gross rent", amount paid by a claimant to a landlord for the rental,
41 at arm's length, of a homestead during the calendar year, exclusive of charges for
42 health and personal care services and food furnished as part of the rental
43 agreement, whether or not expressly set in the rental agreement. If the
44 director of revenue determines that the landlord and tenant have not dealt at
45 arm's length, and that the gross rent is excessive, then **[he] the director** shall
46 determine the gross rent based upon a reasonable amount of rent. Gross rent
47 shall be deemed to be paid only if actually paid prior to the date a return is
48 filed. The director of revenue may prescribe regulations requiring a return of
49 information by a landlord receiving rent, certifying for a calendar year the
50 amount of gross rent received from a tenant claiming a property tax credit and
51 shall, by regulation, provide a method for certification by the claimant of the
52 amount of gross rent paid for any calendar year for which a claim is made. The

53 regulations authorized by this subdivision may require a landlord or a tenant or
54 both to provide data relating to health and personal care services and to
55 food. Neither a landlord nor a tenant may be required to provide data relating
56 to utilities, furniture, home furnishings or appliances;

57 (4) "Homestead", the dwelling in Missouri owned or rented by the
58 claimant and not to exceed five acres of land surrounding it as is reasonably
59 necessary for use of the dwelling as a home. It may consist of part of a
60 multidwelling or multipurpose building and part of the land upon which it is
61 built. "Owned" includes a vendee in possession under a land contract and one or
62 more tenants by the entireties, joint tenants, or tenants in common and includes
63 a claimant actually in possession if he was the immediate former owner of record,
64 if a lineal descendant is presently the owner of record, and if the claimant
65 actually pays all taxes upon the property. It may include a mobile home;

66 (5) "Income", Missouri adjusted gross income as defined in section
67 143.121, RSMo, less two thousand dollars as an exemption for the claimant's
68 spouse residing at the same address, and increased, where necessary, to reflect
69 the following:

70 (a) Social Security, railroad retirement, and veterans payments and
71 benefits unless the claimant is a one hundred percent service-connected, disabled
72 veteran or a spouse of a one hundred percent service-connected, disabled
73 veteran. The one hundred percent service-connected disabled veteran shall not
74 be required to list veterans payments and benefits;

75 (b) The total amount of all other public and private pensions and
76 annuities;

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

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

81 (e) Interest on the obligations of the United States, any state, or any of
82 their subdivisions and instrumentalities;

83 (6) "Property taxes accrued", property taxes paid, exclusive of special
84 assessments, penalties, interest, and charges for service levied on a claimant's
85 homestead in any calendar year. Property taxes shall qualify for the credit only
86 if actually paid prior to the date a return is filed. The director of revenue shall
87 require a tax receipt or other proof of property tax payment. If a homestead is
88 owned only partially by claimant, then "property taxes accrued" is that part of

89 property taxes levied on the homestead which was actually paid by the
90 claimant. For purposes of this subdivision, property taxes are "levied" when the
91 tax roll is delivered to the director of revenue for collection. If a claimant owns
92 a homestead part of the preceding calendar year and rents it or a different
93 homestead for part of the same year, "property taxes accrued" means only taxes
94 levied on the homestead both owned and occupied by the claimant, multiplied by
95 the percentage of twelve months that such property was owned and occupied as
96 the homestead of the claimant during the year. When a claimant owns and
97 occupies two or more different homesteads in the same calendar year, property
98 taxes accrued shall be the sum of taxes allocable to those several properties
99 occupied by the claimant as a homestead for the year. If a homestead is an
100 integral part of a larger unit such as a farm, or multipurpose or multidwelling
101 building, property taxes accrued shall be that percentage of the total property
102 taxes accrued as the value of the homestead is of the total value. For purposes
103 of this subdivision "unit" refers to the parcel of property covered by a single tax
104 statement of which the homestead is a part;

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

135.030. 1. As used in this section:

