

HB 941 -- HOMESTEAD PRESERVATION ACT

SPONSOR: Burton

This bill authorizes a Homestead Preservation Act tax credit program which provides a property tax credit for qualified senior citizens and disabled individuals, as defined in the bill.

Beginning January 1, 2022, if in the most recent prior tax year the property tax liability on any parcel of residential real property increased by more than 5% when based on a year of general reassessment or 2.5% when based on a year without general reassessment, without regard for any prior credit received due to the provisions of this bill, then any eligible owner of the property will receive a credit to be applied toward the current tax year property tax liability to offset the prior year increase in tax liability that exceeds the 5% when based on a year of general reassessment or 2.5% when based on a year without general reassessment limit, except as eligibility for the credit is limited by the provisions of this bill. The amount of the credit will be listed separately on each taxpayer's tax bill for the current tax year, or on a document enclosed with the taxpayer's bill. The credit will not affect the process of setting the tax rate as required under Article X, Section 22 of the Constitution of Missouri and Section 137.073, RSMo, in any prior, current, or subsequent tax year.

Any potential eligible owner may apply for the credit by completing an application. Applications must be completed no earlier than April 1st and no later than October 15th of any tax year in order for the taxpayer to be eligible for the credit in the tax year next following the calendar year in which the credit application is completed. The application will be on forms provided by the Department of Revenue. Forms will be made available on the department's website and at all permanent branch offices and all full-time, temporary, and fee offices maintained by the department. On the applications, the applicant must attest under penalty of perjury:

- (1) To the applicant's age;
- (2) That the applicant's prior year income was less than the maximum upper limit, as defined in the bill;
- (3) To the address of the homestead property; and
- (4) That any improvements made to the homestead, not made to accommodate a disabled person, did not total more than 5% of the assessed value of the homestead for the most recent prior tax year.

The applicant must also include with the application copies of receipts indicating payment of property tax by the applicant for the homestead property for the three most recent prior tax years.

Each applicant will submit the application to the Department of Revenue (DOR) no later than October 15th of each year for the taxpayer to be eligible for the credit in the tax year next following the calendar year in which the application was submitted.

Upon receipt of the applications, the DOR will calculate the tax liability, verify compliance with the maximum income limit, as defined in the bill, verify the ages of the applicants, and make adjustments to these numbers as necessary on the applications. The department will disallow any application if the applicant also has filed a valid application for the "circuit breaker" property tax credit. Once adjusted tax liability, age, and income are verified, the Director of the Department of Revenue will determine eligibility for the credit and provide a list of all verified eligible owners to the county assessors, or county clerks in counties with a township form of government, no later than December 15th of each year. No later than the following January 15th, the county assessors will provide a list to the department of any verified eligible owners who made improvements not for accommodation of a disability to the homestead and the dollar amount of the assessed value of such improvements. If the dollar amount of the assessed value of such improvements totals more than 2.5% of the assessed value from the most recent prior tax year, such eligible owners will be disqualified from receiving the credit in the current tax year.

The Director of the Department of Revenue will calculate the level of appropriation necessary to set the homestead exemption limit at 5% when based on a year of general reassessment or 2.5% when based on a year without general reassessment for the homesteads of all verified eligible owners, and provide such calculation to the Speaker of the House of Representatives, the President Pro Temp of the Senate, and the Director of the Office of Budget and Planning no later than January 31st of each year.

If, in any given year, an appropriation for the funding of the credit that is approved, then the Director of the Department of Revenue will determine the apportionment percentage by equally apportioning the appropriation among all eligible applicants on a percentage basis. If no appropriation is made during any tax year or no funds are actually distributed pursuant to any appropriation, then no credit will apply in such year.

After determining the apportionment percentage, the Director of the

Department of Revenue will calculate the credit to be associated with each verified eligible owner's homestead, if any. The Director will send a list of those eligible owners who are to receive the credit, including the amount of each credit, the certified parcel number of the homestead, and the address of the homestead property, to the county collectors, or county clerks in counties with a township form of government, no later than August 31st. Pursuant to such calculation, the director will instruct the State Treasurer to distribute the appropriation to the county collector's fund of each county where recipients of the credit are located, in such amounts as would exactly offset each credit being issued. In no case will a political subdivision receive more moneys than it would have received absent the provisions of this bill. At the direction of the county collector, or treasurer ex officio collector in counties with a township form of government, funds may be deposited in the county collector's fund or may be sent by mail to the collector of a county, or treasurer ex officio collector in counties with a township form of government, no later than October 1st in any year a credit is appropriated as a result of this bill, and will be distributed as moneys in such funds are commonly distributed from other property tax revenues by the county collector, or treasurer ex officio collector of the county in counties with a township form of government, in such amounts as would exactly offset each credit being issued.

In the event that an eligible owner dies or transfers ownership of the property after the homestead exemption limit, as defined in the bill, has been set in any given year, but prior to January 1st of the year in which the credit would otherwise be applied, the credit shall be void and any corresponding moneys will be credited to the state's General Revenue Fund. In the event that the county collector, or the treasurer ex officio collector of the county in counties with a township form of government, determines prior to issuing the credit that the individual is not an eligible owner because the individual did not pay his or her property tax liability in full for the most recent prior three years, the credit will be void and any corresponding moneys shall will be credited to the state's General Revenue Fund.

The department may establish rules for implementation and administration of this bill. This program is authorized beginning on January 1, 2022 and will automatically sunset six years after the effective date unless reauthorized by the General Assembly.

A similar provision of law expired on August 28, 2010.

This bill is similar to HB 2474 (2020).