

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
SENATE SUBSTITUTE FOR  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 730**  
**92ND GENERAL ASSEMBLY**

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Reported from the Committee on Senior Security March 11, 2004, with recommendation that the House Committee Substitute for Senate Substitute for Senate Committee Substitute for Senate Bill No. 730 Do Pass.

STEPHEN S. DAVIS, Chief Clerk

2966L.06C

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**AN ACT**

To amend chapter 137, RSMo, by adding thereto one new section relating to a homestead exemption for the elderly.

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

Section A. Chapter 137, RSMo, is amended by adding thereto one new section, to be known as section 137.106, to read as follows:

**137.106. 1. This section may be known and may be cited as "The Missouri Homestead Preservation Act".**

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

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

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

**(3) "Eligible owner", any individual owner of property who is sixty-five years old or older as of January first of the taxable year in which the individual is claiming the credit, and who had an income of equal to or less than the maximum upper limit in the prior taxable year; in the case of a married couple owning property either jointly or as tenants by the entirety, or where only one spouse owns the property, such couple shall be considered an eligible taxpayer if both spouses have reached the age of sixty-five or if one spouse is disabled, and the combined income of the couple in the prior taxable year did not exceed the maximum upper limit plus four thousand dollars; no individual shall be an eligible owner if the individual has not paid their property tax liability, if any, in full by the payment due date in any of the three prior taxable years, except that a late payment of**

16 a property tax liability in any prior year, not including the immediate prior year, shall not  
17 disqualify a potential eligible owner if such owner paid in full the tax liability and any and  
18 all penalties, additions and interest that arose as a result of such late payment; no  
19 individual shall be an eligible owner if such person qualifies for the senior citizen property  
20 tax relief credit pursuant to sections 135.010 to 135.035, RSMo;

21 (4) "Homestead", as such term is defined pursuant to section 135.010, RSMo,  
22 except as limited by provisions of this section to the contrary. No property shall be  
23 considered a homestead if such property was improved since the most recent annual  
24 assessment by more than five percent of the prior year assessed valuation;

25 (5) "Homestead exemption limit", a percentage increase, rounded to the nearest  
26 hundredth of a percent, which shall be equal to the percentage increase to tax liability, not  
27 including improvements, of a homestead from one taxable year to the next that exceeds a  
28 certain percentage set pursuant to subsection 8 of this section;

29 (6) "Income", as defined in section 135.010, RSMo;

30 (7) "Maximum upper limit", in the calendar year 2005, the income sum of fifty  
31 thousand dollars; in each successive calendar year this amount shall be raised by the  
32 incremental increase in the general price level, as defined pursuant to article X, section 17  
33 of the Missouri Constitution.

34 3. Pursuant to article X, section 6(a) of the Constitution of Missouri, if in the prior  
35 taxable year, the property tax liability on any parcel of subclass (1) real property increased  
36 by more than the homestead exemption limit as a result of an assessment conducted  
37 pursuant to subsection 1 of section 137.115, then any eligible owner of the property shall  
38 receive a homestead exemption credit to be applied in the current taxable year property  
39 tax liability to offset the prior year increase to tax liability that exceeds the homestead  
40 exemption limit, except as eligibility for the credit is limited by the provisions of this  
41 section. The amount of the credit shall be listed separately on each taxpayer's tax bill for  
42 the current taxable year, or on a document enclosed with the taxpayer's bill. The  
43 homestead exemption credit shall not affect the process of setting the tax rate as required  
44 pursuant to article X, section 22 of the Constitution of Missouri and section 137.073 in any  
45 prior, current, or subsequent taxable year.

