

SENATE BILL NO. 220

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR BECK.

1045S.01H

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal sections 137.180 and 138.434, RSMo, and to enact in lieu thereof three new sections relating to property taxes.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 137.180 and 138.434, RSMo, are
2 repealed and three new sections enacted in lieu thereof, to be
3 known as sections 137.108, 137.180, and 138.434, to read as
4 follows:

137.108. 1. This section shall be known and may be
2 cited as the "Missouri Homestead Preservation Act".

3 2. As used in this section, the following terms shall
4 mean:

5 (1) "Department", the department of revenue;

6 (2) "Director", the director of revenue;

7 (3) "Disabled", as such term is defined in section
8 135.010;

9 (4) "Eligible owner", any individual owner of property
10 who is sixty-five years old or older as of January first of
11 the tax year in which the individual is claiming the credit
12 or who is disabled, and who had an income of equal to or
13 less than the maximum upper limit in the year prior to
14 completing an application pursuant to this section; or

15 (a) In the case of a married couple owning property
16 either jointly or as tenants by the entirety, or where only
17 one spouse owns the property, such couple shall be

18 considered an eligible taxpayer if both spouses have reached
19 the age of sixty-five or if one spouse is disabled, or if
20 one spouse is at least sixty-five years old and the other
21 spouse is at least sixty years old, and the combined income
22 of the couple in the year prior to completing an application
23 pursuant to this section did not exceed the maximum upper
24 limit; or

25 (b) In the case of joint ownership by unmarried
26 persons or ownership by tenancy in common by two or more
27 unmarried persons, such owners shall be considered an
28 eligible owner if each person with an ownership interest
29 individually satisfies the eligibility requirements for an
30 individual eligible owner under this section and the
31 combined income of all individuals with an interest in the
32 property is equal to or less than the maximum upper limit in
33 the year prior to completing an application under this
34 section. If any individual with an ownership interest in
35 the property fails to satisfy the eligibility requirements
36 of an individual eligible owner or if the combined income of
37 all individuals with interest in the property exceeds the
38 maximum upper limit, then all individuals with an ownership
39 interest in such property shall be deemed ineligible owners
40 regardless of such other individual's ability to
41 individually meet the eligibility requirements; or

42 (c) In the case of property held in trust, the
43 eligible owner and recipient of the tax credit shall be the
44 trust itself provided the previous owner of the homestead or
45 the previous owner's spouse: is the settlor of the trust
46 with respect to the homestead; currently resides in such
47 homestead; and but for the transfer of such property would
48 have satisfied the age, ownership, and maximum upper limit
49 requirements for income as defined in this subsection.

50 No individual shall be an eligible owner if the individual
51 has not paid the individual's property tax liability, if
52 any, in full by the payment due date in any of the three
53 prior tax years, except that a late payment of a property
54 tax liability in any prior year shall not disqualify a
55 potential eligible owner if such owner paid in full the tax
56 liability and any and all penalties, additions and interest
57 that arose as a result of such late payment; no individual
58 shall be an eligible owner if such person filed a valid
59 claim for the senior citizens property tax relief credit
60 pursuant to sections 135.010 to 135.035;

61 (5) "Homestead", as such term is defined pursuant to
62 section 135.010, except as limited by provisions of this
63 section to the contrary. No property shall be considered a
64 homestead if such property was improved since the most
65 recent annual assessment by more than five percent of the
66 prior year appraised value, except where an eligible owner
67 of the property has made such improvements to accommodate a
68 disabled person;

69 (6) "Homestead exemption limit", a percentage
70 increase, rounded to the nearest hundredth of a percent,
71 which shall be equal to the percentage increase to tax
72 liability, not including improvements, of a homestead from
73 one tax year to the next that exceeds a certain percentage
74 set pursuant to subsection 7 of this section;

75 (7) "Income", federal adjusted gross income, and in
76 the case of ownership of the homestead by trust, the income
77 of the settlor applicant shall be imputed to the income of
78 the trust for purposes of determining eligibility with
79 regards to the maximum upper limit;

80 (8) "Maximum upper limit", in the calendar year 2021,
81 the income sum of ninety thousand dollars; in each

82 successive calendar year this amount shall be raised by the
83 incremental increase in the general price level, as defined
84 pursuant to article X, section 17 of the Missouri
85 Constitution.

