



Gibbons Capitol Report
February 28, 2008

Protecting Taxpayers *Days of Back Door Tax Increases May Be Nearing an End*

The days of tax increases caused by reassessment are almost over. This week, the Senate passed and advanced to the House Senate Bill 711. The bill is a property tax reform measure that ends back door tax increases, closes tax increase loopholes, makes sure taxpayers are informed and expands tax relief for low-income seniors and the disabled.

Ending Reassessment Related Tax Increases

The main provision of the bill mandates that all taxing jurisdictions, regardless of whether they are operating at or below their tax rate ceiling, must roll back their tax rate to counter reassessment increases. What goes up should come down. But currently, only taxing jurisdictions operating at their tax rate ceiling are required by Missouri's Constitution to roll back to protect taxpayers, leaving taxing jurisdictions operating below their ceiling to approve back door tax increases with no legal recourse. It also closes a loophole that allows taxing districts to take a tax increase approved by the voters, for example in 2006, and then apply that new tax rate to the higher reassessed value in 2007. When taxing jurisdictions do this, it's a double whammy on taxpayers. This bill closes the door on these sly tax increases.

Informing Taxpayers

SB 711 also requires that taxpayers receive their projected tax liability along with their reassessment notices. Now, taxpayers only receive a reassessment impact notice. We say that the county needs to include one more sheet of paper that estimates how much you'll owe in taxes based on your new reassessment. That means you'll have an idea of how much your taxes are way before you get your bill in the mail in late November letting you compare what you paid last year to what you're expected to pay in December. Charter counties and the City of St. Louis will provide these to taxpayers beginning in 2009, with all other counties participating by the 2011 reassessment.

Expanding Relief

The bill also increases The Senior Citizen Property Tax credit award from \$750 to \$1100. The program started in the 1970's and the award has not kept pace with the income eligibility level increases. We also amended the bill to expand those eligible to include homeowners, not renters, with an income of up to \$30,000 for singles and \$40,000 for married couples.

These protections mean the days of tax increases caused by reassessment are almost over. By limiting tax increases, providing early notice and extra assistance, we will help everyone better afford to stay in their homes and businesses. This real and immediate relief for taxpayers must pass the House before being signed into law. If you're fed up with higher property taxes, I encourage you to ask your representative to support this bill.