

SECOND REGULAR SESSION

# HOUSE BILL NO. 1670

## 102ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE MATTHIESEN.

2854H.011

DANA RADEMAN MILLER, Chief Clerk

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### AN ACT

To repeal sections 135.010, 135.025, and 135.030, RSMo, and to enact in lieu thereof three new sections relating to property tax credits.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 135.010, 135.025, and 135.030, RSMo, are repealed and three  
2 new sections enacted in lieu thereof, to be known as sections 135.010, 135.025, and 135.030,  
3 to read as follows:

135.010. As used in sections 135.010 to 135.030 the following words and terms  
2 mean:

3 (1) "Claimant", a person or persons claiming a credit under sections 135.010 to  
4 135.030. If the persons are eligible to file a joint federal income tax return and reside at the  
5 same address at any time during the taxable year, then the credit may only be allowed if  
6 claimed on a combined Missouri income tax return or a combined claim return reporting their  
7 combined incomes and property taxes. A claimant shall not be allowed a property tax credit  
8 unless the claimant or spouse has attained the age of sixty-five on or before the last day of the  
9 calendar year and the claimant or spouse was a resident of Missouri for the entire year, or the  
10 claimant or spouse is a veteran of any branch of the Armed Forces of the United States or this  
11 state who became one hundred percent disabled as a result of such service, or the claimant or  
12 spouse is disabled as defined in subdivision (2) of this section, and such claimant or spouse  
13 provides proof of such disability in such form and manner, and at such times, as the director  
14 of revenue may require, or if the claimant has reached the age of sixty on or before the last  
15 day of the calendar year and such claimant received surviving spouse Social Security benefits  
16 during the calendar year and the claimant provides proof, as required by the director of

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 revenue, that the claimant received surviving spouse Social Security benefits during the  
18 calendar year for which the credit will be claimed. ~~[A claimant shall not be allowed a  
19 property tax credit if the claimant filed a valid claim for a credit under section 137.106 in the  
20 year following the year for which the property tax credit is claimed.]~~ The residency  
21 requirement shall be deemed to have been fulfilled for the purpose of determining the  
22 eligibility of a surviving spouse for a property tax credit if a person of the age of sixty-five  
23 years or older who would have otherwise met the requirements for a property tax credit dies  
24 before the last day of the calendar year. The residency requirement shall also be deemed to  
25 have been fulfilled for the purpose of determining the eligibility of a claimant who would  
26 have otherwise met the requirements for a property tax credit but who dies before the last day  
27 of the calendar year;

28 (2) "Disabled", the inability to engage in any substantial gainful activity by reason of  
29 any medically determinable physical or mental impairment which can be expected to result in  
30 death or which has lasted or can be expected to last for a continuous period of not less than  
31 twelve months. A claimant shall not be required to be gainfully employed prior to such  
32 disability to qualify for a property tax credit;

33 (3) "Gross rent", amount paid by a claimant to a landlord for the rental, at arm's  
34 length, of a homestead during the calendar year, exclusive of charges for health and personal  
35 care services and food furnished as part of the rental agreement, whether or not expressly set  
36 out in the rental agreement. If the director of revenue determines that the landlord and tenant  
37 have not dealt at arm's length, and that the gross rent is excessive, then he shall determine the  
38 gross rent based upon a reasonable amount of rent. Gross rent shall be deemed to be paid  
39 only if actually paid prior to the date a return is filed. The director of revenue may prescribe  
40 regulations requiring a return of information by a landlord receiving rent, certifying for a  
41 calendar year the amount of gross rent received from a tenant claiming a property tax credit  
42 and shall, by regulation, provide a method for certification by the claimant of the amount of  
43 gross rent paid for any calendar year for which a claim is made. The regulations authorized  
44 by this subdivision may require a landlord or a tenant or both to provide data relating to health  
45 and personal care services and to food. Neither a landlord nor a tenant may be required to  
46 provide data relating to utilities, furniture, home furnishings or appliances;

47 (4) "Homestead", the dwelling in Missouri owned or rented by the claimant and not to  
48 exceed five acres of land surrounding it as is reasonably necessary for use of the dwelling as a  
49 home. It may consist of part of a multidwelling or multipurpose building and part of the land  
50 upon which it is built. "Owned" includes a vendee in possession under a land contract and  
51 one or more tenants by the entireties, joint tenants, or tenants in common and includes a  
52 claimant actually in possession if he was the immediate former owner of record, if a lineal