86 3. Pursuant to article X, section 6(a) of the
87 Constitution of Missouri, if in the prior tax year, the
88 property tax liability on any parcel of subclass (1) real
89 property increased by more than the homestead exemption
90 limit, without regard for any prior credit received due to
91 the provisions of this section, then any eligible owner of
92 the property shall receive a homestead exemption credit to
93 be applied in the current tax year property tax liability to
94 offset the prior year increase to tax liability that exceeds
95 the homestead exemption limit, except as eligibility for the
96 credit is limited by the provisions of this section. The
97 amount of the credit shall be listed separately on each
98 taxpayer's tax bill for the current tax year, or on a
99 document enclosed with the taxpayer's bill. The homestead
100 exemption credit shall not affect the process of setting the
101 tax rate as required pursuant to article X, section 22 of
102 the Constitution of Missouri and section 137.073 in any
103 prior, current, or subsequent tax year.

104 4. Any potential eligible owner may apply for the
105 homestead exemption credit by completing an application.
106 Applications may be completed between April first and
107 October fifteenth of any tax year in order for the taxpayer
108 to be eligible for the homestead exemption credit in the tax
109 year next following the calendar year in which the homestead
110 exemption credit application was completed. The application
111 shall be on forms provided by the department. Forms also
112 shall be made available on the department's internet site
113 and at all permanent branch offices and all full-time,

114 temporary, or fee offices maintained by the department of
115 revenue. The applicant shall attest under penalty of
116 perjury:

117 (1) To the applicant's age;

118 (2) That the applicant's prior year income was less
119 than the maximum upper limit;

120 (3) To the address of the homestead property;

121 (4) That any improvements made to the homestead, not
122 made to accommodate a disabled person, did not total more
123 than five percent of the prior year appraised value.

124 The applicant shall also include with the application copies
125 of receipts indicating payment of property tax by the
126 applicant for the homestead property for the three prior tax
127 years.

128 5. Each applicant shall send the application to the
129 department by October fifteenth of each year for the
130 taxpayer to be eligible for the homestead exemption credit
131 in the tax year next following the calendar year in which
132 the application was completed.

133 6. Upon receipt of the applications, the department
134 shall calculate the tax liability, verify compliance with
135 the maximum income limit, verify the age of the applicants,
136 and make adjustments to these numbers as necessary on the
137 applications. The department also shall disallow any
138 application where the applicant also has filed a valid
139 application for the senior citizens property tax credit
140 under sections 135.010 to 135.035. Once adjusted tax
141 liability, age, and income are verified, the director shall
142 determine eligibility for the credit and provide a list of
143 all verified eligible owners to the county assessors or
144 county clerks in counties with a township form of government

145 by December fifteenth of each year. By January fifteenth,
146 the county assessors shall provide a list to the department
147 of any verified eligible owners who made improvements not
148 for accommodation of a disability to the homestead and the
149 dollar amount of the assessed value of such improvements.
150 If the dollar amount of the assessed value of such
151 improvements totaled more than five percent of the prior
152 year appraised value, such eligible owners shall be
153 disqualified from receiving the credit in the current tax
154 year.

155 7. The director shall calculate the level of
156 appropriation necessary to set the homestead exemption limit
157 at five percent when based on a year of general reassessment
158 or at two and one-half percent when based on a year without
159 general reassessment for the homesteads of all verified
160 eligible owners, and provide such calculation to the speaker
161 of the house of representatives, the president pro tempore
162 of the senate, and the director of the office of budget and
163 planning in the office of administration by January thirty-
164 first of each year.

165 8. If, in any given year, the general assembly makes
166 an appropriation for the funding of the homestead exemption
167 credit that is signed by the governor, then the director
168 shall determine the apportionment percentage by equally
169 apportioning the appropriation among all eligible applicants
170 on a percentage basis. If no appropriation is made by the
171 general assembly during any tax year or no funds are
172 actually distributed pursuant to any appropriation therefor,
173 then no homestead preservation credit shall apply in such
174 year.

175 9. After determining the apportionment percentage, the
176 director shall calculate the credit to be associated with

177 each verified eligible owner's homestead, if any. The
178 director shall send a list of those eligible owners who are
179 to receive the homestead exemption credit, including the
180 amount of each credit, the certified parcel number of the
181 homestead, and the address of the homestead property, to the
182 county collectors or county clerks in counties with a
183 township form of government by August thirty-first.
184 Pursuant to such calculation, the director shall instruct
185 the state treasurer as to how to distribute the
186 appropriation to the county collector's fund of each county
187 where recipients of the homestead exemption credit are
188 located, so as to exactly offset each homestead exemption
189 credit being issued. As a result of the appropriation, in
190 no case shall a political subdivision receive more money
191 than it would have received absent the provisions of this
192 section. Funds, at the direction of the collector of the
193 county or treasurer ex officio collector in counties with a
194 township form of government, shall be deposited in the
195 county collector's fund of a county or may be sent by mail
196 to the collector of a county, or treasurer ex officio
197 collector in counties with a township form of government,
198 not later than October first in any year a homestead
199 exemption credit is appropriated as a result of this section
200 and shall be distributed as moneys in such funds are
201 commonly distributed from other property tax revenues by the
202 collector of the county or the treasurer ex officio
203 collector of the county in counties with a township form of
204 government, so as to exactly offset each homestead exemption
205 credit being issued.

