

HOUSE SUBSTITUTE  
FOR  
HOUSE COMMITTEE SUBSTITUTE  
FOR  
SENATE SUBSTITUTE  
FOR  
SENATE COMMITTEE SUBSTITUTE  
FOR  
SENATE BILL NO. 730

1 AN ACT

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

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,  
6 AS FOLLOWS:

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

10 137.106. 1. This section may be known and may be cited as  
11 "The Missouri Homestead Preservation Act".

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

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

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

15 (3) "Disabled", as defined in section 135.010, RSMo;

16 (4) "Eligible owner", any individual owner of property who

1 is sixty-five years old or older as of January first of the  
2 taxable year in which the individual is claiming the credit, and  
3 who had an income of equal to or less than the maximum upper  
4 limit in the prior taxable year; in the case of a married couple  
5 owning property either jointly or as tenants by the entirety, or  
6 where only one spouse owns the property, such couple shall be  
7 considered an eligible taxpayer if one of the spouses has reached  
8 the age of sixty-five or if one spouse is disabled, and the  
9 combined income of the couple in the prior taxable year did not  
10 exceed the maximum upper limit plus four thousand dollars; no  
11 individual shall be an eligible owner if the individual has not  
12 paid their property tax liability, if any, in full by the payment  
13 due date in any of the three prior taxable years, except that a  
14 late payment of a property tax liability in any prior year, not  
15 including the immediate prior year, shall not disqualify a  
16 potential eligible owner if such owner paid in full the tax  
17 liability and any and all penalties, additions and interest that  
18 arose as a result of such late payment; no individual shall be an  
19 eligible owner if such person claims the senior citizen property  
20 tax relief credit pursuant to sections 135.010 to 135.035, RSMo;

21 (5) "Homestead", as such term is defined pursuant to  
22 section 135.010, RSMo, except as limited by provisions of this  
23 section to the contrary. No property shall be considered a  
24 homestead if such property was improved since the most recent

1 annual assessment by more than five percent of the prior year  
2 assessed valuation;

3 (6) "Homestead exemption limit", a percentage increase,  
4 rounded to the nearest hundredth of a percent, which shall be  
5 equal to the percentage increase to tax liability, not including  
6 new construction or improvements, of a homestead from one taxable  
7 year to the next that exceeds a certain percentage set pursuant  
8 to subsection 7 of this section;

9 (7) "Income", federal adjusted gross income;

10 (8) "Maximum upper limit", in the calendar year 2005, the  
11 income sum of one hundred thousand dollars; in each successive  
12 calendar year this amount shall be raised by the incremental  
13 increase in the general price level, as defined pursuant to  
14 article X, section 17 of the Missouri Constitution, rounded to  
15 the nearest fifty dollar increment.

16 (9) "Revenue lost", a decrease in the revenues from taxes  
17 owed on real property subclassified as residential property in  
18 section 4(b), article X, Constitution of Missouri, per political  
19 subdivision, when compared to the revenues from the taxes owed on  
20 such real property in the immediately preceding year, increased  
21 for inflation by two and one-half percent each year.

22 3. Pursuant to article X, section 6(a) of the Constitution  
23 of Missouri, if in the prior taxable year, the property tax  
24 liability on any parcel of subclass (1) real property increased

1 by more than the homestead exemption limit as a result of an  
2 assessment conducted pursuant to subsection 1 of section 137.115,  
3 then any eligible owner of the property shall receive a homestead  
4 exemption credit to be applied in the current taxable year  
5 property tax liability to offset the prior year increase to tax  
6 liability that exceeds the homestead exemption limit, except as  
7 eligibility for the credit is limited by the provisions of this  
8 section. The amount of the homestead exemption credit shall be  
9 listed separately on each taxpayer's tax bill for the current  
10 taxable year, or on a document enclosed with the taxpayer's bill.  
11 The homestead exemption credit shall not affect the process of  
12 setting the tax rate as required pursuant to article X, section  
13 22 of the Constitution of Missouri and section 137.073 in any  
14 prior, current, or subsequent taxable year.

15 4. Any potential eligible owner may apply for the homestead  
16 exemption credit by completing an application through their local  
17 assessor's office. Applications may be completed between January  
18 first and September thirtieth of any taxable year in order for  
19 the taxpayer to be eligible for the homestead exemption credit in  
20 the next taxable year. The application shall be on forms  
21 provided to the assessor's office by the department. The  
22 applicant shall include:

23 (1) The applicant's age;

24 (2) The applicant's prior year federal income tax return;

1           (3) The address of the homestead property;

2           (4) Copies of receipts indicating payment of property tax  
3 by the applicant for the homestead property for the prior taxable  
4 year; and

5           (5) A disclosure of any improvements made to the homestead  
6 that totaled more than five percent of the prior year assessed  
7 valuation in any taxable year.

