

SECOND REGULAR SESSION

SENATE BILL NO. 744

89TH GENERAL ASSEMBLY

INTRODUCED BY SENATORS MAXWELL AND JOHNSON.

Read 1st time January 15, 1998, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

S3260.02I

AN ACT

To repeal section 135.030, RSMo 1994, relating to income tax credits, and to enact in lieu thereof two new sections relating to the same subject.

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

Section A. Section 135.030, RSMo 1994, is repealed and two new sections enacted in lieu thereof, to be known as sections 135.030 and 135.034, to read as follows:

135.030. 1. As used in this section:

(1) The term "maximum upper limit" shall, in the calendar year 1989, be the sum of thirteen thousand five hundred dollars. For each calendar year through December 31, 1992, the maximum upper limit shall be increased by five hundred dollars per year. For [each] calendar [year] **years** after December 31, 1992, **and prior to calendar year 1998**, the maximum upper limit shall be the sum used on December 31, 1992. **For each calendar year after December 31, 1997, the maximum upper limit shall be the sum of twenty-five thousand dollars;**

(2) The term "minimum base" shall, in the calendar year 1989, be the sum of five thousand dollars. For each succeeding calendar year through December 31, 1992, the minimum base shall be increased, in one-hundred-dollar increments, by the same percentage as the increase in the general price level as measured by the Consumer Price Index for all urban consumers for the United States, or its successor index, as defined and officially recorded by the United States Department of Labor, or its successor agency, or five percent, whichever is greater. The increase in the index shall be that as first published by the Department of Labor for the calendar year immediately preceding the year in which the minimum base is calculated. For [each] calendar [year] **years** after December 31, 1992, **and prior to calendar year 1998**, the minimum base

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

shall be the sum used on December 31, 1992. **For each calendar year after December 31, 1997, the minimum base shall be the sum of thirteen thousand dollars.**

2. When calculating the minimum base for purposes of this section, whenever the increase in the Consumer Price Index used in the calculation would result in a figure which is greater than one one-hundred-dollar increment but less than another one-hundred-dollar increment, the director of revenue shall always round that figure off to the next higher one-hundred-dollar increment when determining the table of credits under this section.

3. If the income on a return is equal to or less than the maximum upper limit for the calendar year for which the return is filed, the property tax credit shall be determined from a table of credits based upon the amount by which the total property tax described in section 135.025 exceeds the percent of income in the following list:

If the income on the return is:

The percent is:

Not over the minimum base

0 percent with credit not to exceed actual property tax or rent equivalent paid up to \$750

Over the minimum base but not over the maximum upper limit

[1/8] **1/16** percent

accumulative per [\$200]

\$300 from 0 percent

to [2 percent; 1/4 percent accumulative per \$200 from 2 percent to] 4 percent.

The director of revenue shall prescribe a table based upon the preceding sentences. The property tax shall be in increments of twenty-five dollars and the income in increments of [two] **three** hundred dollars. The credit shall be the amount rounded to the nearest whole dollar computed on the basis of the property tax and income at the midpoints of each increment. As used in this subsection, the term "accumulative" means an increase by continuous or repeated application of the percent to the income increment at each [two-hundred-dollar] **three-hundred-dollar** level.

135.034. 1. For tax years beginning on or after January 1, 1998, in addition to the credit allowed by sections 135.010 to 135.030, there shall be allowed a homestead property tax credit against the Missouri individual income tax due pursuant to section 143.011, RSMo, for real property taxes paid pursuant to chapter 137, RSMo.

2. The amount of the credit authorized in this section shall be the amount of real property taxes paid or rent constituting property taxes paid by Missouri residents; however, in no event shall the amount of credit authorized in this section exceed seventy dollars for all claimants filing a combined individual income tax return or thirty-five dollars for claimants filing an individual income tax return with the filing status of single, married filing separate, head of household or qualifying widow(er). No

credit shall be allowed for any person that is claimed as a dependent on any other taxpayer's return for that calendar year. No credit shall be allowed on any return, individual or combined, reporting income in excess of one hundred thousand dollars.

3. As used in this section, the following words and terms mean:

(1) "Claimant", a resident taxpayer claiming credit under this section. If the individuals filed a joint federal income tax return, then the credit shall only be allowed if claimed on a combined Missouri income tax return reporting their combined incomes. The residency requirement shall also be deemed to have been fulfilled for the purpose of determining the eligibility of a claimant who would have otherwise met the requirements for a property tax credit under this section but who dies before the last day of the calendar year;

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

(3) "Homestead", the dwelling in Missouri owned or rented by the claimant. It may consist of part of a multidwelling or multipurpose building and part of the land upon which it is built. "Owned" includes a vendee in possession under a land contract and one or more tenants by the entireties, joint tenants, or tenants in common and includes a claimant actually in possession if he was the immediate former owner of record, if a lineal descendant is presently the owner of record, and if the claimant actually pays all taxes upon the property. It may include a mobile home;

(4) "Income", Missouri adjusted gross income as defined in section 143.121, RSMo;

(5) "Property taxes paid", property taxes paid, exclusive of special assessments, penalties, interest, and charges for service levied on a claimant's homestead in any calendar year. Property taxes shall qualify for the credit only if actually paid on or

before December thirty-first of the calendar year. The director of revenue shall require a tax receipt or other proof of property tax payment. If a homestead is owned only partially by claimant, then "property taxes paid" is that part of property taxes levied on the homestead which was actually paid by the claimant. If a claimant owns a homestead part of the preceding calendar year and rents it or a different homestead for part of the same year, "property taxes paid" means only taxes levied on the homestead both owned and occupied by the claimant, multiplied by the percentage of twelve months that such property was owned and occupied as the homestead of the claimant during the year. When a claimant owns and occupies two or more different homesteads in the same calendar year, property taxes accrued shall be the sum of taxes allocable to those several properties occupied by the claimant as a homestead for the year. If a homestead is an integral part of a larger unit such as a farm, or multipurpose or multidwelling building, property taxes accrued shall be that percentage of the total property taxes accrued as the value of the homestead is of the total value. For purposes of this subdivision, "unit" refers to the parcel of property covered by a single tax statement of which the homestead is a part;

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

Bill ✓

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