206 10. The department shall promulgate rules for
207 implementation of this section. Any rule or portion of a
208 rule, as that term is defined in section 536.010, that is

209 created under the authority delegated in this section shall
210 become effective only if it complies with and is subject to
211 all of the provisions of chapter 536 and, if applicable,
212 section 536.028. This section and chapter 536 are
213 nonseverable and if any of the powers vested with the
214 general assembly pursuant to chapter 536 to review, to delay
215 the effective date, or to disapprove and annul a rule are
216 subsequently held unconstitutional, then the grant of
217 rulemaking authority and any rule proposed or adopted after
218 August 28, 2021, shall be invalid and void. Any rule
219 promulgated by the department shall in no way impact,
220 affect, interrupt, or interfere with the performance of the
221 required statutory duties of any county elected official,
222 more particularly including the county collector when
223 performing such duties as deemed necessary for the
224 distribution of any homestead appropriation and the
225 distribution of all other real and personal property taxes.

226 11. In the event that an eligible owner dies or
227 transfers ownership of the property after the homestead
228 exemption limit has been set in any given year, but prior to
229 January first of the year in which the credit would
230 otherwise be applied, the credit shall be void and any
231 corresponding moneys shall lapse to the state to be credited
232 to the general revenue fund. In the event the collector of
233 the county or the treasurer ex officio collector of the
234 county in counties with a township form of government
235 determines prior to issuing the credit that the individual
236 is not an eligible owner because the individual did not pay
237 the prior three years' property tax liability in full, the
238 credit shall be void and any corresponding moneys shall
239 lapse to the state to be credited to the general revenue
240 fund.

241 12. This section shall apply to all tax years
242 beginning on or after January 1, 2022.

243 13. In accordance with the provisions of sections
244 23.250 to 23.298 and unless otherwise authorized pursuant to
245 section 23.253:

246 (1) The program authorized under the provisions of
247 this section shall automatically sunset six years after the
248 effective date of this section unless reauthorized by an act
249 of the general assembly; and

250 (2) This section shall terminate on September first of
251 the year following the year in which any new program
252 authorized under this section is sunset, and the revisor of
253 statutes shall designate such sections and this section in a
254 revision bill for repeal.

137.180. 1. Whenever any assessor shall increase the
2 valuation of any real property he shall forthwith notify the
3 record owner of such increase, either in person, or by mail
4 directed to the last known address; every such increase in
5 assessed valuation made by the assessor shall be subject to
6 review by the county board of equalization whereat the
7 landowner shall be entitled to be heard, and the notice to
8 the landowner shall so state.

9 2. Effective January 1, 2009, for all counties with a
10 charter form of government, other than any county adopting a
11 charter form of government after January 1, 2008, whenever
12 any assessor shall increase the valuation of any real
13 property, he or she shall forthwith notify the record owner
14 on or before June fifteenth of such increase and, in a year
15 of general reassessment, the county shall notify the record
16 owner of the projected tax liability likely to result from
17 such an increase, either in person, or by mail directed to
18 the last known address; every such increase in assessed

19 valuation made by the assessor shall be subject to review by
20 the county board of equalization whereat the landowner shall
21 be entitled to be heard, and the notice to the landowner
22 shall so state. Notice of the projected tax liability from
23 the county shall accompany the notice of increased valuation
24 from the assessor.

25 3. For all calendar years prior to the first day of
26 January of the year following receipt of software necessary
27 for the implementation of the requirements provided under
28 subsections 4 and 5 of this section from the state tax
29 commission, for any county not subject to the provisions of
30 subsection 2 of this section or subsection 2 of section
31 137.355, whenever any assessor shall increase the valuation
32 of any real property, he or she shall forthwith notify the
33 record owner on or before June fifteenth of the previous
34 assessed value and such increase either in person, or by
35 mail directed to the last known address and include in such
36 notice a statement indicating that the change in assessed
37 value may impact the record owner's tax liability and
38 provide all processes and deadlines for appealing
39 determinations of the assessed value of such property. Such
40 notice shall be provided in a font and format sufficient to
41 alert a record owner of the potential impact upon tax
42 liability and the appellate processes available.

