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District 8 – Capitol Building, Room 431 Jefferson City, MO 65101

**Column for Week of:
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Responsible Tax Relief

Reducing the size of government and limiting government growth are top priorities of mine as a member of the Missouri Senate. In recent columns, I have discussed legislative measures to increase government accountability and reduce growth. This week I would like to point to two state programs that show the positive effect tax relief can have on economic performance.

In 2005, the Legislature established a “back-to-school” sales tax holiday for Missouri families. Under this program, shoppers getting their kids ready to go back to class during the first weekend in August do not have to pay the state sales tax on certain items. For one weekend, Missourians are exempt from paying the state’s 4.225 percent sales tax on certain back-to-school purchases, such as clothing, school supplies and computers. Local sales taxes are also suspended in some places, making for a significant overall tax savings. This program stimulates Missouri’s economy as it provides tax relief to parents who need the help when sending the kids back to school.

Another valuable program that provides much needed tax relief is the Missouri Homestead Tax Credit. This program allows qualified senior citizens and disabled individuals to apply for property tax credits. The program is designed to protect citizens from sharp increases in property taxes resulting from reassessment.

In areas such as Eastern Jackson County, property values may rise dramatically due to the growth of our communities and the increased economic activity in our area. While this is good news generally, it can have a negative impact on senior citizens on a fixed income who struggle to keep up with property-tax increases as their land becomes more valuable.

The Homestead Preservation Tax Credit provides credit in cases where property taxes increase more than 2.5 percent in non-assessment years or 5 percent in assessment years. Non-assessment periods coincide with even-numbered years, such as 2004, while assessment years are odd-numbered.

The General Assembly approves appropriations to cover the cost of the program, thus preventing political subdivisions, such as school districts, from losing funds as a result of the program.

To qualify for the program, applicants must:

- Be age 65 or older as of Jan. 1, 2005.
- Have a federally adjusted gross income not exceeding \$72,380 per year.
- Have paid all real estate taxes for the current year and previous two years.
- Own and occupy the property; or be 100 percent disabled.

Forms and instructions for the property tax credit are available at the Department of Revenue offices and on the department's Web site (www.dor.mo.gov). To contact the revenue department, dial (573) 751-3505, write P.O. Box 2200, Jefferson City, MO 65105, or e-mail homestead@dor.mo.gov. Or, you can find more information at my Web site at: www.senate.mo.gov/bartle You can file your application from April 1 through Oct. 2, 2006.

Both of these programs take important steps towards helping to lighten the tax burden on Missouri families and work to stem the growth of government.

If you have comments or questions about this week's column or any other matter involving state government, please do not hesitate to contact me. You can reach my office by e-mail at matt_bartle@senate.mo.gov or by phone at (888) 711-9278.

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