

SECOND REGULAR SESSION

# HOUSE BILL NO. 3543

103RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE JOHNSON.

6993H.02I

JOSEPH ENGLER, Chief Clerk

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## AN ACT

To amend chapter 137, RSMo, by adding thereto one new section relating to a local real property tax exemption for certain disabled veterans.

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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 one new section, to be  
2 known as section 137.1073, to read as follows:

**137.1073. 1. As used in this section, the following terms mean:**

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

3 (2) "Disabled veteran", a Missouri resident who:

4 (a) **Has served on active duty or state active duty as a member of the Armed**  
5 **Forces of the United States, the National Guard, or the United States Reserve Forces;**

6 (b) **Was discharged under honorable conditions;**

7 (c) **Has been adjudicated by the United States Department of Veterans Affairs as**  
8 **having a service-related disability that renders such veteran as being one hundred**  
9 **percent totally disabled or as being less than one hundred percent totally disabled but is**  
10 **compensated at the one hundred percent level due to individual unemployability or is**  
11 **entitled to receive a statutory award from the United States Department of Veterans**  
12 **Affairs for:**

13 a. **Loss or permanent loss of use of one or both feet;**

14 b. **Loss or permanent loss of use of one or both hands;**

15 c. **Loss of sight in one or both eyes; or**

16 d. **Permanent impairment of vision of both eyes; and**

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 (d) Is an owner of record and liable for the payment of property taxes on the  
18 qualified residence for which the exemption allowed under this section is claimed;

19 (3) "Homestead", the real property located within the state of Missouri that is  
20 actually owned and occupied by an individual as his or her primary residence and not to  
21 exceed five acres of land surrounding it as is reasonably necessary for use of the  
22 dwelling as a home;

23 (4) "Qualified residence", the residential real property used as a homestead by a  
24 disabled veteran or surviving spouse, but less any portion of the property that is used  
25 for commercial purposes. If the property, or a portion of the property, is rented out to  
26 another person for more than six months it is presumed to be used for commercial  
27 purposes. No more than one property per claimant per tax year shall be claimed as a  
28 qualified residence under this section.

29 2. In addition to all other exemptions authorized under Article X, Section 6 of  
30 the Constitution of Missouri or otherwise authorized by law, and as authorized under  
31 Article X, Section 6(a) of the Constitution of Missouri, for all tax years beginning on or  
32 after January 1, 2027, a county shall grant an annual exemption for a qualified  
33 residence of a disabled veteran in an amount equal to the greater of thirty-two thousand  
34 five hundred dollars or the maximum amount that may be granted to a disabled veteran  
35 under 38 U.S.C. Section 2102, as amended, from all ad valorem taxation assessed on the  
36 qualified residence. The value of all property in excess of the exempted amount shall  
37 remain subject to taxation.

38 3. The exemption under this section carries over to the benefit of the disabled  
39 veteran's unremarried surviving spouse or minor children as long as the unremarried  
40 surviving spouse or minor children continue to actually occupy the residence as a  
41 homestead or to any subsequent homestead within the same county, where such spouse  
42 or minor children continue to occupy the residence as a homestead. No exemption shall  
43 be allowed for the tax year in which the surviving spouse remarries.

44 4. The claim for an exemption shall not be transferred or assigned, except as  
45 provided for under this section.

46 5. The governing body of the county may adopt reasonable procedures and  
47 promulgate ordinances, rules, and regulations in order to implement and administer the  
48 provisions of this section. Eligibility determinations shall be made in accordance with  
49 guidelines established by this section and any additional local rules or regulations.

50 6. The exemption granted under this section shall not affect the process of setting  
51 the tax rate as required under Article X, Section 22 of the Constitution of Missouri and  
52 section 137.073 in any prior, current, or subsequent tax year. Nothing in this section  
53 shall impair the obligation of any contract, reduce or restrict the taxing authority of any

54 political subdivision, or alter the calculation of assessed valuation for the purposes of  
55 bonded indebtedness.

