

SECOND REGULAR SESSION

# HOUSE BILL NO. 2038

## 103RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE TERRY.

4088H.01I

JOSEPH ENGLER, Chief Clerk

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### AN ACT

To amend chapter 137, RSMo, by adding thereto two new sections relating to property tax programs for vulnerable individuals.

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

Section A. Chapter 137, RSMo, is amended by adding thereto two new sections, to be known as sections 137.104 and 137.107, to read as follows:

**137.104. 1. As used in this section, the following terms mean:**

(1) "Commission", the state tax commission;

(2) "Eligible owner", an individual who:

(a) Has reached sixty-five years of age as of January first of the determining odd-numbered year;

(b) Is the owner of record of the residential real property used as a homestead or has a legal or equitable interest in the residential real property used as a homestead as evidenced by a written instrument;

(c) Is liable for the payment of real property taxes on the residential real property used as a homestead; and

(d) Has a total household income of one hundred twenty-five thousand dollars or less, as adjusted in each successive calendar year by the incremental increase in the general price level, as defined under Article X, Section 17 of the Constitution of Missouri;

(3) "Homestead", the residential real property that is used as a primary residence and the adjacent real property, not to exceed five acres of land, as is reasonably necessary for use of the residence as a home dwelling;

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.

18           (4) "Total household income", the combined federal adjusted gross income of  
19 the eligible owner; the eligible owner's spouse, regardless of whether the spouse resides  
20 in the homestead; and any dependent of the eligible owner or the eligible owner's spouse  
21 if such dependent resides in the homestead with the eligible owner.

22           2. In addition to all other exemptions authorized under Article X, Section 6 of  
23 the Constitution of Missouri or otherwise authorized by law, and as authorized under  
24 Article X, Section 6(a) of the Constitution of Missouri, for all tax years beginning on or  
25 after January 1, 2027, for an eligible owner, as defined under this section, an annual  
26 exemption is granted for property that is used as a homestead equal to one hundred  
27 percent of the tax assessed on the homestead.

28           3. The exemption and determination of eligibility under this section applies for  
29 tax years beginning on or after January 1, 2027. The claim for an exemption shall not  
30 be transferred or assigned. The exemption granted under this section shall be applied  
31 after any other property tax exemption, and apart from such exemptions, a taxpayer  
32 who received the exemption granted under this section shall not be eligible for any other  
33 property tax relief, the property tax credits under sections 135.010 to 135.035, or any  
34 other tax credits relating to the owner's homestead under this chapter or chapter 135.

35           4. (1) Except as otherwise provided in this subsection, each eligible owner who  
36 has been granted an exemption under this section shall reapply on an annual basis. A  
37 taxpayer shall apply for the exemption by filing an application during the application  
38 period in effect for the county of his or her residence. The assessor or chief county  
39 assessment officer may determine the eligibility of residential property to receive the  
40 exemption provided by this section by application, visual inspection, questionnaire, or  
41 other reasonable methods. The determination shall be made in accordance with  
42 guidelines established by the commission.

43           (2) If the person qualifying for the exemption does not occupy the qualified  
44 residence as of January first of the tax year, the exemption granted under this section  
45 shall be prorated on a monthly basis. The prorated exemption shall apply beginning  
46 with the first complete month in which the person occupies the qualified residence.

47           5. The exemption granted under this section shall not affect the process of setting  
48 the tax rate as required under Article X, Section 22 of the Constitution of Missouri and  
49 section 137.073 in any prior, current, or subsequent tax year.

50           6. (1) The commission may promulgate all necessary rules and regulations for  
51 the administration of this section. Any rule or portion of a rule, as that term is defined  
52 in section 536.010, that is created under the authority delegated in this section shall  
53 become effective only if it complies with and is subject to all of the provisions of chapter  
54 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable

55 and if any of the powers vested with the general assembly pursuant to chapter 536 to  
56 review, to delay the effective date, or to disapprove and annul a rule are subsequently  
57 held unconstitutional, then the grant of rulemaking authority and any rule proposed or  
58 adopted after August 28, 2026, shall be invalid and void.

