

HCS SS SCS SB 756 -- LOCAL HOMESTEAD PROPERTY TAX CREDIT

SPONSOR: Luetkemeyer (Keathley)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Property Tax Reform by a vote of 17 to 6. Voted "Do Pass" by the Standing Committee on Rules- Regulatory Oversight by a vote of 7 to 1 and 1 present.

The following is a summary of the House Committee Substitute for SB 756.

Currently, a county may grant a real property tax credit to qualifying seniors. A senior qualifies by being:

- (1) Eligible for Social Security retirement benefits;
- (2) The owner of record or having a legal or equitable interest in a homestead; and
- (3) Liable for the payment of real property taxes on the homestead.

This bill modifies the criteria for a qualifying senior by requiring that the eligible taxpayer be a Missouri resident who:

- (1) Is 62 years of age or older;
- (2) Is the owner of record or having a legal or equitable interest in a homestead as evidenced by a publicly recorded or a verified written instrument, including but not limited to a trust document in which at least one primary beneficiary is 62 years of age or older;
- (3) Is liable for the payment of real property taxes on such homestead; and
- (4) Does not owe any delinquent taxes, interest, or penalties to the county.

An eligible taxpayer will receive a tax credit from all taxing entities levying a property tax in an amount that equals the difference between his or her real property tax liability for a given tax year from all taxing entities, minus the real property tax liability in the initial credit year.

The "initial credit year" is defined as either:

(1) For all taxpayers who meet all of the requirements of an eligible taxpayer listed above, the year in which such credit is authorized; or

(2) For all other taxpayers, the year in which the taxpayer meets all of the requirements of an eligible taxpayer listed above.

If the eligible taxpayer's real property tax liability is lower than the liability owed in the year subsequent to becoming eligible, the tax year will be considered the eligible taxpayer's initial credit year for all subsequent tax years.

If the governing body of a county adopts an ordinance authorizing the tax credit, nothing can prevent the county from amending or superseding that ordinance by a subsequently adopted ballot referendum put before the voters that addresses the same tax credit.

The governing body of a county may adopt reasonable procedures in carrying out the purposes of this bill, provided that the county does not adopt any procedure that limits the definition or scope of the "eligible credit amount" or "eligible taxpayer" as defined in the bill.

New construction or improvements to an eligible taxpayer's homestead shall increase the tax liability for the taxpayer's initial credit year to reflect such new construction or improvements.

The tax liability for the taxpayer's initial credit year will increase if an eligible taxpayer's homestead is annexed into a jurisdiction where the taxpayer did not owe real property tax in the initial credit year.

Nothing will prevent an eligible taxpayer from appealing a real property assessment, nor shall anything in this bill relieve a taxpayer from his or her obligation to pay the tax liability of the State Blind Pension Fund.

This bill contains an emergency clause.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that this bill will clear up ambiguities that exist in the originally enacted law. Specifically, the bill addresses problems that counties have encountered in trying to implement to the provisions of Section

137.1050, RSMo, and issues related to which senior taxpayers qualify for the homestead credit.

Testifying in person for the bill were Senator Luetkemeyer; Missouri County Collectors Association; Arnie C. Dienoff; Allen Acet; St. Charles County; and Warren County Republican Committee.

OPPONENTS: Those who oppose the bill say that individual counties should be allowed to implement restrictive measures as to the question of which senior taxpayers are eligible for the credit. For example, a county with a population that is older would likely miss out on a great deal of revenue, and as a result, that particular county should have the ability to implement more restrictive criteria as to eligibility.

Testifying in person against the bill was David Stokes, Show-Me Institute.

OTHERS: Others testifying on the bill say the manner in which the tax should be calculated is not defined in the bill, which could lead to a number of unintended consequences.

Testifying in person on the bill was Kyle Rieman.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.