

HOUSE BILL NO. 2981

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BURTON.

4630H.011

JOSEPH ENGLER, Chief Clerk

AN ACT

To amend chapter 137, RSMo, by adding thereto one new section relating to the Missouri homestead preservation act, with a delayed effective date.

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

Section A. Chapter 137, RSMo, is amended by adding thereto one new section, to be
2 known as section 137.107, to read as follows:

**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 mean:**

4 **(1) "Department", the department of revenue;**

5 **(2) "Director", the director of the department of revenue;**

6 **(3) "Disabled", the same meaning as such term is defined under section 135.010;**

7 **(4) "Eligible owner":**

8 **(a) Any individual owner of property who is sixty-five years of age or older as of
9 January first of the tax year in which the individual is claiming the credit authorized
10 under this section or who is disabled and who had an income of less than or equal to the
11 maximum upper limit in the year 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 in which only one spouse owns the
14 property, such couple shall be considered an eligible owner if both spouses have reached
15 sixty-five years of age, if one spouse is disabled, or if one spouse is sixty-five years of age
16 or older and the other spouse is sixty years of age or older, and the combined income of**

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.

17 the couple in the year prior to completing an application under this section did not
18 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 individuals with an ownership interest in such property shall be deemed an eligible
29 owner, regardless of whether any such individuals 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 tax year shall not disqualify a potential eligible owner if such individual paid in full the
44 tax liability and any and all penalties, additions, and interest that arose as a result of
45 such late payment. No individual shall be an eligible owner if such person filed a valid
46 claim for the property tax relief credit under sections 135.010 to 135.035;

47 (5) "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 its 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 (6) "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, not

54 including improvements, of a homestead 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 the
57 application to the year immediately prior to the application;

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

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

79 4. Any potential eligible owner may apply for the homestead exemption credit by
80 completing an application. Applications shall be completed 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 department. Forms shall be made available on the
85 department's website and at all permanent branch offices and all full-time, temporary,
86 and fee offices maintained by the department of revenue. On such applications, the
87 applicant shall attest under penalty of perjury:

88 (1) To the applicant's age;

89 (2) That the applicant's prior year's 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.**

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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 department not later than**
100 **October fifteenth of each year for the taxpayer to be eligible for the homestead**
101 **exemption credit in the tax year next following the calendar year in which the**
102 **application was submitted.**

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

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

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

128 among all eligible applicants on a percentage basis. If no appropriation is made by the
129 general assembly during any tax year or no funds are actually distributed pursuant to
130 any appropriation therefor, no homestead preservation credit shall apply in such year.

131 9. After determining the apportionment percentage, the director shall calculate
132 the credit to be associated with each verified eligible owner's homestead, if any. The
133 director shall send a list of those eligible owners who are to receive the homestead
134 exemption credit, including the amount of each credit, the certified parcel number of the
135 homestead, and the address of the homestead property, to the county collectors, or
136 county clerks in counties with a township form of government, notwithstanding section
137 32.057, not later than August thirty-first. Pursuant to such calculation, the director
138 shall instruct the state treasurer to distribute the appropriation to the county collector's
139 fund of each county where recipients of the homestead exemption credit are located, in
140 such amounts as would exactly offset each homestead exemption credit being issued. In
141 no case shall a political subdivision receive, as a result of appropriations, more moneys
142 than it would have received absent the provisions of this section. At the direction of the
143 county collector, or treasurer ex officio collector in counties with a township form of
144 government, funds may be deposited in the county collector's fund or may be sent by
145 mail to the collector of a county, or treasurer ex officio collector in counties with a
146 township form of government, not later than October first in any year a homestead
147 exemption credit is appropriated as a result of this section, and shall be distributed as
148 moneys in such funds are commonly distributed from other property tax revenues by
149 the county collector, or treasurer ex officio collector in counties with a township form of
150 government, in such amounts as would exactly offset each homestead exemption credit
151 being issued.

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

162 11. (1) The department may promulgate rules and regulations for the
163 implementation and administration of this section. Any rule or portion of a rule, as that
164 term is defined in section 536.010, that is created under the authority delegated in this

165 section shall become effective only if it complies with and is subject to all of the
166 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter
167 536 are nonseverable and if any of the powers vested with the general assembly
168 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
169 a rule are subsequently held unconstitutional, then the grant of rulemaking authority
170 and any rule proposed or adopted after August 28, 2026, shall be invalid and void.

171 (2) No rule promulgated by the department shall in any way adversely impact,
172 interrupt, or interfere with the performance of the required statutory duties of any
173 county elected official including, but not limited to, the county collector, when
174 performing such duties as deemed necessary for the distribution of any homestead
175 appropriation and the distribution of all other real and personal property taxes.

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

177 (1) The provisions of this section shall sunset six years after the effective date of
178 this section unless reauthorized by an act of the general assembly; and

179 (2) This section shall terminate on January first of the calendar year
180 immediately following the calendar year in which the provisions of this section are
181 sunset.

Section B. The enactment of section 137.107 of section A of this act shall become
2 effective on January 1, 2027.

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