

FIRST REGULAR SESSION

HOUSE BILL NO. 842

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BURTON.

0669H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 137, RSMo, by adding thereto one new section relating to the Missouri homestead preservation act, with a delayed effective date.

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 137.107, to read as follows:

137.107. 1. This section shall be known and may be cited as the "Missouri Homestead Preservation Act".

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

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

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

(3) "Disabled", the same meaning given to such term under section 135.010;

(4) "Eligible owner":

(a) Any individual owner of property who is sixty-five years of age or older as of January first of the tax year in which the individual is claiming the credit authorized under this section or who is disabled and who had an income of less than or equal to the maximum upper limit in the year prior to completing an application under this section;

(b) In the case of a married couple owning property either jointly or as tenants by the entirety, or in the case of a married couple where only one spouse owns the property, such couple shall be considered an "eligible owner" if both spouses have reached sixty-five years of age, if one spouse is disabled, or if one spouse is sixty-five years of age or older and the other spouse is sixty years of age or older, and the

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 combined income of the couple in the year prior to completing an application under this
18 section did not exceed the maximum upper limit;

19 (c) In the case of joint ownership by unmarried persons or ownership by tenancy
20 in common by two or more unmarried persons, such owners shall be considered an
21 "eligible owner" if each person with an ownership interest individually satisfies the
22 eligibility requirements for an individual eligible owner under this subdivision and the
23 combined income of all individuals with an interest in the property is less than or equal
24 to the maximum upper limit in the year immediately prior to completing an application
25 under this section. If any individual with an ownership interest in the property fails to
26 satisfy the eligibility requirements of an individual eligible owner or if the combined
27 income of all individuals with interest in the property exceeds the maximum upper limit,
28 no individuals with an ownership interest in such property shall be deemed an "eligible
29 owner", regardless of whether any such individuals could otherwise meet the eligibility
30 requirements; or

31 (d) In the case of property held in trust, the "eligible owner" and recipient of the
32 tax credit shall be the trust itself, provided that the previous owner of the homestead or
33 the previous owner's spouse:

34 a. Is the settlor of the trust with respect to the homestead;

35 b. Currently resides in such homestead; and

36 c. Would have satisfied the age, ownership, and maximum upper limit
37 requirements for income as defined in this subdivision, but for the transfer of such
38 property;

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40 No individual shall be an "eligible owner" if the individual has not paid the individual's
41 property tax liability, if any, in full by the payment due date in any of the three most
42 recent prior tax years, except that a late payment of a property tax liability in any prior
43 tax year shall not disqualify a potential eligible owner if such individual paid in full the
44 tax liability and any and all penalties, additions, and interest that arose as a result of
45 such late payment. No individual shall be an "eligible owner" if such person filed a
46 valid claim for the property tax relief credit under sections 135.010 to 135.035;

47 (5) "Homestead", the same meaning given to such term under section 135.010,
48 except as otherwise provided in this section. No property shall be considered a
49 "homestead" if such property has been improved since its most recent annual
50 assessment by more than five percent of its previously assessed value, except where an
51 eligible owner of the property has made such improvements to accommodate a disabled
52 person;

53 **(6) "Homestead exemption limit", a percentage increase, rounded to the nearest**
54 **hundredth of a percent, that is equal to the percentage increase in tax liability, not**
55 **including improvements, of a homestead from one tax year to the next, that exceeds a**
56 **certain percentage set under subsection 7 of this section. The homestead exemption**
57 **limit shall be based on the increase in tax liability from two years prior to the**
58 **application to the year immediately prior to the application;**

59 **(7) "Income", federal adjusted gross income, except that in the case of**
60 **ownership of the homestead by a trust, the income of the settlor applicant shall be**
61 **imputed to the income of the trust for purposes of determining eligibility with respect to**
62 **the maximum upper limit;**

63 **(8) "Maximum upper limit", the income sum of seventy thousand dollars for the**
64 **2005 calendar year, increased each successive calendar year by the incremental increase**
65 **in the general price level, as defined under Article X, Section 17 of the Constitution of**
66 **Missouri.**

67 **3. Under Article X, Section 6(a) of the Constitution of Missouri, if in the most**
68 **recent prior tax year, the property tax liability on any parcel of subclass (1) real**
69 **property increased by more than the homestead exemption limit, without regard for any**
70 **prior credit received due to the provisions of this section, any eligible owner of the**
71 **property shall receive a homestead exemption credit to be applied toward the current**
72 **tax year property tax liability to offset the prior year increase in tax liability that**
73 **exceeds the homestead exemption limit, except as eligibility for the credit is limited by**
74 **the provisions of this section. The amount of the credit shall be listed separately on each**
75 **taxpayer's tax bill for the current tax year or on a document enclosed with the**
76 **taxpayer's bill. The homestead exemption credit shall not affect the process of setting**
77 **the tax rate as required under Article X, Section 22 of the Constitution of Missouri and**
78 **section 137.073 in any prior, current, or subsequent tax year.**

79 **4. Any potential eligible owner may apply for the homestead exemption credit by**
80 **completing an application. Applications shall be completed not earlier than April first**
81 **and not later than October fifteenth of any tax year in order for the taxpayer to be**
82 **eligible for the homestead exemption credit in the tax year next following the calendar**
83 **year in which the homestead exemption credit application is completed. The application**
84 **shall be on forms provided by the department. Forms shall be made available on the**
85 **department's website and at all permanent branch offices and all full-time, temporary,**
86 **and fee offices maintained by the department of revenue. On such applications, the**
87 **applicant shall attest under penalty of perjury:**

88 **(1) To the applicant's age;**

89 (2) That the applicant's prior year income was less than the maximum upper
90 limit;

91 (3) To the address of the homestead property; and

92 (4) That any improvements made to the homestead, not made to accommodate a
93 disabled person, did not total more than five percent of the assessed value of the
94 homestead for the most recent prior tax year.

