

FIRST REGULAR SESSION

# HOUSE BILL NO. 1430

103RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE BOYKIN.

2790H.011

JOSEPH ENGLER, 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 a tax credit for the property tax liabilities of certain vulnerable persons.

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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Section A. Sections 135.010, 135.025, and 135.030, RSMo, are repealed and three  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~~ tax 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 who became**  
12 **one hundred percent disabled not as a result of such service but is receiving Department**  
13 **of Veterans Affairs benefits under Aid and Attendance of Housebound status for the**  
14 **nonservice connected disability**, or the claimant or spouse is disabled as defined in  
15 subdivision (2) of this section, and such claimant or spouse provides proof of such disability

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

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

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

49 (4) "Homestead", the dwelling in Missouri owned or rented by the claimant and not to  
50 exceed five acres of land surrounding it as is reasonably necessary for use of the dwelling as a  
51 home. It may consist of part of a multidwelling or multipurpose building and part of the land  
52 upon which it is built. "Owned" includes a vendee in possession under a land contract and

53 one or more tenants by the entireties, joint tenants, or tenants in common and includes a  
54 claimant actually in possession if he was the immediate former owner of record, if a lineal  
55 descendant is presently the owner of record, and if the claimant actually pays all taxes upon  
56 the property. It may include a mobile home;

57 (5) "Income", Missouri adjusted gross income as defined in section 143.121 less two  
58 thousand dollars, or in the case of a homestead owned and occupied, for the entire year, by the  
59 claimant, less four thousand dollars as an exemption for the claimant's spouse residing at the  
60 same address[;] **for all calendar years ending on or before December 31, 2025, and for all**  
61 **calendar years beginning on or after January 1, 2026, less twenty thousand dollars as an**  
62 **exemption for the claimant's spouse residing at the same address;** and increased, where  
63 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. 1. The property taxes accrued and rent constituting property taxes accrued  
2 on each return shall be totaled. This total, up to seven hundred fifty dollars in rent  
3 constituting property taxes actually paid or eleven hundred dollars in actual property tax paid,  
4 shall be used in determining the property tax credit **for all calendar years ending on or**  
5 **before December 31, 2025. For all calendar years beginning on or after January 1, 2026,**  
6 **the total amount of property taxes accrued or rent constituting property taxes accrued**  
7 **that exceeds the claimant's income by four percent or greater, shall be used in**  
8 **determining the amount of the property tax credit, up to one thousand five hundred**  
9 **dollars in rent constituting property taxes actually paid or actual property tax paid.**

10 2. For all calendar years beginning on or after January 1, 2026, in the case of a  
11 claimant who is a veteran of any branch of the Armed Forces of the United States or this  
12 state who is one hundred percent disabled as established under the requirements of  
13 section 135.010, there shall be no limit on the total of rent constituting property taxes  
14 actually paid or actual property tax paid, and such disabled veteran may receive a  
15 property tax credit for the full amount of such total, including any amount in excess of  
16 the one thousand five hundred dollar limit.

17 3. Beginning January 1, 2027, the maximum property tax credit totals under this  
18 section shall be increased annually for inflation based on the percentage increase in  
19 inflation as calculated annually for the income tax brackets, as provided under section  
20 143.011. The director of revenue shall prescribe regulations providing for allocations where  
21 part of a claimant's homestead is rented to another or used for nondwelling purposes or where  
22 a homestead is owned or rented or used as a 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 ending on or before December 31,**  
5 **2025,** 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, 2025,** the maximum upper limit  
8 shall be the sum of thirty thousand dollars. **For all calendar years beginning on or after**  
9 **January 1, 2026, the maximum upper limit shall be the sum of fifty thousand dollars,**  
10 **and in the case of a claimant who is a veteran of any branch of the Armed Forces of the**

11 **United States or this state who is one hundred percent disabled as established under the**  
 12 **requirements of section 135.010, there shall be no maximum upper limit. Beginning**  
 13 **January 1, 2027, the maximum upper limit shall be increased annually for inflation**  
 14 **based on the percentage increase in inflation as calculated annually for state income tax**  
 15 **brackets, as provided under section 143.011;**

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, **but ending on or before December 31, 2025**, the  
 19 minimum base shall be the sum of fourteen thousand three hundred dollars. **For all calendar**  
 20 **years beginning on or after January 1, 2026, the minimum base shall be the same as the**  
 21 **maximum upper limit.**

22 2. (1) If the income on a return is equal to or less than the maximum upper limit for  
 23 the calendar year for which the return is filed, the property tax credit shall be determined from  
 24 a table of credits based upon the amount by which the total property tax described in section  
 25 135.025 exceeds the percent of income in the following list:

If the income on the return is:	The percent is:
Not over the minimum base	<b>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 \$1,500 in excess of 4% of income, in actual property tax or rent equivalent paid, as adjusted under section 135.025, unless otherwise provided under section 135.025.</b>
Over the minimum base but not over the maximum upper limit	<b>For all calendar years ending on or before December 31, 2025, 1/16 percent accumulative per \$300 from 0 percent to 4 percent and for all calendar years beginning on or after January 1, 2026, the</b>

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	<b>minimum base and maximum upper limit shall be the same amount.</b>
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50       (2) The director of revenue shall prescribe a table based upon [~~the preceding~~  
51 ~~sentences~~] **subdivision (1) of this subsection.** The property tax shall be in increments of  
52 twenty-five dollars and the income in increments of three hundred dollars. The credit shall be  
53 the amount rounded to the nearest whole dollar computed on the basis of the property tax and  
54 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 to the  
56 income increment at each three hundred dollar level. **For all calendar years beginning on**  
57 **or after January 1, 2026, the minimum base and maximum upper limit shall be the same**  
58 **amount and the provisions under this subdivision for reducing the tax credit shall not**  
59 **apply.**

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

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