

HOUSE BILL NO. 2766

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE ANDERSON.

5777H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

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

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 known as section 137.107, to read as follows:

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

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

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

(2) "Director", the director of revenue;

(3) "Disabled", the same definition as in section 135.010;

(4) "Eligible owner":

(a) Any individual owner of property who:

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

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

(b) In the case of a married couple owning property either jointly or as tenants by the entirety, or in the case of a married couple when only one spouse owns the property, such couple shall be considered an eligible owner if both spouses have reached sixty-five years of age, if one spouse is disabled, or if one spouse is sixty-five years of age 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.

18 the couple in the year prior to completing an application as provided in this section did
19 not exceed the maximum upper limit;

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

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

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

36 b. Currently resides in such homestead; and

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

40 (5) "Homestead", the same definition as in section 135.010, except as otherwise
41 provided in this section;

42 (6) "Homestead exemption limit", a percentage increase, rounded to the nearest
43 one-hundredth of one percent, that is equal to the percentage increase in tax liability,
44 not including improvements, of a homestead from one tax year to the next, that exceeds
45 a certain percentage set in subdivision (7) of subsection 4 of this section. The homestead
46 exemption limit shall be based on the increase in tax liability from two years prior to the
47 application to the year immediately prior to the application;

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

52 (8) "Maximum upper limit", the income sum of seventy thousand dollars for the
53 2005 calendar year, increased each successive calendar year by the incremental increase

54 in the general price level, as defined in Article X, Section 17 of the Constitution of
55 Missouri.

56 3. (1) For purposes of this section, no individual shall be an eligible owner if
57 such individual has not paid such individual's property tax liability, if any, in full by the
58 payment due date in any of the three most recent prior tax years, except that a late
59 payment of a property tax liability in any prior tax year shall not disqualify a potential
60 eligible owner if such individual paid in full the tax liability and any and all penalties,
61 additions, and interest that arose as a result of such late payment. No individual shall be
62 an eligible owner if such person filed a valid claim for the property tax relief credit
63 under sections 135.010 to 135.035.

64 (2) For purposes of this section, no property shall be considered a homestead if
65 such property has been improved since its most recent annual assessment by more than
66 two and one-half percent of its previously assessed value, except when an eligible owner
67 of the property has made such improvements to accommodate a disabled person.

68 4. (1) As provided in Article X, Section 6(a) of the Constitution of Missouri, if in
69 the most recent prior tax year the property tax liability on any parcel of real property in
70 subclass (1) of class 1, as described in Article X, Section 4(b) of the Constitution of
71 Missouri, increased by more than the homestead exemption limit, without regard for
72 any prior credit received due to the provisions of this section, any eligible owner of the
73 property shall receive a homestead exemption credit to be applied toward the current
74 tax year property tax liability to offset the prior tax year increase in tax liability that
75 exceeds the homestead exemption limit, except as eligibility for the credit is limited by
76 the provisions of this section. The amount of the credit shall be listed separately on each
77 taxpayer's tax bill for the current tax year or on a document enclosed with the
78 taxpayer's bill. The homestead exemption credit shall not affect the process of setting
79 the tax rate as required under Article X, Section 22 of the Constitution of Missouri and
80 section 137.073 in any prior, current, or subsequent tax year.

81 (2) Any potential eligible owner may apply for the homestead exemption credit
82 by completing an application. Applications shall be completed no earlier than April
83 first and no later than October fifteenth of any tax year in order for the taxpayer to be
84 eligible for the homestead exemption credit in the tax year next following the calendar
85 year in which the homestead exemption credit application is completed. The application
86 shall be on forms provided by the department. Forms shall be made available on the
87 department's website and at all permanent branch offices and all full-time, temporary,
88 and fee offices maintained by the department of revenue.

89 (3) On such applications, the applicant shall attest under penalty of perjury:

90 (a) To the applicant's age;

91 (b) That the applicant's prior year income was less than the maximum upper
92 limit;

93 (c) To the address of the homestead property; and

94 (d) That any improvements made to the homestead, not made to accommodate a
95 disabled person, did not total more than two and one-half percent of the assessed value
96 of the homestead for the most recent prior tax year.

97 (4) The applicant shall include with the application copies of receipts indicating
98 payment of property tax by the applicant for the homestead property for the three most
99 recent prior tax years.

100 (5) Each applicant shall submit the application to the department no later than
101 October fifteenth of each year for the taxpayer to be eligible for the homestead
102 exemption credit in the tax year next following the calendar year in which the
103 application was submitted.