2 (1) The term "maximum upper limit" shall, [in the calendar year 1989, be
3 the sum of thirteen thousand five hundred dollars. For each calendar year
4 through December 31, 1992, the maximum upper limit shall be increased by five
5 hundred dollars per year. For calendar years after December 31, 1992, and prior
6 to calendar year 1998, the maximum upper limit shall be the sum used on
7 December 31, 1992.] for each calendar year after December 31, 1997, [the
8 maximum upper limit shall] **but before calendar year 2008**, be the sum of
9 twenty-five thousand dollars. **For the calendar year beginning on January**
10 **1, 2008, the maximum upper limit shall be the sum of twenty-five**
11 **thousand five hundred dollars. For each calendar year beginning on or**
12 **after January 1, 2009, the maximum upper limit shall be increased,**
13 **rounded to the nearest fifty dollar increment, by the same percentage**
14 **as the increase in the general price level as measured by the Consumer**
15 **Price Index for all Urban Consumers for the United States, or its**
16 **successor index, as defined and officially recorded by the United States**
17 **Department of Labor, or its successor agency;**

18 (2) The term "minimum base" shall, [in the calendar year 1989, be the

19 sum of five thousand dollars. For each succeeding calendar year through
20 December 31, 1992, the minimum base shall be increased, in one hundred-dollar
21 increments, by the same percentage as the increase in the general price level as
22 measured by the Consumer Price Index for All Urban Consumers for the United
23 States, or its successor index, as defined and officially recorded by the United
24 States Department of Labor, or its successor agency, or five percent, whichever
25 is greater. The increase in the index shall be that as first published by the
26 Department of Labor for the calendar year immediately preceding the year in
27 which the minimum base is calculated. For calendar years after December 31,
28 1992, and prior to calendar year 1998, the minimum base shall be the sum used
29 on December 31, 1992.] for each calendar year after December 31, 1997, [the
30 minimum base shall] **but before calendar year 2008**, be the sum of thirteen
31 thousand dollars. **For the calendar year beginning January 1, 2008, the**
32 **minimum base shall be the sum of thirteen thousand three hundred**
33 **dollars. For each calendar year beginning on or after January 1, 2009,**
34 **the minimum base shall be increased, rounded to the nearest fifty**
35 **dollar increment, by the same percentage as the increase in the general**
36 **price level as measured by the Consumer Price Index for all Urban**
37 **Consumers for the United States, or its successor index, as defined and**
38 **officially recorded by the United States Department of Labor, or its**
39 **successor agency.**

40 2. [When calculating the minimum base for purposes of this section,
41 whenever the increase in the Consumer Price Index used in the calculation would
42 result in a figure which is greater than one one-hundred-dollar increment but less
43 than another one-hundred-dollar increment, the director of revenue shall always
44 round that figure off to the next higher one-hundred-dollar increment when
45 determining the table of credits under this section.

46 3.] If the income on a return is equal to or less than the maximum upper
47 limit for the calendar year for which the return is filed, the property tax credit
48 shall be determined from a table of credits based upon the amount by which the
49 total property tax described in section 135.025 exceeds the percent of income in
50 the following list:

51 If the income on the return is:

52 Not over the minimum base

53

54

The percent is:

0 percent with credit not
to exceed actual property
tax or rent equivalent

55 paid up to \$750
56 Over the minimum base but 1/16 percent accumulative
57 not over the maximum upper per \$300 from 0 percent
58 limit to 4 percent.

59 The director of revenue shall prescribe a table based upon the preceding
60 sentences. The property tax shall be in increments of twenty-five dollars and the
61 income in increments of three hundred dollars. The credit shall be the amount
62 rounded to the nearest whole dollar computed on the basis of the property tax
63 and income at the midpoints of each increment. As used in this subsection, the
64 term "accumulative" means an increase by continuous or repeated application of
65 the percent to the income increment at each three hundred dollar level.

66 [4.] 3. Notwithstanding [the provision of] subsection 4 of section 32.057,
67 RSMo, the department of revenue or any duly authorized employee or agent shall
68 determine whether any taxpayer filing a report or return with the department of
69 revenue who has not applied for the credit allowed pursuant to section 135.020
70 may qualify for the credit, and shall notify any qualified claimant of [his or her]
71 **the claimant's** potential eligibility, where the department determines such
72 potential eligibility exists.

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