

SECOND REGULAR SESSION

HOUSE BILL NO. 1434

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES ZWEIFEL (Sponsor) AND DARROUGH (Co-sponsor).

Read 1st time February 9, 2004, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

4521L.01

AN ACT

To repeal sections 135.010 and 135.030, RSMo, and to enact in lieu thereof two new sections relating to senior citizens property tax relief.

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

Section A. Sections 135.010 and 135.030, RSMo, are repealed and two new sections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

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

2 (1) "Claimant", a person or persons claiming a credit under sections 135.010 to 135.030.
3 If the persons are eligible to file a joint federal income tax return and reside at the same address
4 at any time during the taxable year, then the credit may only be allowed if claimed on a combined
5 Missouri income tax return or a combined claim return reporting their combined incomes and
6 property taxes. A claimant shall not be allowed a property tax credit unless the claimant or
7 spouse has attained the age of sixty-five on or before the last day of the calendar year and the
8 claimant or spouse was a resident of Missouri for the entire year, or the claimant or spouse is a
9 veteran of any branch of the armed forces of the United States or this state who became one
10 hundred percent disabled as a result of such service, or the claimant or spouse is disabled as
11 defined in subdivision (2) of this section, and such claimant or spouse provides proof of such
12 disability in such form and manner, and at such times, as the director of revenue may require, or
13 if the claimant has reached the age of sixty on or before the last day of the calendar year and such
14 claimant received surviving spouse Social Security benefits during the calendar year and the
15 claimant provides proof, as required by the director of revenue, that the claimant received
16 surviving spouse Social Security benefits during the calendar year for which the credit will be

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law. Matter in boldface type in the above law is proposed language.

17 claimed. The residency requirement shall be deemed to have been fulfilled for the purpose of
18 determining the eligibility of a surviving spouse for a property tax credit if a person of the age
19 of sixty-five years or older who would have otherwise met the requirements for a property tax
20 credit dies before the last day of the calendar year. The residency requirement shall also be
21 deemed to have been fulfilled for the purpose of determining the eligibility of a claimant who
22 would have otherwise met the requirements for a property tax credit but who dies before the last
23 day of the calendar year;

24 (2) "Disabled", the inability to engage in any substantial gainful activity by reason of any
25 medically determinable physical or mental impairment which can be expected to result in death
26 or which has lasted or can be expected to last for a continuous period of not less than twelve
27 months. A claimant shall not be required to be gainfully employed prior to such disability to
28 qualify for a property tax credit;

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

43 (4) "Homestead", the dwelling in Missouri owned or rented by the claimant and not to
44 exceed five acres of land surrounding it as is reasonably necessary for use of the dwelling as a
45 home. It may consist of part of a multidwelling or multipurpose building and part of the land
46 upon which it is built. "Owned" includes a vendee in possession under a land contract and one
47 or more tenants by the entireties, joint tenants, or tenants in common and includes a claimant
48 actually in possession if he was the immediate former owner of record, if a lineal descendant is
49 presently the owner of record, and if the claimant actually pays all taxes upon the property. It
50 may include a mobile home;

51 (5) "Income", Missouri adjusted gross income as defined in section 143.121, RSMo, less
52 [two] **four** thousand dollars as an exemption for the claimant's spouse residing at the same
53 address, and increased, where necessary, to reflect the following:

54 (a) Social Security, railroad retirement, and veterans payments and benefits unless the
55 claimant is a one hundred percent service-connected, disabled veteran or a spouse of a one
56 hundred percent service-connected, disabled veteran. The one hundred percent
57 service-connected disabled veteran shall not be required to list veterans payments and benefits;

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

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

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

62 (e) Interest on the obligations of the United States, any state, or any of their subdivisions
63 and instrumentalities;

