



MISSOURI SENATE

JEFFERSON CITY

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Sen. Loudon Reminds Homeowners to Apply for Homestead Preservation Tax Credit

New Property Tax Credit Calculation Next Year Could Mean Even Greater Property Tax Relief

JEFFERSON CITY – Sen. John Loudon (R-Chesterfield) encourages eligible homeowners to apply for the Homestead Preservation Tax Credit before the Oct. 15 deadline so they can get back some of the tax money they paid in property taxes last year when property tax bills climbed for many Missouri homeowners.

The Homestead Preservation Tax Credit program allows eligible senior citizens age 65 and over and 100 percent disabled homeowners to receive a credit on their real estate property taxes if those taxes increased by a set percentage. Qualified participants include those whose federal adjusted gross income did not exceed \$77,323 and whose property taxes increased by 2.5 percent in a non-reassessment (even-numbered) or 5 percent in a reassessment (odd-numbered) year. Applicants must apply every year in order to receive the annual tax credit, which is applied against real estate taxes in the following year.

Beginning next year, the Homestead Preservation Tax Credit will be calculated under a new formula created to provide homeowners an even greater tax credit award. Changes to the property tax relief program were part of property tax reform (Senate Bill 711) approved by the General Assembly this year.

“This measure is going to translate into tremendous savings for the many homeowners who were hit hard by big jumps in property values in recent years due to reassessment,” Sen Loudon said. “Even if homeowners don’t receive a big award by applying this year, I encourage them to apply every year because there are several advantageous scenarios for property tax benefits in the next few years.”

According to Sen. Loudon, most applicants will be able to benefit from a look-back period that allows them to determine their benefit by comparing taxes paid in 2006, the year

before property assessments climbed. Eligible applicants who file for the tax credit will be able to take advantage of potentially higher tax credit awards.

For example, those who filed for the Homestead Preservation Tax Credit prior to this year will be able to lock in the 2006 base year and could potentially receive four years of tax benefits. Those who apply for the credit for the first time this year (2008) will be able to use the 2006 base year for one year and 2007 as their base year for the next three years. First-time applicants in 2009 through 2011 will be able to take advantage of the 2006 look-back period for one year and also lock in a base year — the year prior to the first year they filed to receive the credit.

Changes to the program will be in effect through 2011.

Another 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. Previously, when the program wasn't fully funded, only homeowners with the greatest increases would receive the credit, leaving others who would have otherwise qualified for the credit without a tax benefit.

“Voters have continually asked for tax relief, Sen. Loudon said. “Changes to the Homestead Preservation Tax Credit program will do just that and I hope homeowners will take advantage of these significant reductions in property tax liability while they are available.”

For more information on the Homestead Preservation Tax Credit, taxpayers can call Sen. Loudon's District office at (314) 895-0007 or the Missouri Department of Revenue at (800) 877-6881. Applications are available at the Department of Revenue office at 3256 Laclede Station Road, Suite 101, St. Louis, by writing to the Department of Revenue, P.O. Box 478, Jefferson City, MO 65105-0478, or online at www.dor.mo.gov.

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