43 4. Effective January first of the year following
44 receipt of software necessary for the implementation of the
45 requirements provided under this subsection and subsection 5
46 of this section from the state tax commission, for all
47 counties not subject to the provisions of subsection 2 of
48 this section or subsection 2 of section 137.355, whenever
49 any assessor shall increase the valuation of any real
50 property, he or she shall forthwith notify the record owner

51 on or before June fifteenth of such increase and, in a year
52 of general reassessment, the county shall notify the record
53 owner of the projected tax liability likely to result from
54 such an increase, either in person, or by mail directed to
55 the last known address; every such increase in assessed
56 valuation made by the assessor shall be subject to review by
57 the county board of equalization whereat the landowner shall
58 be entitled to be heard, and the notice to the landowner
59 shall so state. Notice of the projected tax liability from
60 the county shall accompany the notice of increased valuation
61 from the assessor.

62 5. The notice of projected tax liability, required
63 under subsections 2 and 4 of this section, from the county
64 shall include:

65 (1) The record owner's name, address, and the parcel
66 number of the property;

67 (2) A list of all political subdivisions levying a tax
68 upon the property of the record owner;

69 (3) The projected tax rate for each political
70 subdivision levying a tax upon the property of the record
71 owner, and the purpose for each levy of such political
72 subdivisions;

73 (4) The previous year's tax rates for each individual
74 tax levy imposed by each political subdivision levying a tax
75 upon the property of the record owner;

76 (5) The tax rate ceiling for each levy imposed by each
77 political subdivision levying a tax upon the property of the
78 record owner;

79 (6) The contact information for each political
80 subdivision levying a tax upon the property of the record
81 owner;

82 (7) A statement identifying any projected tax rates
83 for political subdivisions levying a tax upon the property
84 of the record owner, which were not calculated and provided
85 by the political subdivision levying the tax; and

86 (8) The total projected property tax liability of the
87 taxpayer.

88 6. In addition to the requirements provided under
89 subsections 1, 2, and 5 of this section, effective January
90 1, 2011, in any county with a charter form of government and
91 with more than one million inhabitants, whenever any
92 assessor shall notify a record owner of any change in
93 assessed value, such assessor shall provide notice that
94 information regarding the assessment method and computation
95 of value for such property is available on the assessor's
96 website and provide the exact website address at which such
97 information may be accessed. Such notification shall
98 provide the assessor's contact information to enable
99 taxpayers without internet access to request and receive
100 information regarding the assessment method and computation
101 of value for such property. **Beginning January 1, 2022,**
102 **such notice shall also include, in the case of a property**
103 **valued using sales of comparable properties, a list of such**
104 **comparable properties and the address or location and**
105 **purchase prices from sales thereof that the assessor used in**
106 **determining the assessed valuation of the owner's property.**
107 **As used in this subsection, the word "comparable" means that:**

108 (1) Such sale was closed at a date relevant to the
109 property valuation; and

110 (2) Such properties are not more than one mile from
111 the site of the disputed property, except where no similar
112 properties exist within one mile of the disputed property,
113 the nearest comparable property shall be used. Such

114 **property shall be within five hundred square feet in size of**
115 **the disputed property, and resemble the disputed property in**
116 **age, floor plan, number of rooms, and other relevant**
117 **characteristics.**

138.434. Any first class charter county or a city not
2 within a county may require by ordinance or charter the
3 reimbursement to a taxpayer for the amount of just and
4 reasonable appraisal costs, attorney fees and court costs
5 resulting from an evidentiary hearing before the state tax
6 commission or a court of competent jurisdiction if such
7 appeal results in a final decision reducing the appraised
8 value of residential property by at least fifteen percent or
9 the appraised value of utility, industrial railroad and
10 other subclass three property by at least twenty-five
11 percent from the appraised value determined by the board of
12 equalization for that tax year. The commission or court
13 awarding such fees and costs shall consider the
14 reasonableness of the fees and costs within the context of
15 the particular case. Such fees and costs shall not exceed
16 one thousand dollars for a residential property appeal.
17 Such fees and costs for utility, industrial railroad or
18 other subclass three property appeals shall not exceed the
19 lesser of four thousand dollars or twenty-five percent of
20 the tax savings resulting from the appeal. **Beginning**
21 **January 1, 2022, for a county with a charter form of**
22 **government and with more than nine hundred fifty thousand**
23 **inhabitants, such fees and costs shall not exceed six**
24 **thousand dollars for a residential property appeal, and such**
25 **fees and costs for utility, industrial railroad, or other**
26 **subclass three property appeals shall not exceed the lesser**
27 **of ten thousand dollars or twenty-five percent of the tax**
28 **savings resulting from the appeal.** The provisions of this

29 section shall only apply to the first contested year when
30 cases are tried on a consolidated basis.

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