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

99 5. Each applicant shall submit the application to the department not later than
100 October fifteenth of each year for the taxpayer to be eligible for the homestead
101 exemption credit in the tax year next following the calendar year in which the
102 application was submitted.

103 6. Upon receipt of the applications, the department shall calculate the tax
104 liability, verify compliance with the maximum income limit, verify the ages of the
105 applicants, and make adjustments to these numbers as necessary on the applications.
106 The department shall disallow any application if the applicant also has filed a valid
107 application for the property tax credit authorized under sections 135.010 to 135.035.
108 Once adjusted tax liability, age, and income are verified, the director shall determine
109 eligibility for the credit and provide a list of all verified eligible owners to the county
110 assessors, or county clerks in counties with a township form of government, not later
111 than December fifteenth of each year. Not later than the following January fifteenth,
112 the county assessors shall provide a list to the department of any verified eligible owners
113 who made improvements not for accommodation of a disability to the homestead and
114 the dollar amount of the assessed value of such improvements. If the dollar amount of
115 the assessed value of such improvements totals more than five percent of the assessed
116 value from the most recent prior tax year, such eligible owners shall be disqualified from
117 receiving the credit in the current tax year.

118 7. The director shall calculate the level of appropriation necessary to set the
119 homestead exemption limit for the homesteads of all verified eligible owners at five
120 percent when based on a year of general reassessment or at two and one-half percent
121 when based on a year without general reassessment. The director shall provide such
122 calculation to the speaker of the house of representatives, the president pro tempore of
123 the senate, and the director of the office of budget and planning in the office of
124 administration not later than January thirty-first of each year.

125 **8. If, in any given year, the general assembly makes an appropriation for the**
126 **funding of the homestead exemption credit that is signed by the governor, the director**
127 **shall determine the apportionment percentage by equally apportioning the**
128 **appropriation among all eligible applicants on a percentage basis. If no**
129 **appropriation is made by the general assembly during any tax year or no funds are**
130 **actually distributed pursuant to any appropriation therefor, no homestead preservation**
131 **credit shall apply in such year.**

132 **9. After determining the apportionment percentage, the director shall calculate**
133 **the credit to be associated with each verified eligible owner's homestead, if any. The**
134 **director shall send a list of those eligible owners who are to receive the homestead**
135 **exemption credit, including the amount of each credit, the certified parcel number of the**
136 **homestead, and the address of the homestead property, to the county collectors, or**
137 **county clerks in counties with a township form of government, not later than August**
138 **thirty-first. Pursuant to such calculation, the director shall instruct the state treasurer**
139 **to distribute the appropriation to the county collector's fund of each county where**
140 **recipients of the homestead exemption credit are located, in such amounts as would**
141 **exactly offset each homestead exemption credit being issued. In no case shall a political**
142 **subdivision receive, as a result of appropriations, more moneys than it would have**
143 **received absent the provisions of this section. At the direction of the county collector, or**
144 **treasurer ex officio collector in counties with a township form of government, funds may**
145 **be deposited in the county collector's fund or may be sent by mail to the collector of a**
146 **county, or treasurer ex officio collector in counties with a township form of government,**
147 **not later than October first in any year a homestead exemption credit is appropriated as**
148 **a result of this section, and shall be distributed as moneys in such funds are commonly**
149 **distributed from other property tax revenues by the county collector, or treasurer ex**
150 **officio collector of the county in counties with a township form of government, in such**
151 **amounts as would exactly offset each homestead exemption credit being issued.**

152 **10. In the event that an eligible owner dies or transfers ownership of the**
153 **property after the homestead exemption limit has been set in any given year, but before**
154 **January first of the year in which the credit would otherwise be applied, the credit shall**
155 **be void and any corresponding moneys shall lapse to the state to be credited to the**
156 **general revenue fund. In the event that the county collector, or the treasurer ex officio**
157 **collector of the county in counties with a township form of government, determines**
158 **prior to issuing the credit that the individual is not an eligible owner because the**
159 **individual did not pay his or her property tax liability in full for the most recent prior**
160 **three years, the credit shall be void and any corresponding moneys shall lapse to the**
161 **state to be credited to the general revenue fund.**

162 **11. The department may promulgate rules and regulations for the**
163 **implementation and administration of this section. Any rule or portion of a rule, as**
164 **that term is defined in section 536.010, that is created under the authority delegated in**
165 **this section shall become effective only if it complies with and is subject to all of the**
166 **provisions of chapter 536 and, if applicable, section 536.028. This section and chapter**
167 **536 are nonseverable and if any of the powers vested with the general assembly**
168 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
169 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**
170 **and any rule proposed or adopted after the effective date of this section shall be invalid**
171 **and void. No rule promulgated by the department shall in any way adversely impact,**
172 **interrupt, or interfere with the performance of the required statutory duties of any**
173 **county elected official including, but not limited to, the county collector, when**
174 **performing such duties as deemed necessary for the distribution of any homestead**
175 **appropriation and the distribution of all other real and personal property taxes.**

176 **12. Under section 23.253 of the Missouri sunset act:**

177 **(1) The provisions of this section shall automatically sunset six years after the**
178 **effective date of this section unless reauthorized by an act of the general assembly;**

179 **(2) If the provisions of this section are reauthorized, such provisions shall**
180 **automatically sunset twelve years after the effective date of the reauthorization; and**

181 **(3) This section shall terminate on January first of the calendar year**
182 **immediately following the calendar year in which the provisions of this section are**
183 **sunset.**

 Section B. The enactment of section 137.107 of section A of this act shall become
2 effective on January 1, 2024.

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