

FIRST REGULAR SESSION

HOUSE BILL NO. 1196

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE JACOBS.

2344H.01I

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal sections 135.010, 135.025, and 135.030, RSMo, and to enact in lieu thereof three new sections relating to a tax credit for the property tax liabilities of certain vulnerable persons.

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Section A. Sections 135.010, 135.025, and 135.030, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 135.010, 135.025, and 135.030, to read as follows:

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

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

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.

16 during the calendar year and the claimant provides proof, as required by the director of
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. **For all calendar years beginning on or after January 1, 2026, a**
28 **claimant or spouse who is thirty years of age or older on or before the last day of the**
29 **calendar year and otherwise meets the requirements for a property tax credit under the**
30 **provisions of sections 135.010 to 135.030 but for his or her age shall be allowed to claim**
31 **a property tax credit;**

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

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

51 (4) "Homestead", the dwelling in Missouri owned or rented by the claimant and not to
52 exceed five acres of land surrounding it as is reasonably necessary for use of the dwelling as a

53 home. It may consist of part of a multidwelling or multipurpose building and part of the land
54 upon which it is built. "Owned" includes a vendee in possession under a land contract and
55 one or more tenants by the entireties, joint tenants, or tenants in common and includes a
56 claimant actually in possession if he was the immediate former owner of record, if a lineal
57 descendant is presently the owner of record, and if the claimant actually pays all taxes upon
58 the property. It may include a mobile home;

59 (5) "Income", Missouri adjusted gross income as defined in section 143.121 less two
60 thousand dollars, or in the case of a homestead owned and occupied, for the entire year, by the
61 claimant, less four thousand dollars as an exemption for the claimant's spouse residing at the
62 same address~~]~~ **for all calendar years ending on or before December 31, 2025, and for all**
63 **calendar years beginning on or after January 1, 2026, less two thousand eight hundred**
64 **dollars, or in the case of a homestead owned and occupied, for the entire year, by the**
65 **claimant, less five thousand eight hundred dollars as an exemption for the claimant's**
66 **spouse residing at the same address;** and increased, where necessary, to reflect the
67 following:

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

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

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

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

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

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

90 occupies two or more different homesteads in the same calendar year, property taxes accrued
91 shall be the sum of taxes allocable to those several properties occupied by the claimant as a
92 homestead for the year. If a homestead is an integral part of a larger unit such as a farm, or
93 multipurpose or multidwelling building, property taxes accrued shall be that percentage of the
94 total property taxes accrued as the value of the homestead is of the total value. For purposes
95 of this subdivision "unit" refers to the parcel of property covered by a single tax statement of
96 which the homestead is a part;

97 (7) "Rent constituting property taxes accrued", twenty percent of the gross rent paid
98 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, 2025. For all calendar years beginning on or after January 1, 2026, 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. Beginning January 1, 2027, the maximum**
9 **property tax credit totals under this section shall be increased annually for inflation**
10 **based on the percentage increase in inflation as calculated annually for the income tax**
11 **brackets, as provided under section 143.011.** The director of revenue shall prescribe
12 regulations providing for allocations where part of a claimant's homestead is rented to another
13 or used for nondwelling purposes or where a homestead is owned or rented or used as a
14 dwelling for part 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 before calendar year 2026**, the
5 maximum upper limit shall be the sum of twenty-seven thousand five hundred dollars. In the
6 case of a homestead owned and occupied for the entire year by the claimant, **for all calendar**
7 **years ending on or before December 31, 2025**, the maximum upper limit shall be the sum of
8 thirty thousand dollars. **For all calendar years beginning on or after January 1, 2026, the**
9 **maximum upper limit shall be the sum of thirty-eight thousand two hundred dollars,**
10 **and, in the case of a homestead owned and occupied for the entire year by the claim, the**
11 **maximum upper limit shall be the sum of forty-two thousand two hundred dollars.**
12 **Beginning January 1, 2027, the maximum upper limits shall be increased annually for**
13 **inflation based on the percentage increase in inflation as calculated annually for state**
14 **income tax brackets, as provided under section 143.011;**

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

19 2. (1) If the income on a return is equal to or less than the maximum upper limit for
 20 the calendar year for which the return is filed, the property tax credit shall be determined from
 21 a table of credits based upon the amount by which the total property tax described in section
 22 135.025 exceeds the percent of income in the following list:

If the income on the return is:	The percent is:
Not over the minimum base	For all calendar years ending on or before December 31, 2025, 0 percent with credit not to exceed \$1,100 in actual property tax or rent equivalent paid up to \$750 and for all calendar years beginning on or after January 1, 2026, 0 percent with credit not to exceed \$1,550 in actual property tax or rent equivalent paid up to \$1,055, as adjusted under section 135.025.
Over the minimum base but not over the maximum upper limit	1/16 percent accumulative per \$300 from 0 percent to 4 percent.

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

45 3. Notwithstanding subsection 4 of section 32.057, the department of revenue or any
 46 duly authorized employee or agent shall determine whether any taxpayer filing a report or
 47 return with the department of revenue who has not applied for the credit allowed pursuant to
 48 section 135.020 may qualify for the credit, and shall notify any qualified claimant of the

49 claimant's potential eligibility, where the department determines such potential eligibility
50 exists.

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