

HCS HB 2535 -- TAXATION

SPONSOR: Mayhew

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Veterans and Armed Forces by a vote of 15 to 1.

The following is the summary for the House Committee Substitute for HB 2535.

This bill establishes the "Veterans and Gold Star Family Property Tax Relief Act".

Beginning January 1, 2027, this bill creates an annual exemption from the property taxes levied on the qualified residence of a disabled veteran, Purple Heart recipient, or Gold Star spouse. A Gold Star spouse is the surviving spouse of a veteran who is certified by the United States Department of Veterans Affairs as a recipient of dependency and indemnity compensation under Federal law.

The exemption is limited to amounts set forth as follows:

(1) For disabled veterans who are Purple Heart recipients, the annual exemption will be \$5,000 or the total amount of the property tax levied on the qualified residence, whichever is less; and

(2) For disabled veterans with a disability rating of 70% or more or Gold Star spouses, the annual exemption is equal to 100% of the property tax levied on the qualified residence.

The exemption carries over to the benefit of the disabled veteran's or Purple Heart recipient's surviving spouse as long as the spouse holds the legal or beneficial title to the qualified residence and permanently resides therein. The exemption for the surviving spouse will remain proportional to the disabled veteran's disability rating as of the time of the veteran's passing, except that if the surviving spouse remarries, the exemption will be reduced by 50% effective beginning in the tax year in which the surviving spouse remarries. This will not apply to a Gold Star Spouse.

The bill creates the "Veterans Property Tax Relief Fund" which will be used to pay for the exemption. Additionally, the Missouri Veterans' Commission can retain an amount not to exceed 1.5% to offset the costs of administration of the tax exemption.

The Commission is authorized to determine the rules and procedures for payment of the exemption reimbursements. The Commission is required to submit an annual report to the Governor, the Speaker of the House of Representatives, and the President Pro Tem of the Senate summarizing the exemptions granted, disbursements, and the number of veterans assisted.

The bill creates new taxes on alternative nicotine products, hemp products, vapor products, tobacco products other than cigarettes, and tobacco paraphernalia. The tax will be 10% of the manufacturer's or distributor's invoice price, before discounts and deals, with the money going to the Veterans' Property Tax Relief Fund.

This bill also raises taxes on cigarettes to five mills per cigarette with the money going to the Veterans' Property Tax Relief Fund.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPOSERS: Supporters say that this bill helps honor veterans and their spouses for the sacrifices they have given. Unlike other bills, this bill provides a funding source to offset the loss in tax revenue.

Testifying in person for the bill were Representative Mayhew; D. Andrew Davis; Bruce F. Kahmke, Amvet; and Tony Laszacs.

OPPOSERS: Those who oppose the bill say that cigarettes are already heavily taxed. Missouri currently has a competitive advantage over our neighboring states on the price of tobacco products. This bill would take away that advantage and hurt our gas stations, convenience stores, and truck stops.

Testifying in person against the bill were Arnie Dienoff; Missouri Vape And Alternative Products Association; MO Hemp Trade Association; and Missouri Petroleum and Convenience Association.

OTHERS: Others testifying on the bill say Missouri would use the funding source from hemp products if they are banned on the Federal level. Residents in neighboring states spend ten to fifteen million dollars a year on cartons of cigarettes purchased in Missouri.

Testifying in person on the bill was Zachary Wyatt, Dept of Revenue.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.