

State Senator Robert Mayer The Mayer Memo

Senator Robert Mayer - Serving Butler, Dunklin, New Madrid, Pemiscot, Ripley, Stoddard & Wayne Counties



[Website](#) | [Contact Me](#) | [Biography](#) | [Newsroom](#)

Homestead Preservation Tax Credit Worth Your Time

JEFFERSON CITY — The deadline for applying for the Homestead Preservation Tax Credit this year is Oct. 15, and I want to encourage eligible senior citizens and disabled homeowners to take advantage of the property tax assistance program — which could significantly reduce their property tax liability.

The Homestead Preservation Tax Credit 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 real estate property taxes if those taxes increased by a set percentage.

Here is the way it works. The program allows 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 \$1,500 in 2006 and saw his or her bill climb to \$1,800 in 2007 will have a credit of \$225 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 \$1,900, if a past recipient of the credit, will have a credit of \$362.50 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.

The Homestead Preservation Tax Credit offers property tax relief for a large group of Missouri homeowners, many of whom will realize substantial tax credit benefits from the program in the next few years.

###

Capitol Office
State Capitol Building
Room 331
Jefferson City, MO 65101

Website:
<http://www.senate.mo.gov/mayer>

Phone Number:
573.751.3859
Fax:
573.526.1384