

FIRST REGULAR SESSION

SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILLS NOS. 101 & 64

103RD GENERAL ASSEMBLY

0109S.02C

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 135.010, 135.025, and 135.030, RSMo, and to enact in lieu thereof three new sections relating to a tax credit for the property tax liabilities of certain vulnerable persons.

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

Section A. Sections 135.010, 135.025, and 135.030, RSMo,
2 are repealed and three new sections enacted in lieu thereof, to
3 be known as sections 135.010, 135.025, and 135.030, to read as
4 follows:

135.010. As used in sections 135.010 to 135.030 the
2 following words and terms mean:

3 (1) "Claimant", a person or persons claiming a credit
4 under sections 135.010 to 135.030. If the persons are
5 eligible to file a joint federal income tax return and
6 reside at the same address at any time during the taxable
7 year, then the credit may only be allowed if claimed on a
8 combined Missouri income tax return or a combined claim
9 return reporting their combined incomes and property taxes.
10 A claimant shall not be allowed a property tax credit unless
11 the claimant or spouse has attained the age of sixty-five on
12 or before the last day of the calendar year and the claimant
13 or spouse was a resident of Missouri for the entire year, or
14 the claimant or spouse is a veteran of any branch of the
15 Armed Forces of the United States or this state who became

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

16 one hundred percent disabled as a result of such service, or
17 the claimant or spouse is disabled as defined in subdivision
18 (2) of this section, and such claimant or spouse provides
19 proof of such disability in such form and manner, and at
20 such times, as the director of revenue may require, or if
21 the claimant has reached the age of sixty on or before the
22 last day of the calendar year and such claimant received
23 surviving spouse Social Security benefits during the
24 calendar year and the claimant provides proof, as required
25 by the director of revenue, that the claimant received
26 surviving spouse Social Security benefits during the
27 calendar year for which the credit will be claimed. A
28 claimant shall not be allowed a property tax credit if the
29 claimant filed a valid claim for a credit under section
30 137.106 in the year following the year for which the
31 property tax credit is claimed. The residency requirement
32 shall be deemed to have been fulfilled for the purpose of
33 determining the eligibility of a surviving spouse for a
34 property tax credit if a person of the age of sixty-five
35 years or older who would have otherwise met the requirements
36 for a property tax credit dies before the last day of the
37 calendar year. The residency requirement shall also be
38 deemed to have been fulfilled for the purpose of determining
39 the eligibility of a claimant who would have otherwise met
40 the requirements for a property tax credit but who dies
41 before the last day of the calendar year;

42 (2) "Disabled", the inability to engage in any
43 substantial gainful activity by reason of any medically
44 determinable physical or mental impairment which can be
45 expected to result in death or which has lasted or can be
46 expected to last for a continuous period of not less than
47 twelve months. A claimant shall not be required to be

48 gainfully employed prior to such disability to qualify for a
49 property tax credit;

50 (3) "Gross rent", amount paid by a claimant to a
51 landlord for the rental, at arm's length, of a homestead
52 during the calendar year, exclusive of charges for health
53 and personal care services and food furnished as part of the
54 rental agreement, whether or not expressly set out in the
55 rental agreement. If the director of revenue determines
56 that the landlord and tenant have not dealt at arm's length,
57 and that the gross rent is excessive, then he shall
58 determine the gross rent based upon a reasonable amount of
59 rent. Gross rent shall be deemed to be paid only if
60 actually paid prior to the date a return is filed. The
61 director of revenue may prescribe regulations requiring a
62 return of information by a landlord receiving rent,
63 certifying for a calendar year the amount of gross rent
64 received from a tenant claiming a property tax credit and
65 shall, by regulation, provide a method for certification by
66 the claimant of the amount of gross rent paid for any
67 calendar year for which a claim is made. The regulations
68 authorized by this subdivision may require a landlord or a
69 tenant or both to provide data relating to health and
70 personal care services and to food. Neither a landlord nor
71 a tenant may be required to provide data relating to
72 utilities, furniture, home furnishings or appliances;

73 (4) "Homestead", the dwelling in Missouri owned or
74 rented by the claimant and not to exceed five acres of land
75 surrounding it as is reasonably necessary for use of the
76 dwelling as a home. It may consist of part of a
77 multidwelling or multipurpose building and part of the land
78 upon which it is built. "Owned" includes a vendee in
79 possession under a land contract and one or more tenants by

80 the entireties, joint tenants, or tenants in common and
81 includes a claimant actually in possession if he was the
82 immediate former owner of record, if a lineal descendant is
83 presently the owner of record, and if the claimant actually
84 pays all taxes upon the property. It may include a mobile
85 home;

