HB 2276 -- Property Taxation

Sponsor: Bivins

This bill changes the laws regarding the Missouri Homestead Preservation Act and property taxation.

MISSOURI HOMESTEAD PRESERVATION ACT

The bill eliminates the senior citizens property tax credit and the Missouri Homestead Preservation credit as of December 31, 2008. Beginning January 1, 2009, the bill re-establishes the Missouri Homestead Preservation Act for taxpayers who are 65 years of age or older and have a federal adjusted gross income of $50,000 or less, adjusted annually by the increase in the federal Consumer Price Index. The first $50,000 of assessed valuation on a qualifying homestead will be exempt from the payment of property taxes.

Individuals who are 65 years of age or older by October 15 may elect to have the property tax on their homestead deferred if their total federal adjusted gross income is less than $50,000, their equity interest in the homestead is at least 10%, and the homestead is insured for at least the amount of the assessed valuation. The amount of deferred taxes will be reduced by 50 cents for each dollar of household income in excess of the maximum income limit until the household income exceeds the maximum upper limit by a factor of two. A lien for the amount of the deferred taxes, fees, and accrued interest will be placed against the property until the taxes are paid voluntarily or after the death of the taxpayer or the sale or transfer of the homestead. A spouse who does not meet the age requirement, but meets the other requirements, may continue the prior deferral of the property tax after the death of the qualifying taxpayer. Once the surviving spouse is 62 years of age as of October 15, he or she may elect to defer the current assessment year's taxes on the homestead. The heirs to a homestead with property tax deferrals may apply for a five-year extension of time to pay the tax if they occupy the home as their principal residence by February 15 of the year following the death.

The Department of Revenue will review income tax returns to determine who may be eligible for the tax deferral and notify them by mail when their federal adjusted gross income exceeds the maximum upper limit for the tax year and the taxpayer elected a deferral.

The bill creates the Senior Property Tax Deferral Revolving Account to make payments to county tax collectors for property taxes deferred and administrative expenses and to receive repayments of deferred property taxes. If there is insufficient money in the account to make payments to the counties, as determined by the State Auditor, the necessary amount will be transferred from general revenue and repaid as funds become available.

PROPERTY TAXATION

The bill:

(1) Allows any political subdivision to reduce its tax rate ceiling upon the approval of the voters and requires ballot language on property tax issues to clearly indicate whether the proposal will increase or decrease the voter's property taxes;

(2) Requires the state to reimburse each county $7 per parcel of real property for the costs and expenses incurred to assess and maintain equalized assessed valuations of real and personal property and to prepare assessment lists;

(3) Requires the Department of Revenue to appoint a taxpayer advocate to represent and protect the interests of the public in any proceeding before or on appeal from the State Tax Commission. The advocate must be an attorney and will have discretion to represent or refrain from representing the public in any proceeding. The advocate may employ staff or hire on a contract basis as necessary; and

(4) Allows a taxpayer to pay the same amount of property tax that was due on the taxpayer's previous tax bill and only protest the increase in assessed valuation or property tax bill to the commission.

The provisions of the bill regarding the Missouri Homestead Preservation Act will expire six years from the effective date.