46 4. Any potential eligible owner may apply for the homestead exemption by  
47 completing an application through their local assessor's office. Applications may be  
48 completed between January first and September thirtieth of any taxable year in order for  
49 the taxpayer to be eligible for the homestead exemption credit in the next taxable year.  
50 The application shall be on forms provided to the assessor's office by the department. The  
51 applicant shall include:

- 52           (1) The applicant's age;
- 53           (2) The applicant's prior year Missouri taxable income;
- 54           (3) The address of the homestead property;
- 55           (4) Copies of receipts indicating payment of property tax by the applicant for the
- 56 homestead property for the two prior taxable years; and
- 57           (5) A disclosure of any improvements made to the homestead that totaled more
- 58 than five percent of the prior year assessed valuation in any taxable year.
- 59 Applicants shall attest that the information provided on the application is complete and
- 60 accurate.
- 61           5. The assessor, upon receiving an application, shall:
- 62           (1) Certify the actual homestead, including verification of the acreage classified as
- 63 residential on the assessor's property record card;
- 64           (2) Obtain appropriate levy codes for each homestead from the county or township
- 65 collector;
- 66           (3) Record on the application the tax liability on the homestead for the prior and
- 67 current taxable years, adjusted to exclude any improvements in the current taxable year;
- 68 and
- 69           (4) Send all applications to the department by October thirty-first of each year.
- 70           6. Upon receipt of the applications, the department shall verify the Missouri taxable
- 71 income and age of the applicants, and make adjustments to these numbers as necessary on
- 72 the applications. Once age and income is verified, the director shall determine eligibility
- 73 for the credit, and provide a list of all verified eligible owners to the county or township
- 74 collectors of this state by December first of each year. By January fifteenth, the county or
- 75 township collectors shall provide a list to the department of any verified eligible owners
- 76 who failed to pay the property tax due for the taxable year that ended immediately prior;
- 77 such eligible owners shall be disqualified from receiving the credit in the current taxable
- 78 year.
- 79           7. The director shall calculate the level of appropriation necessary to set the
- 80 homestead exemption limit at five percent for the homesteads of all verified eligible owners,
- 81 and provide such calculation to the speaker of the house of representatives, the president
- 82 pro tempore of the senate, and the director of the office of budget and planning in the
- 83 office of administration by January thirty-first of each year.
- 84           8. If, in any given year, the general assembly shall make an appropriation for the
- 85 funding of the homestead exemption that is signed by the governor, then the director shall,
- 86 by July thirty-first of such year, set the homestead exemption limit. The limit shall be a
- 87 single, statewide percentage increase to tax liability, rounded to the nearest hundredth of

88 a percent, which, if applied to all homesteads of verified eligible owners who applied for  
89 the homestead exemption in the immediately prior tax year, would cause all but one-  
90 quarter of one percent of the amount of the appropriation actually distributed during that  
91 fiscal year. The remaining one-quarter of one percent shall be distributed to the county  
92 assessment funds of each county of this state on a proportional basis, based on the number  
93 of eligible owners in each county. If no appropriation is made by the general assembly  
94 during any taxable year or no funds are actually distributed pursuant to any appropriation  
95 therefor, then no homestead preservation credit shall apply in such year.

96 9. After setting the homestead exemption limit, the director shall apply the limit to  
97 the homestead of each verified eligible owner and calculate the credit to be associated with  
98 each verified eligible owner's homestead, if any. The director shall send a list of those  
99 eligible owners who are to receive the homestead preservation credit, including the amount  
100 of the credit and the address of the homestead property, to the county or township  
101 collectors of this state by August thirty-first. Pursuant to such calculation, the director  
102 shall instruct the state treasurer as to how to distribute the appropriation to the collection  
103 funds of each county where recipients of the homestead preservation credit are located, so  
104 as to exactly offset each tax credit being issued. Funds deposited in the collection funds of  
105 a county as a result of this section shall be distributed as moneys in such funds are  
106 commonly distributed from other property tax revenues, so as to exactly offset each tax  
107 credit being issued.

108 10. Determination of eligibility for the homestead exemption provided in this  
109 section regarding both the status of the owner and the status of property shall be based on  
110 the status of the owner and the property as of January first of each year; any income limits  
111 shall be based on the tax year prior to the year in which the exemption is applied.

112 11. The department shall promulgate rules for implementation of this section. Any  
113 rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created  
114 under the authority delegated in this section shall become effective only if it complies with  
115 and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section  
116 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the  
117 powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to  
118 delay the effective date, or to disapprove and annul a rule are subsequently held  
119 unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted  
120 after August 28, 2004, shall be invalid and void.