86 (5) "Income", Missouri adjusted gross income as
87 defined in section 143.121 less two thousand dollars **for all**
88 **calendar years ending on or before December 31, 2025**, or in
89 the case of a homestead owned and occupied, for the entire
90 year, by the claimant, less four thousand dollars as an
91 exemption for the claimant's spouse residing at the same
92 address[,] **for all calendar years ending on or before**
93 **December 31, 2025, or for all calendar years beginning on or**
94 **after January 1, 2026, less two thousand eight hundred**
95 **dollars, or in the case of a homestead owned and occupied,**
96 **for the entire year, by the claimant, less five thousand**
97 **eight hundred dollars, as an exemption for the claimant's**
98 **spouse residing at the same address;** and increased, where
99 necessary, to reflect the following:

100 (a) Social Security, railroad retirement, and veterans
101 payments and benefits unless the claimant is a one hundred
102 percent service-connected, disabled veteran or a spouse of a
103 one hundred percent service-connected, disabled veteran.
104 The one hundred percent service-connected disabled veteran
105 shall not be required to list veterans payments and benefits;

106 (b) The total amount of all other public and private
107 pensions and annuities;

108 (c) Public relief, public assistance, and unemployment
109 benefits received in cash, other than benefits received
110 under this chapter;

111 (d) No deduction being allowed for losses not incurred
112 in a trade or business;

113 (e) Interest on the obligations of the United States,
114 any state, or any of their subdivisions and
115 instrumentalities;

116 (6) "Property taxes accrued", property taxes paid,
117 exclusive of special assessments, penalties, interest, and
118 charges for service levied on a claimant's homestead in any
119 calendar year. Property taxes shall qualify for the credit
120 only if actually paid prior to the date a return is filed.
121 The director of revenue shall require a tax receipt or other
122 proof of property tax payment. If a homestead is owned only
123 partially by claimant, then "property taxes accrued" is that
124 part of property taxes levied on the homestead which was
125 actually paid by the claimant. For purposes of this
126 subdivision, property taxes are "levied" when the tax roll
127 is delivered to the director of revenue for collection. If
128 a claimant owns a homestead part of the preceding calendar
129 year and rents it or a different homestead for part of the
130 same year, "property taxes accrued" means only taxes levied
131 on the homestead both owned and occupied by the claimant,
132 multiplied by the percentage of twelve months that such
133 property was owned and occupied as the homestead of the
134 claimant during the year. When a claimant owns and occupies
135 two or more different homesteads in the same calendar year,
136 property taxes accrued shall be the sum of taxes allocable
137 to those several properties occupied by the claimant as a
138 homestead for the year. If a homestead is an integral part
139 of a larger unit such as a farm, or multipurpose or
140 multidwelling building, property taxes accrued shall be that
141 percentage of the total property taxes accrued as the value
142 of the homestead is of the total value. For purposes of

143 this subdivision "unit" refers to the parcel of property
144 covered by a single tax statement of which the homestead is
145 a part;

146 (7) "Rent constituting property taxes accrued", twenty
147 percent of the gross rent paid by a claimant and spouse in
148 the calendar year.

135.025. The property taxes accrued and rent
2 constituting property taxes accrued on each return shall be
3 totaled. This total, up to seven hundred fifty dollars in
4 rent constituting property taxes actually paid or eleven
5 hundred dollars in actual property tax paid, shall be used
6 in determining the property tax credit **for all calendar**
7 **years ending on or before December 31, 2025. For all**
8 **calendar years beginning on or after January 1, 2026, this**
9 **total, up to one thousand fifty-five dollars in rent**
10 **constituting property taxes actually paid or one thousand**
11 **five hundred fifty dollars in actual property tax paid,**
12 **shall be used in determining the property tax credit.**
13 **Beginning January 1, 2027, the property tax credit totals**
14 **under this section shall be adjusted annually for inflation**
15 **based on the Consumer Price Index for All Urban Consumers**
16 **for the Midwest Region, as defined and officially recorded**
17 **by the United States Department of Labor or its successor.**
18 The director of revenue shall prescribe regulations
19 providing for allocations where part of a claimant's
20 homestead is rented to another or used for nondwelling
21 purposes or where a homestead is owned or rented or used as
22 a dwelling for part of a year.