64 (6) "Property taxes accrued", property taxes paid, exclusive of special assessments,
65 penalties, interest, and charges for service levied on a claimant's homestead in any calendar year.
66 Property taxes shall qualify for the credit only if actually paid prior to the date a return is filed.
67 The director of revenue shall require a tax receipt or other proof of property tax payment. If a
68 homestead is owned only partially by claimant, then "property taxes accrued" is that part of
69 property taxes levied on the homestead which was actually paid by the claimant. For purposes
70 of this subdivision, property taxes are "levied" when the tax roll is delivered to the director of
71 revenue for collection. If a claimant owns a homestead part of the preceding calendar year and
72 rents it or a different homestead for part of the same year, "property taxes accrued" means only
73 taxes levied on the homestead both owned and occupied by the claimant, multiplied by the
74 percentage of twelve months that such property was owned and occupied as the homestead of
75 the claimant during the year. When a claimant owns and occupies two or more different
76 homesteads in the same calendar year, property taxes accrued shall be the sum of taxes allocable
77 to those several properties occupied by the claimant as a homestead for the year. If a homestead
78 is an integral part of a larger unit such as a farm, or multipurpose or multidwelling building,
79 property taxes accrued shall be that percentage of the total property taxes accrued as the value
80 of the homestead is of the total value. For purposes of this subdivision "unit" refers to the parcel
81 of property covered by a single tax statement of which the homestead is a part;

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

135.030. 1. As used in this section:

2 (1) The term "maximum upper limit" shall, in the calendar year 1989, be the sum of
3 thirteen thousand five hundred dollars. For each calendar year through December 31, 1992, the

4 maximum upper limit shall be increased by five hundred dollars per year. For calendar years
5 after December 31, 1992, and prior to calendar year 1998, the maximum upper limit shall be the
6 sum used on December 31, 1992. For each calendar year after December 31, 1997, **and before**
7 **calendar year 2005**, the maximum upper limit shall be the sum of twenty-five thousand dollars.
8 **For each calendar year beginning January 1, 2005, the maximum upper limit shall be**
9 **increased, rounded to the nearest fifty dollar increment, by the same percentage as the**
10 **increase in the general price level as measured by the Consumer Price Index for all Urban**
11 **Consumers for the United States, or its successor index, as defined and officially recorded**
12 **by the United States Department of Labor, or its successor agency;**

13 (2) The term "minimum base" shall, in the calendar year 1989, be the sum of five
14 thousand dollars. For each succeeding calendar year through December 31, 1992, the minimum
15 base shall be increased, in one hundred-dollar increments, by the same percentage as the increase
16 in the general price level as measured by the Consumer Price Index for All Urban Consumers
17 for the United States, or its successor index, as defined and officially recorded by the United
18 States Department of Labor, or its successor agency, or five percent, whichever is greater. The
19 increase in the index shall be that as first published by the Department of Labor for the calendar
20 year immediately preceding the year in which the minimum base is calculated. For calendar
21 years after December 31, 1992, and prior to calendar year 1998, the minimum base shall be the
22 sum used on December 31, 1992. For each calendar year after December 31, 1997, **and before**
23 **calendar year 2005**, the minimum base shall be the sum of thirteen thousand dollars. **For each**
24 **calendar year beginning January 1, 2005, the minimum base shall be increased, rounded**
25 **to the nearest fifty dollar increment, by the same percentage as the increase in the general**
26 **price level as measured by the Consumer Price Index for all Urban Consumers for the**
27 **United States, or its successor index, as defined and officially recorded by the United States**
28 **Department of Labor, or its successor agency.**

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

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

38

39 If the income on the return is:

The percent is:

40

41 Not over the minimum base

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

42

43

44

45

46 Over the minimum base but
47 not over the maximum upper
48 limit

[1/16] **1/32** percent
accumulative per \$300
from 0 percent to 4 percent.

49

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

56 [4.] **3.** Notwithstanding [the provision of] subsection 4 of section 32.057, RSMo, the
57 department of revenue or any duly authorized employee or agent shall determine whether any
58 taxpayer filing a report or return with the department of revenue who has not applied for the
59 credit allowed pursuant to section 135.020 may qualify for the credit, and shall notify any
60 qualified claimant of [his or her] **the claimant's** potential eligibility, where the department
61 determines such potential eligibility exists.