59 (2) No rule promulgated by the commission shall in any way adversely impact,  
60 interrupt, or interfere with the performance of the required statutory duties of any  
61 county elected official including, but not limited to, the county collector, when  
62 performing such duties as deemed necessary for the purposes of this section and the  
63 distribution of all other real and personal property taxes.

64 7. Under section 23.253 of the Missouri sunset act:

65 (1) The provisions of the new program authorized under this section shall sunset  
66 six years after the effective date of this section unless reauthorized by an act of the  
67 general assembly;

68 (2) This section shall terminate on September first of the calendar year  
69 immediately following the calendar year in which the program authorized under this  
70 section is sunset; and

71 (3) Nothing in this subsection shall prevent a taxpayer from claiming a tax credit  
72 properly issued before this program was sunset in a tax year after the program is sunset.

137.107. 1. This section shall be known and may be cited as "The Missouri  
2 Homestead Preservation Act".

3 2. As used in this section, the following terms shall mean:

4 (1) "Commission, the state tax commission;

5 (2) "Disabled", as such term is defined in section 135.010;

6 (3) "Eligible owner":

7 (a) Any individual owner of property who:

8 a. Is sixty-five years of age or older as of January first of the tax year in which  
9 the individual is claiming the credit authorized under this section or is disabled; and

10 b. Had an income of less than or equal to the maximum upper limit in the year  
11 prior to completing an application under this section;

12 (b) In the case of a married couple owning property either jointly or as tenants  
13 by the entirety, or in the case of a married couple where only one spouse owns the  
14 property, such couple shall be considered an eligible owner if:

15 a. Both spouses have reached sixty-five years of age, or one spouse is disabled; or

16 b. If one spouse is sixty-five years of age or older and the other spouse is sixty  
17 years of age or older and the combined income of the couple in the year prior to  
18 completing an application under this section did not exceed the maximum upper limit;

19           (c) In the case of joint ownership by unmarried persons or ownership by tenancy  
20 in common by two or more unmarried persons, such owners shall be considered an  
21 eligible owner if each person with an ownership interest individually satisfies the  
22 eligibility requirements for an individual eligible owner under this subdivision and the  
23 combined income of all individuals with an interest in the property is less than or equal  
24 to the maximum upper limit in the year immediately prior to completing an application  
25 under this section. If any individual with an ownership interest in the property fails to  
26 satisfy the eligibility requirements of an individual eligible owner or if the combined  
27 income of all individuals with interest in the property exceeds the maximum upper limit,  
28 no individual with an ownership interest in such property shall be deemed an eligible  
29 owner regardless of whether any such individual could otherwise meet the eligibility  
30 requirements; or

31           (d) In the case of property held in trust, the eligible owner and recipient of the  
32 tax credit shall be the trust itself, provided that the previous owner of the homestead or  
33 the previous owner's spouse:

34           a. Is the settlor of the trust with respect to the homestead;

35           b. Currently resides in such homestead; and

36           c. Would have satisfied the age, ownership, and maximum upper limit  
37 requirements for income as defined in this subdivision, but for the transfer of such  
38 property.

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40 No individual shall be an eligible owner if the individual has not paid the individual's  
41 property tax liability, if any, in full by the payment due date in any of the three most  
42 recent prior tax years, except that a late payment of a property tax liability in any prior  
43 year shall not disqualify a potential eligible owner if such individual paid in full the tax  
44 liability and any and all penalties, additions, and interest that arose as a result of such  
45 late payment. No individual shall be an eligible owner if such person filed a valid claim  
46 for the property tax relief credit under sections 135.010 to 135.035;

47           (4) "Homestead", the same meaning given to such term under section 135.010,  
48 except as otherwise provided in this section. No property shall be considered a  
49 homestead if such property has been improved since the most recent annual assessment  
50 by more than five percent of its previously assessed value, except where an eligible  
51 owner of the property has made such improvements to accommodate a disabled person;

52           (5) "Homestead exemption limit", a percentage increase, rounded to the nearest  
53 hundredth of a percent, that is equal to the percentage increase in tax liability, of a  
54 homestead, not including improvements, from one tax year to the next, that exceeds a  
55 certain percentage set under subsection 7 of this section. The homestead exemption

56 limit shall be based on the increase in tax liability from two years prior to application to  
57 the year immediately prior to application;

58 (6) "Income", federal adjusted gross income, except that in the case of  
59 ownership of the homestead by trust, the income of the settlor applicant shall be added  
60 to the income of the trust for purposes of determining eligibility with respect to the  
61 maximum upper limit;

62 (7) "Maximum upper limit", the income sum of seventy thousand dollars for the  
63 2005 calendar year, increased each successive calendar year by the incremental increase  
64 in the general price level, as defined under Article X, Section 17 of the Constitution of  
65 Missouri.