56 7. (1) All revenues lost resulting from the exemption authorized under this  
57 section may be replaced to each taxing authority within a county from a countywide  
58 replacement sales tax on all retail sales made within the county that are subject to sales  
59 tax under chapter 144. The tax authorized under this section shall be imposed by  
60 resolution at a rate necessary to produce the same revenue produced by the tax on the  
61 real property exempted under this section in the previous year, and shall be imposed  
62 solely for the same purposes as the property tax was imposed. The tax authorized under  
63 this subsection shall be in addition to all other sales taxes imposed by law, and shall be  
64 stated separately from all other charges and taxes.

65 (2) No such resolution adopted under this section shall become effective unless  
66 the governing body of the county submits to the voters residing within the county at a  
67 state general, primary, or special election a proposal to authorize the governing body to  
68 impose the exemption and the replacement tax under this section. If a majority of the  
69 votes cast on the question by the qualified voters voting thereon are in favor of the  
70 question, the exemption and replacement tax shall become effective on the first day of  
71 the second calendar quarter after the director of revenue receives notification of the  
72 adoption of the local sales tax. If the majority of the votes cast on the question by the  
73 qualified voters voting thereon are opposed to the question, the exemption shall not  
74 become effective unless and until the question is resubmitted under this section to the  
75 qualified voters and such question is approved by a majority of the qualified voters  
76 voting on the question.

77 (3) All revenue collected under this subsection by the director of the department  
78 of revenue on behalf of the county, except for one percent for the cost of collection that  
79 shall be deposited in the state's general revenue fund, shall be deposited in a special  
80 trust fund, which is hereby created and shall be known as the "Veterans Homestead  
81 Property Tax Replacement Sales Tax Fund", and shall be used solely for the designated  
82 purposes. Moneys in the fund shall not be deemed to be state funds, and shall not be  
83 commingled with any funds of the state. The director may make refunds from the  
84 amounts in the fund and credited to the county for erroneous payments and  
85 overpayments made, and may redeem dishonored checks and drafts deposited to the  
86 credit of such county. Any funds in the special fund which are not needed for current  
87 expenditures shall be invested in the same manner as other funds are invested. Any  
88 interest and moneys earned on such investments shall be credited to the fund.

89 (4) The governing body of any county that has adopted the replacement sales tax  
90 authorized in this section may submit the question of repeal of the replacement tax to

91 the voters on any date available for elections for the county. If a majority of the votes  
92 cast on the question by the qualified voters voting thereon are in favor of the repeal, that  
93 repeal shall become effective on December thirty-first of the calendar year in which  
94 such repeal was approved. If a majority of the votes cast on the question by the  
95 qualified voters voting thereon are opposed to the repeal, the replacement sales tax  
96 authorized in this section shall remain effective until the question is resubmitted under  
97 this section to the qualified voters and the repeal is approved by a majority of the  
98 qualified voters voting on the question.

99 (5) If the replacement tax is repealed or terminated by any means, all funds  
100 remaining in the special trust fund shall continue to be used solely for the designated  
101 purposes, and the county shall notify the director of the department of revenue of the  
102 action at least ninety days before the effective date of the repeal and the director may  
103 order retention in the trust fund, for a period of one year, of two percent of the amount  
104 collected after receipt of such notice to cover possible refunds or overpayment of the tax  
105 and to redeem dishonored checks and drafts deposited to the credit of such accounts.  
106 After one year has elapsed after the effective date of abolition of the replacement tax in  
107 such county, the director shall remit the balance in the account to the county and close  
108 the account of that county. The director shall notify each county of each instance of any  
109 amount refunded or any check redeemed from receipts due the county.

110 8. Under section 23.253 of the Missouri sunset act:

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

113 (2) This section shall terminate on January first of the calendar year  
114 immediately following the calendar year in which the provisions of this section are  
115 sunset.

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