

SENATE SUBSTITUTE
FOR
HOUSE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 999
AN ACT

To amend chapters 137 and 138, RSMo, by adding thereto
two new sections relating to property taxes.

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

Section A. Chapters 137 and 138, RSMo, are amended by
2 adding thereto two new sections, to be known as sections
3 137.1100 and 138.425, to read as follows:

137.1100. 1. For the purposes of this section, the
2 following terms shall mean:

3 (1) "Eligible credit amount", the difference between
4 an eligible taxpayer's real property tax liability on such
5 taxpayer's homestead for a given tax year, minus the real
6 property tax liability on such homestead in the eligible
7 taxpayer's initial credit year, provided that the real
8 property tax liability on an eligible taxpayer's homestead
9 as determined in the taxpayer's initial credit year may be
10 increased by no more than five percent during a reassessment
11 year;

12 (2) "Eligible taxpayer", a Missouri resident who:

13 (a) Is an owner of record of a homestead or has a
14 legal or equitable interest in such property as evidenced by
15 a written instrument; and

16 (b) Is liable for the payment of real property taxes
17 on such homestead;

18 (3) "Homestead", real property actually occupied by an
19 eligible taxpayer as the primary residence. An eligible
20 taxpayer shall not claim more than one primary residence;

21 (4) "Initial credit year":
22 (a) In the case of a taxpayer that meets all
23 requirements of subdivision (2) of this subsection prior to
24 the year in which a credit is authorized pursuant to
25 subsection 2 of this section, the year in which such credit
26 is authorized;

27 (b) For all other taxpayers, the year in which the
28 taxpayer meets all requirements of subdivision (2) of this
29 subsection.

30 If in any tax year subsequent to the eligible taxpayer's
31 initial credit year the eligible taxpayer's real property
32 tax liability is lower than such liability in the initial
33 credit year, such tax year shall be considered the eligible
34 taxpayer's initial credit year for all subsequent tax years.

35 2. (1) Any county authorized to impose a property tax
36 may grant a property tax credit to eligible taxpayers
37 residing in such county in an amount equal to the taxpayer's
38 eligible credit amount, provided that:

39 (a) Such county adopts an ordinance authorizing such
40 credit; or

41 (b) a. A petition in support of a referendum on such
42 a credit is signed by at least five percent of the
43 registered voters of such county voting in the last
44 gubernatorial election and the petition is delivered to the
45 governing body of the county, which shall subsequently hold
46 a referendum on such credit.

47 b. The ballot of submission for the question submitted
48 to the voters pursuant to this paragraph shall be in
49 substantially the following form:

50 Shall the County of exempt taxpayers from
51 increases in the property tax liability due on
52 such taxpayers' primary residence?

53

☐ YES

☐ NO

54 If a majority of the votes cast on the proposal by the
55 qualified voters voting thereon are in favor of the
56 proposal, then the credit shall be in effect.

57 (2) An ordinance adopted pursuant to paragraph (a) of
58 subdivision (1) of this subsection shall not preclude such
59 ordinance from being amended or superseded by a petition
60 subsequently adopted pursuant to paragraph (b) of
61 subdivision (1) of this subsection.

62 3. (1) A county granting credit pursuant to this
63 section shall apply such credit when calculating the
64 eligible taxpayer's property tax liability for the tax
65 year. The amount of the credit shall be noted on the
66 statement of tax due sent to the eligible taxpayer by the
67 county collector. The county governing body may adopt
68 reasonable procedures in order to carry out the purposes and
69 intent of this section, provided that the county shall not
70 adopt any procedure that limits the definition or scope of
71 eligible credit amount or eligible taxpayer as defined in
72 this section.

73 (2) If an eligible taxpayer makes new construction and
74 improvements to such eligible taxpayer's homestead, the real
75 property tax liability for the taxpayer's initial credit
76 year shall be increased to reflect the real property tax
77 liability attributable to such new construction and
78 improvements.

79 (3) If an eligible taxpayer's homestead is annexed
80 into a taxing jurisdiction to which such eligible taxpayer
81 did not owe real property tax in the eligible taxpayer's
82 initial credit year, then the real property tax liability
83 for the taxpayer's initial credit year shall be increased to

84 reflect the real property tax liability owed to the annexing
85 taxing jurisdiction.