66 3. As provided under Article X, Section 6(a) of the Constitution of Missouri, for  
67 all tax years beginning on or after January 1, 2027, if in the most recent prior tax year  
68 the property tax liability on any parcel of subclass (1) real property increased by more  
69 than the homestead exemption limit, without regard for any prior credit received due to  
70 the provisions of this section, any eligible owner of the property shall receive a  
71 homestead exemption credit to be applied toward the current tax year property tax  
72 liability to offset the prior year increase in tax liability that exceeds the homestead  
73 exemption limit, except as eligibility for the credit is limited by the provisions of this  
74 section. The amount of the credit shall be listed separately on each taxpayer's tax bill  
75 for the current tax year or on a document enclosed with the taxpayer's bill. The  
76 homestead exemption credit shall not affect the process of setting the tax rate as  
77 required under Article X, Section 22 of the Constitution of Missouri and section 137.073  
78 in any prior, current, or subsequent tax year.

79 4. Any potential eligible owner may apply for the homestead exemption credit by  
80 completing an application. Applications shall be accepted not earlier than April first  
81 and not later than October fifteenth of any tax year in order for the taxpayer to be  
82 eligible for the homestead exemption credit in the tax year next following the calendar  
83 year in which the homestead exemption credit application is completed. The application  
84 shall be on forms provided by the commission or by application through the local  
85 assessor's office on forms provided by the commission. Forms shall be made available  
86 on the commission's website and at all local assessors' and collectors' offices. On such  
87 applications, the applicant shall attest under penalty of perjury:

88 (1) To the applicant's age;

89 (2) That the applicant's prior year income was less than the maximum upper  
90 limit;

91 (3) To the address of the homestead property; and

92           **(4) That any improvements made to the homestead, not made to accommodate a**  
93 **disabled person, did not total more than five percent of the assessed value of the**  
94 **homestead for the most recent prior tax year.**

95  
96 **The applicant shall also include with the application copies of receipts indicating**  
97 **payment of property tax by the applicant for the homestead property for the three most**  
98 **recent prior tax years.**

99           **5. Each applicant shall submit the application to the commission or the**  
100 **assessor's office not later than October fifteenth of each year for the taxpayer to be**  
101 **eligible for the homestead exemption credit in the tax year next following the calendar**  
102 **year in which the application is submitted.**

103           **6. Upon receipt of the applications, the commission shall calculate the tax**  
104 **liability, verify compliance with the maximum income limit, verify the ages of the**  
105 **applicants, and make adjustments to these numbers as necessary on the applications.**  
106 **The commission shall disallow any application if the applicant also has filed a valid**  
107 **application for the property tax credit authorized under sections 135.010 to 135.035.**  
108 **Once the applicant's adjusted tax liability, age, and income are verified, the commission**  
109 **shall determine eligibility for the credit and provide a list of all verified eligible owners**  
110 **to the county assessors, or county clerks in counties with a township form of government**  
111 **notwithstanding section 32.057, not later than December fifteenth of each year. Not**  
112 **later than the following January fifteenth, the county assessors shall provide a list to the**  
113 **commission of any verified eligible owners who made improvements to the homestead**  
114 **not for accommodation of a disability and the dollar amount of the assessed value of**  
115 **such improvements. If the dollar amount of the assessed value of such improvements**  
116 **totals more than five percent of the assessed value from the most recent prior tax year,**  
117 **such eligible owners shall be disqualified from receiving the credit in the current tax**  
118 **year.**

119           **7. The commission shall calculate the level of appropriation necessary to set the**  
120 **homestead exemption limit for the homesteads of all verified eligible owners at five**  
121 **percent when based on a year of general reassessment or at two and one-half percent**  
122 **when based on a year without general reassessment. The commission shall provide such**  
123 **calculation to the speaker of the house of representatives, the president pro tempore of**  
124 **the senate, and the director of the office of budget and planning in the office of**  
125 **administration not later than January thirty-first of each year.**

