



Homestead Preservation Tax Credit Worth Pursuing

JEFFERSON CITY — The Homestead Preservation Tax Credit allows eligible senior citizen and disabled homeowners to receive a credit on their real estate property taxes if those taxes increased by a set percentage. The deadline for applying this year is Oct. 15, and I want to encourage homeowners to take advantage of this property tax assistance program that will keep more money in their pockets.

Here is the way it works. The program allows qualified Missouri senior citizens age 65 and over and 100 percent disabled whose federal adjusted gross income does not exceed \$77,323 to receive a credit on their real estate property taxes when taxes increase 2.5 percent in a non-reassessment (even-numbered) or 5 percent in a reassessment (odd-numbered) year. The credit — the amount that exceeds the 2.5 or 5 percent increase — is applied against the real estate taxes in the year after the application is submitted to the Department of Revenue. It's necessary to apply each year to receive the credit. The 2008 application will be based on the 2006-2007 increase of 5 percent or greater.

Beginning next year, past recipients of the Homestead Preservation Tax Credit will likely see an even higher tax credit when the credit is calculated under a new formula approved by the General Assembly this year. The new formula is a component of Senate Bill 711 — new property tax reform that requires taxing jurisdictions to roll back tax levy rates to counter reassessment increases. Under next year's tax credit calculation, past recipients of the credit will be able to compare taxes paid in 2006 to the year before the application was submitted, or 2008, to determine the amount of their tax credit.

For example, a taxpayer who paid \$2,500 in 2006 and saw his or her bill climb to \$3,200 in 2007 will have a credit of \$575 from the state on their 2009 tax bill, if the credit is fully funded by the General Assembly. The same taxpayer with a tax bill this year of \$3,400, if a past recipient of the credit, will have a credit of \$837.50 reflected on their 2010 tax bill, again if the credit is fully funded by the Legislature.

Those who file for the credit from Dec. 31, 2008, to Dec. 31, 2011, will determine the credit amount by comparing property tax increases from a base year to the year before the application is filed. Many applicants will benefit from the new "lock-back" period because credit amounts will be based off their 2006 property tax bills. This provision will be in effect through 2011.

A key legislative change to the Homestead Preservation Tax Credit guarantees some level of assistance to eligible homeowners even if the tax credit assistance program is not fully funded by the General Assembly.

To apply for the Homestead Preservation Tax Credit, call (800) 877-6881, download an application from the Missouri Department of Revenue website at www.dor.mo.gov or write to the Department of Revenue, Customer Services Division, P.O. Box 3022, Jefferson City, MO 65105-3022.

Voters have continually asked for property tax relief, and the Homestead Preservation Tax Credit does just that. Many homeowners are expected to see substantial tax credit benefits in the next few years.

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 phone at (866) 271-2844.

###