53 descendant is presently the owner of record, and if the claimant actually pays all taxes upon  
54 the property. It may include a mobile home;

55 (5) "Income", Missouri adjusted gross income as defined in section 143.121 less two  
56 thousand dollars **for all calendar years ending on or before December 31, 2024**, or in the  
57 case of a homestead owned and occupied, for the entire year, by the claimant, less four  
58 thousand dollars as an exemption for the claimant's spouse residing at the same address~~[-]~~ **for**  
59 **all calendar years ending on or before December 31, 2024, and for all calendar years**  
60 **beginning on or after January 1, 2025, less two thousand eight hundred dollars, or in the**  
61 **case of a homestead owned and occupied, for the entire year, by the claimant, less five**  
62 **thousand eight hundred dollars as an exemption for the claimant's spouse residing at**  
63 **the same address;** and increased, where necessary, to reflect the following:

64 (a) Social Security, railroad retirement, and veterans payments and benefits unless the  
65 claimant is a one hundred percent service-connected, disabled veteran or a spouse of a one  
66 hundred percent service-connected, disabled veteran. The one hundred percent service-  
67 connected disabled veteran shall not be required to list veterans payments and benefits;

68 (b) The total amount of all other public and private pensions and annuities;

69 (c) Public relief, public assistance, and unemployment benefits received in cash, other  
70 than benefits received under this chapter;

71 (d) No deduction being allowed for losses not incurred in a trade or business;

72 (e) Interest on the obligations of the United States, any state, or any of their  
73 subdivisions and instrumentalities;

74 (6) "Property taxes accrued", property taxes paid, exclusive of special assessments,  
75 penalties, interest, and charges for service levied on a claimant's homestead in any calendar  
76 year. Property taxes shall qualify for the credit only if actually paid prior to the date a return  
77 is filed. The director of revenue shall require a tax receipt or other proof of property tax  
78 payment. If a homestead is owned only partially by claimant, then "property taxes accrued" is  
79 that part of property taxes levied on the homestead which was actually paid by the claimant.  
80 For purposes of this subdivision, property taxes are "levied" when the tax roll is delivered to  
81 the director of revenue for collection. If a claimant owns a homestead part of the preceding  
82 calendar year and rents it or a different homestead for part of the same year, "property taxes  
83 accrued" means only taxes levied on the homestead both owned and occupied by the  
84 claimant, multiplied by the percentage of twelve months that such property was owned and  
85 occupied as the homestead of the claimant during the year. When a claimant owns and  
86 occupies two or more different homesteads in the same calendar year, property taxes accrued  
87 shall be the sum of taxes allocable to those several properties occupied by the claimant as a  
88 homestead for the year. If a homestead is an integral part of a larger unit such as a farm, or  
89 multipurpose or multidwelling building, property taxes accrued shall be that percentage of the

90 total property taxes accrued as the value of the homestead is of the total value. For purposes  
91 of this subdivision "unit" refers to the parcel of property covered by a single tax statement of  
92 which the homestead is a part;

93 (7) "Rent constituting property taxes accrued", twenty percent of the gross rent paid  
94 by a claimant and spouse in the calendar year.

135.025. The property taxes accrued and rent constituting property taxes accrued on  
2 each return shall be totaled. This total, up to seven hundred fifty dollars in rent constituting  
3 property taxes actually paid or eleven hundred dollars in actual property tax paid, shall be  
4 used in determining the property tax credit **for all calendar years ending on or before**  
5 **December 31, 2024. For all calendar years beginning on or after January 1, 2025, this**  
6 **total, up to one thousand fifty-five dollars in rent constituting property taxes actually**  
7 **paid or one thousand five hundred fifty dollars in actual property tax paid, shall be used**  
8 **in determining the property tax credit.** The director of revenue shall prescribe regulations  
9 providing for allocations where part of a claimant's homestead is rented to another or used for  
10 nondwelling purposes or where a homestead is owned or rented or used as a dwelling for part  
11 of a year.

