

HCS HB 1321 & 1695 -- PROPERTY TAX CREDIT

SPONSOR: Sutherland

COMMITTEE ACTION: Voted "do pass" by the Committee on Ways and Means by a vote of 8 to 0.

This substitute changes the qualifications for and the amount of credit allowed under the senior citizen/disabled person property tax credit, commonly known as circuit breaker. The substitute:

- (1) Increases from \$27,500 to \$32,500 the maximum income allowed in order to claim the credit for single, head of household, qualifying widow(er), or married filing separately;
- (2) Increases from \$27,500 to \$43,000 the maximum income allowed in order to claim the credit for married filing combined;
- (3) Increases from \$14,300 to \$17,000 the minimum income allowed in order to claim the full credit;
- (4) Increases from \$2,000 to \$10,500 the amount of the exemption allowed for a married couple; and
- (5) Increases the maximum credit amount from \$750 to \$1,100.

The substitute also extends the requirement for certain political subdivisions to deposit a percentage of property tax collections into county assessment funds to December 31, 2012.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$11,965,819 in FY 2009, \$11,977,759 in FY 2010, and \$11,986,091 in FY 2011. No impact on Other State Funds in FY 2009, FY 2010, and FY 2011.

PROPONENTS: Supporters of House Bill 1321 say that last year the General Assembly passed a bill that increased the qualifications for the circuit breaker tax credit to catch up with inflation. This bill will further help seniors on fixed and limited incomes with the property tax burden they pay. While the property tax system is necessary, seniors shouldn't be forced out of their homes. The bill increases the maximum and minimum income eligibility limits, the married couple exemption, and the maximum tax credit and extends the sunset for three years since more time is needed to automate county assessors' offices. The bill will generate \$3.6 million for more efficient and effective county offices.

Supporters of House Bill 1695 say that the two needed reforms for property tax are a control on increases and relief for the

elderly. The bill increases the property tax credit amount, eligibility, and marriage allowance and indexes the increases to inflation. About 40% of the credit currently goes to renters. The average household income of elderly citizens in this state is \$16,000 for a single taxpayer and \$40,000 for a couple. Changing the amount will add eligibility for about 60,000 taxpayers.

Testifying for HB 1321 were Representative Sutherland; State Tax Commission; Bill Trimm, Silver Haired Legislature; and St. Louis County Municipal League.

Testifying for HB 1695 was Representative Zweifel.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on House Bill 1321 say that school administrators support modification of the circuit breaker laws to increase the number of eligible participants but oppose a property tax freeze and a homestead exemption unless the state guarantees protection of school district revenues.

Testifying on HB 1321 was Penney Rector, School Administrators Coalition.