8 Applicants shall attest that the information provided on the  
9 application is complete and accurate through the signing of a  
10 formal affidavit.

11           5. The assessor, upon receiving an application, shall:

12           (1) Certify the actual homestead, including verification of  
13 the acreage classified as residential on the assessor's property  
14 record card;

15           (2) Obtain appropriate levy codes for each homestead from  
16 the county or township collector;

17           (3) Record on the application the tax liability on the  
18 homestead for the prior and current taxable years, adjusted to  
19 exclude any improvements in the current taxable year; and

20           (4) Send all applications to the department by October  
21 thirty-first of each year.

22           6. Upon receipt of the applications, the department shall  
23 verify the federal adjusted gross income of the applicants, and

1 make adjustments to these numbers as necessary on the  
2 applications. Once income is verified, the director shall  
3 determine eligibility for the homestead exemption credit, and  
4 provide a list of all verified eligible owners to the county or  
5 township collectors of this state by December first of each year.  
6 By January fifteenth, the county or township collectors shall  
7 provide a list to the department of any verified eligible owners  
8 who failed to pay the property tax due for the taxable year that  
9 ended immediately prior; such eligible owners shall be  
10 disqualified from receiving the homestead exemption credit in the  
11 current taxable year.

12 7. The director shall calculate the level of appropriation  
13 necessary to set the homestead exemption limit at two and one-  
14 half of one percent for the homesteads of all verified eligible  
15 owners, and provide such calculation to the speaker of the house  
16 of representatives, the president pro tempore of the senate, and  
17 the director of the office of budget and planning in the office  
18 of administration by January thirty-first of each year.

19 8. The general assembly shall make an appropriation equal  
20 to the revenue lost for the funding of the homestead exemption  
21 credit that is signed by the governor, and the director, in  
22 coordination with the state tax commission, shall, by July  
23 thirty-first of such year, set the homestead exemption limit.  
24 The limit shall be a single, statewide percentage increase to tax

1 liability, rounded to the nearest hundredth of a percent, which,  
2 if applied to all homesteads of verified eligible owners who  
3 applied for the homestead exemption credit in the immediately  
4 prior tax year, would cause all but one-quarter of one percent of  
5 the amount of the appropriation actually distributed during that  
6 fiscal year. The remaining one-quarter of one percent shall be  
7 distributed to the county assessment funds of each county of this  
8 state on a proportional basis, based on the number of eligible  
9 owners in each county.

10 9. After setting the homestead exemption limit, the  
11 director shall apply the limit to the homestead of each verified  
12 eligible owner and calculate the homestead exemption credit to be  
13 associated with each verified eligible owner's homestead, if any.  
14 The director shall send a list of those eligible owners who are  
15 to receive the homestead exemption credit, including the amount  
16 of the credit and the address of the homestead property, to the  
17 county or township collectors of this state by August thirty-  
18 first. Pursuant to such calculation, the director shall instruct  
19 the state treasurer as to how to distribute the appropriation to  
20 the collection funds of each county where recipients of the  
21 homestead exemption credit are located, so as to exactly offset  
22 each tax credit being issued. Funds deposited in the collection  
23 funds of a county as a result of this section shall be  
24 distributed as moneys in such funds are commonly distributed from

1 other property tax revenues, so as to exactly offset each tax  
2 credit being issued.

3 10. Determination of eligibility for the homestead  
4 exemption credit provided in this section regarding both the  
5 status of the owner and the status of property shall be based on  
6 the status of the owner and the property as of January first of  
7 each year; any income limits shall be based on the tax year prior  
8 to the year in which the exemption is applied.

9 11. The department shall promulgate rules for  
10 implementation of this section. Any rule or portion of a rule,  
11 as that term is defined in section 536.010, RSMo, that is created  
12 under the authority delegated in this section shall become  
13 effective only if it complies with and is subject to all of the  
14 provisions of chapter 536, RSMo, and, if applicable, section  
15 536.028, RSMo. This section and chapter 536, RSMo, are  
16 nonseverable and if any of the powers vested with the general  
17 assembly pursuant to chapter 536, RSMo, to review, to delay the  
18 effective date, or to disapprove and annul a rule are  
19 subsequently held unconstitutional, then the grant of rulemaking  
20 authority and any rule proposed or adopted after August 28, 2004,  
21 shall be invalid and void.

22 12. Pursuant to section 23.253, RSMo, of the Missouri  
23 Sunset Act:

24 (1) The provisions of the new program authorized under this

1 section shall automatically sunset six years after the effective  
2 date of this section unless reauthorized by an act of the general  
3 assembly; and

4 (2) If such program is reauthorized, the program authorized  
5 under this section shall automatically sunset twelve years after  
6 the effective date of the reauthorization of this section; and

7 (3) This section shall terminate on September first of the  
8 calendar year immediately following the calendar year in which  
9 the program authorized under this section is sunset.