86 4. For the purposes of calculating property tax levies
87 pursuant to section 137.073, the total amount of credits
88 authorized by a county pursuant to this section shall be
89 considered tax revenue, as such term is defined in section
90 137.073, actually received.

91 5. A county granting a tax credit pursuant to this
92 section shall notify each political subdivision within such
93 county of the total credit amount applicable to such
94 political subdivision by no later than November thirtieth of
95 each year.

138.425. 1. As used in this section, "county" shall
2 mean any county with a charter form of government.

3 2. Any order issued by the commission requiring a
4 county to modify or equalize assessed valuations that would
5 result in a reduction of the county's final valuations to
6 comply with state law shall allow a county a maximum of
7 sixty days for compliance with such order. The order shall
8 state the deadline for compliance in the order, but the
9 commission may extend the deadline one time for an
10 additional period of thirty days in a separate order upon
11 its approval of a county's request for an extension. The
12 total time allowed for compliance with such order shall not
13 exceed ninety days.

14 3. If the county fails to comply after the lapse of
15 the time period allotted under subsection 2 of this section,
16 the commission may direct the director of the department of
17 revenue to withhold up to one hundred percent of the moneys
18 the county would otherwise be entitled to from local sales
19 tax as defined under section 32.085 and local use tax until
20 a determination is made by the commission that the

21 noncompliant county has come into compliance with the
22 commission's order.

23 4. The commission shall issue a notice to the county
24 of the withholding due to failure to comply with the order
25 within the prescribed time period and shall include
26 information for the county to cure the noncompliance in
27 order to release the withheld moneys.

28 5. If the noncompliant county thereafter becomes
29 compliant in accordance with the original order issued, as
30 determined by the commission after the county remits notice
31 of its compliance and any additional documentation or
32 information required for review and verification by the
33 commission, the commission shall notify the department of
34 revenue to release and remit the previously withheld local
35 sales and use tax proceeds to the county. A county is not
36 entitled to interest on the withheld funds released under
37 the provisions of this subsection.

38 6. A county failing to comply within the prescribed
39 time period resulting in the withholding of local sales and
40 use tax proceeds under this section may seek judicial review
41 of the determination of failure to comply made by the
42 commission under Article V, Section 18 of the Constitution
43 of Missouri within thirty days of receipt of the notice.

44 7. In addition to other available remedies, if the
45 court determines that the commission's determination as to
46 the amount of local sales and use tax proceeds withheld or
47 failure to comply is in error, the court shall return the
48 amount in error to the county and the judgment, when
49 entered, shall include interest on the amounts wrongfully
50 withheld. A county is not entitled to interest on the
51 amounts withheld if a court upholds the commission's
52 determination. Any such interest awarded shall be paid from

53 the state legal expense fund as provided under section
54 105.711.

55 8. Local sales and use taxes withheld by the director
56 of the department of revenue as provided under this section
57 shall be deposited in a special trust fund, which is hereby
58 created, to be known as the "County Assessment Noncompliance
59 Trust Fund". The moneys in the county assessment
60 noncompliance trust fund shall not be deemed to be state
61 funds and shall not be commingled with any funds of the
62 state. The director of revenue shall keep accurate records
63 of the amount of money in the trust fund withheld from any
64 county under this section, and the records shall be open to
65 the inspection of officers of the county and the public.

66 9. The commission may promulgate all necessary rules
67 and regulations for the administration of this section. Any
68 rule or portion of a rule, as that term is defined in
69 section 536.010, that is created under the authority
70 delegated in this section shall become effective only if it
71 complies with and is subject to all of the provisions of
72 chapter 536 and, if applicable, section 536.028. This
73 section and chapter 536 are nonseverable and if any of the
74 powers vested with the general assembly pursuant to chapter
75 536 to review, to delay the effective date, or to disapprove
76 and annul a rule are subsequently held unconstitutional,
77 then the grant of rulemaking authority and any rule proposed
78 or adopted after August 28, 2025, shall be invalid and void.

79 10. This section shall expire on December 31, 2029.