135.030. 1. As used in this section:

2 (1) The term "maximum upper limit" shall, for each calendar year after December 31,  
3 1997, but before calendar year 2008, be the sum of twenty-five thousand dollars. For all  
4 calendar years beginning on or after January 1, 2008, **but ending on or before December 31,**  
5 **2024,** the maximum upper limit shall be the sum of twenty-seven thousand five hundred  
6 dollars. In the case of a homestead owned and occupied for the entire year by the claimant,  
7 **for all calendar years ending on or before December 31, 2024,** the maximum upper limit  
8 shall be the sum of thirty thousand dollars. **For all calendar years beginning on or after**  
9 **January 1, 2025, the maximum upper limit shall be the sum of thirty eight thousand two**  
10 **hundred dollars and in the case of a homestead owned and occupied for the entire year**  
11 **by the claimant, the maximum upper limit shall be the sum of forty-two thousand two**  
12 **hundred dollars. Beginning January 1, 2026, the maximum upper limits shall be**  
13 **increased annually for inflation based on the Consumer Price Index for All Urban**  
14 **Consumers for the Midwest Region, as defined and officially recorded by the United**  
15 **States Department of Labor or its successor;**

16 (2) The term "minimum base" shall, for each calendar year after December 31, 1997,  
17 but before calendar year 2008, be the sum of thirteen thousand dollars. For all calendar years  
18 beginning on or after January 1, 2008, the minimum base shall be the sum of fourteen  
19 thousand three hundred dollars.

20 2. (1) If the income on a return is equal to or less than the maximum upper limit for  
21 the calendar year for which the return is filed, the property tax credit shall be determined from

22 a table of credits based upon the amount by which the total property tax described in section  
 23 135.025 exceeds the percent of income in the following list:

24	If the income on the return is:	The percent is:
25	Not over the minimum base	0 percent with credit not to exceed
26		\$1,100 in actual property tax or
27		rent equivalent paid up to \$750
28	Over the minimum base but not	1/16 percent accumulative per
29	over the maximum upper limit	\$300 from 0 percent to 4 percent.

30 (2) The director of revenue shall prescribe a table based upon ~~[the preceding~~  
 31 ~~sentences]~~ **subdivision (1) of this subsection.** The property tax shall be in increments of  
 32 twenty-five dollars and the income in increments of three hundred dollars. The credit shall be  
 33 the amount rounded to the nearest whole dollar computed on the basis of the property tax and  
 34 income at the midpoints of each increment. As used in this subsection, the term  
 35 "accumulative" means an increase by continuous or repeated application of the percent to the  
 36 income increment at each three hundred dollar level.

37 3. (1) **For all calendar years beginning on or after January 1, 2025, if the income**  
 38 **on a return is equal to or less than the maximum upper limit for the calendar year for**  
 39 **which the return is filed, the property tax credit shall be determined from a table of**  
 40 **credits based upon the amount by which the total property tax described in section**  
 41 **135.025 exceeds the percent of income in the following list:**

42	<b>If the income on the return is:</b>	<b>The percent is:</b>
43	<b>Not over the minimum base</b>	<b>0 percent with credit not to</b>
44		<b>exceed \$1,550 in actual</b>
45		<b>property tax or rent equivalent</b>
46		<b>paid up to \$1,055.</b>
47	<b>Over the minimum base but</b>	<b>1/16 percent accumulative per</b>
48	<b>not over the maximum upper</b>	<b>\$495 from 0 percent to 2</b>
49	<b>limit</b>	<b>percent.</b>

50 (2) The director of revenue shall prescribe a table based upon subdivision (1) of  
 51 this subsection. The property tax shall be in increments of twenty-five dollars and the  
 52 income in increments of four hundred ninety-five dollars. The credit shall be the  
 53 amount rounded to the nearest whole dollar computed on the basis of the property tax  
 54 and income at the midpoints of each increment. As used in this subsection, the term

55 **"accumulative" means an increase by continuous or repeated application of the percent**  
56 **to the income increment at each four-hundred-ninety-five-dollar level.**

57         **4.** Notwithstanding subsection 4 of section 32.057, the department of revenue or any  
58 duly authorized employee or agent shall determine whether any taxpayer filing a report or  
59 return with the department of revenue who has not applied for the credit allowed pursuant to  
60 section 135.020 may qualify for the credit, and shall notify any qualified claimant of the  
61 claimant's potential eligibility, where the department determines such potential eligibility  
62 exists.

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