126           **8. If, in any given year, the general assembly makes an appropriation for the**  
127 **funding of the homestead exemption credit that is signed by the governor, the**  
128 **commission shall determine the apportionment percentage to set the homestead**

exemption limit by apportioning the appropriation among all eligible applicants on a percentage basis, so that the total amount of all credits applied for in a given year is the denominator and the amount of an applicant's credit applied for in a given year is the numerator. If no appropriation is made by the general assembly during any given year or no funds are actually distributed pursuant to any appropriation therefor, no homestead preservation credit shall apply in such year.

9. After determining the apportionment percentage, the commission shall calculate the credit to be associated with each verified eligible owner's homestead, if any. The commission shall send a list of those eligible owners who are to receive the homestead exemption credit, including the amount of each credit, the certified parcel number of the homestead, and the address of the homestead property, to the county collectors, or county clerks in counties with a township form of government notwithstanding section 32.057, not later than August thirty-first. Pursuant to such calculation, the commission shall instruct the state treasurer to distribute the appropriation to the county collector's fund of each county or the treasurer ex officio collector's fund in counties with a township form of government, where recipients of the homestead exemption credit are located, in such amounts as would exactly offset each homestead exemption credit being issued. In no case shall a political subdivision receive, as a result of appropriations, more moneys than it would have received absent the provisions of this section. At the direction of the county collector or the treasurer ex officio collector in counties with a township form of government, funds may be deposited in the county collector's fund of a county or the treasurer ex officio collector's fund or may be sent by mail to the county collector, or the treasurer ex officio collector in counties with a township form of government, not later than October first in any year a homestead exemption credit is appropriated as a result of this section and shall be distributed as moneys in such funds are commonly distributed from other property tax revenues by the county collector, or the treasurer ex officio collector of the county in counties with a township form of government, in such amounts as would exactly offset each homestead exemption credit being issued.

10. In the event that an eligible owner dies or transfers ownership of the property after the homestead exemption limit has been set in any given year, but on or before December thirty-first of the year in which the credit would otherwise be applied, the credit shall be void and any corresponding moneys shall lapse to the state to be credited to the general revenue fund. In the event the county collector, or the treasurer ex officio collector of the county in counties with a township form of government, determines prior to issuing the credit that the individual is not an eligible owner because the individual did not pay his or her property tax liability in full for the most recent

166 prior three years, the credit shall be void and any corresponding moneys shall lapse to  
167 the state to be credited to the general revenue fund. In the event the credit has already  
168 been issued or applied, the commission shall have the authority to recapture the benefit  
169 of the credit in such cases under this subsection.

170 11. (1) The state tax commission may promulgate all necessary rules and  
171 regulations for the administration of this section. Any rule or portion of a rule, as that  
172 term is defined in section 536.010, that is created under the authority delegated in this  
173 section shall become effective only if it complies with and is subject to all of the  
174 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter  
175 536 are nonseverable and if any of the powers vested with the general assembly  
176 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul  
177 a rule are subsequently held unconstitutional, then the grant of rulemaking authority  
178 and any rule proposed or adopted after August 28, 2026, shall be invalid and void.

179 (2) Any rule promulgated under this section by the commission shall in no way  
180 adversely impact, affect, interrupt, or interfere with the performance of the required  
181 statutory duties of any county elected official, more particularly including the county  
182 collector when performing such duties as deemed necessary for the distribution of any  
183 homestead appropriation and the collection of all other real and personal property  
184 taxes.

185 12. Under section 23.253 of the Missouri sunset act:

186 (1) The provisions of the new program authorized under this section shall sunset  
187 six years after the effective date of this section unless reauthorized by an act of the  
188 general assembly;

189 (2) This section shall terminate on September first of the calendar year  
190 immediately following the calendar year in which the program authorized under this  
191 section is sunset; and

192 (3) Nothing in this subsection shall prevent a taxpayer from claiming a tax credit  
193 properly issued before this program was sunset in a tax year after the program is sunset.

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