

HB 1061 -- PROPERTY TAX PROGRAMS FOR VULNERABLE INDIVIDUALS

SPONSOR: Terry

This bill amends statutes related to senior citizens property tax relief, also known as the Circuit Breaker tax credit.

This tax credit is available to eligible senior citizens and disabled veterans for a portion of their real estate taxes or rent that such individuals have paid for the year.

Currently, the tax credit is limited to qualifying taxpayers with an income of \$30,000 or less in the case of a homestead owned and occupied by a claimant for the entire year. An additional exemption of \$4,000 is provided when a qualifying taxpayer's spouse resides at the same address, bringing the total credit to \$34,000 for a married homestead owner.

Currently, the tax credit is further limited to qualifying taxpayers with an income of \$27,200 or less in the case of a renter. An additional exemption of \$2,000 is provided when a qualifying taxpayer's spouse resides at the same address, bringing the total credit to \$29,200 for a married renter.

Beginning January 1, 2026, this bill increases the maximum income levels in the following manner:

For an unmarried homeowner: from \$30,000, now \$42,200;

For a married homeowner: the additional exemption is increased from \$4,000 to \$5,800, making the total credit now \$48,000;

For an unmarried renter: from \$27,200, now \$38,200;

For a married renter: the additional exemption is increased from \$2,000 to \$2,800, making the total credit now \$41,000.

Beginning January 1, 2027, the maximum upper limits will be increased annually for inflation based on the percentage increase in inflation as calculated annually for the Missouri income tax brackets.

Currently, the tax credit is set a maximum of \$1,100 in actual property taxes paid for a homeowner, and a maximum of \$750 in rent constituting property taxes actually paid for renters.

This bill increases the maximum amount of the tax credit in the following manner:

For a homeowner: from \$1,100, now \$1,550;

For a renter: from \$750, now \$1,055.

Beginning January 1, 2027, the maximum property tax credits will be increased annually for inflation based on the percentage increase in inflation as calculated annually for the Missouri income tax brackets.

If the income on a return is over the minimum base but not over the maximum upper limit, the property tax shall be in increments of \$25 and the income in increments of \$495.

Beginning January 1, 2026, this bill provides a tax exemption for senior citizens or for disabled individuals who:

- (1) Have reached the age of 65 as of January 1st of the determining odd-numbered year;
- (2) Are the owners of a home used as their primary residence;
- (3) Are liable for real property taxes on the property; and
- (4) Have a total household income of \$125,000 or less.

Qualifying taxpayers are eligible for an annual tax exemption for property that is used as a homestead equal to 100% of the tax assessed on their homestead. Each eligible homeowner who has been granted an exemption must reapply on an annual basis, as specified in the bill.

A qualifying taxpayer shall not claim the tax credit if the taxpayer has also claimed the Senior Citizen Property Tax Relief tax credit, known as the Circuit Breaker, for the same tax year. The tax credit is refundable, but shall not be transferred, sold, or assigned.

This program sunsets December 31st, six years after the effective date.

This bill establishes "The Missouri Homestead Preservation Act".

Beginning January 1, 2026, if the property tax liability on any residential real estate has increased by more than the homestead exemption, an eligible property owner will receive a homestead exemption credit toward the current tax year to offset the prior year increase in tax liability that exceeds the homestead exemption limit.

Applications for the homestead exemption must be completed no earlier than April 1st and not later than October 15th. On the application, the applicant must attest under penalty of perjury:

- (1) To the applicant's age, which shall be 65 years or older;
- (2) That the applicant's prior year income was less than the maximum upper limit, which is to be calculated at \$70,000 based on the 2005 calendar year, and increased each successive calendar by the incremental increase in the general price level;
- (3) To the address of the homestead property; and
- (4) That any improvements made to the homestead did not total more than 5% of the assessed value, unless the improvement was made in order to accommodate a disabled person.

The application must include copies of property tax payments for the last three years for the homestead property.

Upon receipt of the application, the State Tax Commission will calculate the tax liability and verify all other required information. The Commission will calculate the level of appropriation necessary to set the homestead exemption limit at 5% when based on a general assessment year, and at 2.5% when based on a year without general assessment.

Appropriation for the funding of the homestead exemption is set annually by the General Assembly, as specified in the bill. After the apportionment percentage is determined, the Commission will calculate the credit to be associated with each verified eligible owner's homestead. The Commission must inform the eligible owners in the manner provided in the bill.

In the event that an eligible owner dies or transfers ownership of the property after the homestead exemption limit has been set, but on or before December 31st of the year in which the credit would otherwise be applied, the credit is void and any corresponding moneys will lapse to the state and credited to the General Revenue Fund.

This program sunsets December 31st, six years after the effective date.

This bill is similar to HB 1636 (2024) and similar to HB 1351 (2023).