135.030. 1. As used in this section:

2 (1) The term "maximum upper limit" shall, for each
3 calendar year after December 31, 1997, but before calendar
4 year 2008, be the sum of twenty-five thousand dollars. For

5 all calendar years beginning on or after January 1, 2008,
6 **but ending on or before December 31, 2025**, the maximum upper
7 limit shall be the sum of twenty-seven thousand five hundred
8 dollars. In the case of a homestead owned and occupied for
9 the entire year by the claimant, **for all calendar years**
10 **ending on or before December 31, 2025**, the maximum upper
11 limit shall be the sum of thirty thousand dollars. **For all**
12 **calendar years beginning on or after January 1, 2026**, the
13 **maximum upper limit shall be the sum of:**

14 (a) **Thirty-eight thousand two hundred dollars for**
15 **claimants with a filing status of single;**

16 (b) **Forty-two thousand two hundred dollars for**
17 **claimants with a filing status of single and who owned and**
18 **occupied a homestead for the entire year;**

19 (c) **Forty-one thousand dollars for claimants with a**
20 **filing status of married filing combined; and**

21 (d) **Forty-eight thousand dollars for claimants with a**
22 **filing status of married filing combined and who owned and**
23 **occupied a homestead for the entire year.**

24 **Beginning January 1, 2027, such amounts shall be adjusted**
25 **annually for inflation based on the Consumer Price Index for**
26 **All Urban Consumers, as defined and officially recorded by**
27 **the United States Department of Labor or its successor;**

28 (2) The term "minimum base" shall, for each calendar
29 year after December 31, 1997, but before calendar year 2008,
30 be the sum of thirteen thousand dollars. For all calendar
31 years beginning on or after January 1, 2008, the minimum
32 base shall be the sum of fourteen thousand three hundred
33 dollars.

34 2. (1) If the income on a return is equal to or less
35 than the maximum upper limit for the calendar year for which

36 the return is filed, the property tax credit shall be
 37 determined from a table of credits based upon the amount by
 38 which the total property tax described in section 135.025
 39 exceeds the percent of income in the following list:

40	If the income on the	The percent is:
41	return is:	
42	Not over the minimum base	0 percent with credit not
43		to exceed \$1,100 in
44		actual property tax or
45		rent equivalent paid up
46		to \$750
47	Over the minimum base but	1/16 percent accumulative
48	not over the maximum	per \$300 from 0 percent
49	upper limit	to 4 percent.

50 **(2)** The director of revenue shall prescribe a table
 51 based upon [the preceding sentences] **subdivision (1) of this**
 52 **subsection.** The property tax shall be in increments of
 53 twenty-five dollars and the income in increments of three
 54 hundred dollars. The credit shall be the amount rounded to
 55 the nearest whole dollar computed on the basis of the
 56 property tax and income at the midpoints of each increment.
 57 As used in this subsection, the term "accumulative" means an
 58 increase by continuous or repeated application of the
 59 percent to the income increment at each three hundred dollar
 60 level.

61 **3. (1) For all calendar years beginning on or after**
 62 **January 1, 2026, if the income on a return is equal to or**
 63 **less than the maximum upper limit for the calendar year for**
 64 **which the return is filed, the property tax credit shall be**
 65 **determined from a table of credits based upon the amount by**
 66 **which the total property tax described in section 135.025**
 67 **exceeds the percent of income in the following list:**

68	If the income on the	The percent is:
69	return is:	
70	Not over the minimum base	0 percent with credit not
71		to exceed \$1,550 in
72		actual property tax or
73		rent equivalent paid up
74		to \$1,055, as adjusted
75		for inflation.
76	Over the minimum base but	1/16 percent accumulative
77	not over the maximum	per \$495, as adjusted for
78	upper limit	inflation, from 0 percent
79		to 2 percent.

80 (2) The director of revenue shall prescribe a table
81 based upon subdivision (1) of this subsection. The property
82 tax shall be in increments of twenty-five dollars and the
83 income in increments of four hundred ninety-five dollars,
84 with such amount adjusted annually for inflation based on
85 the Consumer Price Index for All Urban Consumers, as defined
86 and officially recorded by the United States Department of
87 Labor or its successor. The credit shall be the amount
88 rounded to the nearest whole dollar computed on the basis of
89 the property tax and income at the midpoints of each
90 increment. As used in this subsection, the term
91 "accumulative" means an increase by continuous or repeated
92 application of the percent to the income increment at each
93 four hundred ninety-five dollar level, as adjusted pursuant
94 to this subdivision.

95 4. Notwithstanding subsection 4 of section 32.057, the
96 department of revenue or any duly authorized employee or
97 agent shall determine whether any taxpayer filing a report
98 or return with the department of revenue who has not applied
99 for the credit allowed pursuant to section 135.020 may
100 qualify for the credit, and shall notify any qualified

101 claimant of the claimant's potential eligibility, where the
102 department determines such potential eligibility exists.

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