104 (6) Upon receipt of the applications, the department shall calculate the tax
105 liability, verify compliance with the maximum income limit, verify the ages of the
106 applicants, and make adjustments to such numbers as necessary on the applications.
107 The department shall disallow any application if the applicant also has filed a valid
108 application for the property tax credit authorized under sections 135.010 to 135.035.
109 Once adjusted tax liability, age, and income are verified, the director shall determine
110 eligibility for the credit and provide a list of all verified eligible owners to the county
111 assessors, or county clerks in counties with a township form of government, no later
112 than December fifteenth of each year. No later than the following January fifteenth, the
113 county assessors shall provide a list to the department of any verified eligible owners
114 who made improvements not for accommodation of a disability to the homestead and
115 the dollar amount of the assessed value of such improvements. If the dollar amount of
116 the assessed value of such improvements totals more than two and one-half percent of
117 the assessed value from the most recent prior tax year, such eligible owners shall be
118 disqualified from receiving the credit in the current tax year.

119 (7) The director shall calculate the level of appropriation necessary to set the
120 homestead exemption limit at two and one-half percent for the homesteads of all verified
121 eligible owners and provide such calculation to the speaker of the house of
122 representatives, the president pro tempore of the senate, and the director of the office
123 of budget and planning in the office of administration no later than January thirty-first
124 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 equally apportioning the

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

132 **(9) After determining the apportionment percentage, the director shall calculate**
133 **the credit to be associated with each verified eligible owner's homestead, if any. The**
134 **director shall send a list of those eligible owners who are to receive the homestead**
135 **exemption credit, including the amount of each credit, the certified parcel number of the**
136 **homestead, and the address of the homestead property, to the county collectors, or**
137 **county clerks in counties with a township form of government, no later than August**
138 **thirty-first. Under such calculation, the director shall instruct the state treasurer to**
139 **distribute the appropriation to the county collector's fund of each county where**
140 **recipients of the homestead exemption credit are located in such amounts as would**
141 **exactly offset each homestead exemption credit being issued. In no case shall a political**
142 **subdivision receive, as a result of appropriations, more moneys than it would have**
143 **received absent the provisions of this section. At the direction of the county collector, or**
144 **treasurer ex officio collector in counties with a township form of government, funds may**
145 **be deposited in the county collector's fund or may be sent by mail to the collector of a**
146 **county, or treasurer ex officio collector in counties with a township form of government,**
147 **no later than October first in any year in which a homestead exemption credit is**
148 **appropriated as a result of this section and such funds shall be distributed as moneys in**
149 **such funds are commonly distributed from other property tax revenues by the county**
150 **collector, or treasurer ex officio collector of the county in counties with a township form**
151 **of government, in such amounts as would exactly offset each homestead exemption**
152 **credit being issued.**

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

163 **(11) This subsection shall apply in all years beginning after December 31, 2024.**

164 **5. (1) The department shall promulgate rules for implementation and**
165 **administration of this section. Any rule or portion of a rule, as that term is defined in**
166 **section 536.010, that is created under the authority delegated in this section shall**
167 **become effective only if it complies with and is subject to all of the provisions of chapter**
168 **536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable**
169 **and if any of the powers vested with the general assembly pursuant to chapter 536 to**
170 **review, to delay the effective date, or to disapprove and annul a rule are subsequently**
171 **held unconstitutional, then the grant of rulemaking authority and any rule proposed or**
172 **adopted after August 28, 2024, shall be invalid and void.**

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

178 **6. Under section 23.253 of the Missouri sunset act:**

179 **(1) The provisions of the new program authorized under this section shall**
180 **automatically sunset six years after the effective date of this section unless reauthorized**
181 **by an act of the general assembly;**

182 **(2) If such program is reauthorized, the program authorized under this section**
183 **shall automatically sunset twelve years after the effective date of the reauthorization of**
184 **this section; and**

185 **(3) This section shall terminate on September first of the calendar year**
186 **immediately following the calendar year in which the program authorized under this**
187 **section is sunset. The termination of the program as described in this subsection shall**
188 **not be construed to preclude any qualified taxpayer who claims any benefit under any**
189 **program that is sunset under this subsection from claiming such benefit for all allowable**
190 **activities related to such claim that were completed before the program was sunset, or to**
191 **eliminate any responsibility of the department to verify the continued eligibility of**
192 **qualified individuals receiving tax credits and to enforce other requirements of law that**
193 **applied before the program was sunset.**

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