

FIRST REGULAR SESSION

# SENATE BILL NO. 140

96TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CROWELL.

Read 1st time January 19, 2011, and ordered printed.

TERRY L. SPIELER, Secretary.

0692S.011

## AN ACT

To repeal sections 135.010, 135.025, and 135.030, RSMo, and to enact in lieu thereof three new sections relating to the Missouri property tax credit.

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

Section A. Sections 135.010, 135.025, and 135.030, RSMo, are repealed  
2 and three new sections enacted in lieu thereof, to be known as sections 135.010,  
3 135.025, and 135.030, to read as follows:

135.010. As used in sections 135.010 to 135.030 the following words and  
2 terms mean:

3 (1) "Claimant", a person or persons claiming a credit under sections  
4 135.010 to 135.030. If the persons are eligible to file a joint federal income tax  
5 return and reside at the same address at any time during the taxable year, then  
6 the credit may only be allowed if claimed on a combined Missouri income tax  
7 return or a combined claim return reporting their combined incomes and property  
8 taxes. A claimant shall not be allowed a property tax credit unless the claimant  
9 or spouse has attained the age of sixty-five on or before the last day of the  
10 calendar year and the claimant or spouse was a resident of Missouri for the entire  
11 year, or the claimant or spouse is a veteran of any branch of the armed forces of  
12 the United States or this state who became one hundred percent disabled as a  
13 result of such service, or the claimant or spouse is disabled as defined in  
14 subdivision (2) of this section, and such claimant or spouse provides proof of such  
15 disability in such form and manner, and at such times, as the director of revenue  
16 may require, or if the claimant has reached the age of sixty on or before the last  
17 day of the calendar year and such claimant received surviving spouse Social  
18 Security benefits during the calendar year and the claimant provides proof, as

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

19 required by the director of revenue, that the claimant received surviving spouse  
20 Social Security benefits during the calendar year for which the credit will be  
21 claimed. A claimant shall not be allowed a property tax credit if the claimant  
22 filed a valid claim for a credit under section 137.106 in the year following the  
23 year for which the property tax credit is claimed. The residency requirement  
24 shall be deemed to have been fulfilled for the purpose of determining the  
25 eligibility of a surviving spouse for a property tax credit if a person of the age of  
26 sixty-five years or older who would have otherwise met the requirements for a  
27 property tax credit dies before the last day of the calendar year. The residency  
28 requirement shall also be deemed to have been fulfilled for the purpose of  
29 determining the eligibility of a claimant who would have otherwise met the  
30 requirements for a property tax credit but who dies before the last day of the  
31 calendar year;

32 (2) "Disabled", the inability to engage in any substantial gainful activity  
33 by reason of any medically determinable physical or mental impairment which  
34 can be expected to result in death or which has lasted or can be expected to last  
35 for a continuous period of not less than twelve months. A claimant shall not be  
36 required to be gainfully employed prior to such disability to qualify for a property  
37 tax credit;

38 (3) ["Gross rent", amount paid by a claimant to a landlord for the rental,  
39 at arm's length, of a homestead during the calendar year, exclusive of charges for  
40 health and personal care services and food furnished as part of the rental  
41 agreement, whether or not expressly set out in the rental agreement. If the  
42 director of revenue determines that the landlord and tenant have not dealt at  
43 arm's length, and that the gross rent is excessive, then he shall determine the  
44 gross rent based upon a reasonable amount of rent. Gross rent shall be deemed  
45 to be paid only if actually paid prior to the date a return is filed. The director of  
46 revenue may prescribe regulations requiring a return of information by a landlord  
47 receiving rent, certifying for a calendar year the amount of gross rent received  
48 from a tenant claiming a property tax credit and shall, by regulation, provide a  
49 method for certification by the claimant of the amount of gross rent paid for any  
50 calendar year for which a claim is made. The regulations authorized by this  
51 subdivision may require a landlord or a tenant or both to provide data relating  
52 to health and personal care services and to food. Neither a landlord nor a tenant  
53 may be required to provide data relating to utilities, furniture, home furnishings  
54 or appliances;

55 (4) "Homestead", the dwelling in Missouri owned [or rented] by the  
56 claimant and not to exceed five acres of land surrounding it as is reasonably  
57 necessary for use of the dwelling as a home. It may consist of part of a  
58 multidwelling or multipurpose building and part of the land upon which it is  
59 built. "Owned" includes a vendee in possession under a land contract and one or  
60 more tenants by the entireties, joint tenants, or tenants in common and includes  
61 a claimant actually in possession if he was the immediate former owner of record,  
62 if a lineal descendant is presently the owner of record, and if the claimant  
63 actually pays all taxes upon the property. It may include a mobile home;

64 [(5)] (4) "Income", Missouri adjusted gross income as defined in section  
65 143.121 less two thousand dollars, or in the case of a homestead owned and  
66 occupied, for the entire year, by the claimant, less four thousand dollars as an  
67 exemption for the claimant's spouse residing at the same address, and increased,  
68 where necessary, to reflect the following:

69 (a) Social Security, railroad retirement, and veterans payments and  
70 benefits unless the claimant is a one hundred percent service-connected, disabled  
71 veteran or a spouse of a one hundred percent service-connected, disabled  
72 veteran. The one hundred percent service-connected disabled veteran shall not  
73 be required to list veterans payments and benefits;

74 (b) The total amount of all other public and private pensions and  
75 annuities;

76 (c) Public relief, public assistance, and unemployment benefits received  
77 in cash, other than benefits received under this chapter;

78 (d) No deduction being allowed for losses not incurred in a trade or  
79 business;

80 (e) Interest on the obligations of the United States, any state, or any of  
81 their subdivisions and instrumentalities;

82 [(6)] (5) "Property taxes accrued", property taxes paid, exclusive of  
83 special assessments, penalties, interest, and charges for service levied on a  
84 claimant's homestead in any calendar year. Property taxes shall qualify for the  
85 credit only if actually paid prior to the date a return is filed. The director of  
86 revenue shall require a tax receipt or other proof of property tax payment. If a  
87 homestead is owned only partially by claimant, then "property taxes accrued" is  
88 that part of property taxes levied on the homestead which was actually paid by  
89 the claimant. For purposes of this subdivision, property taxes are "levied" when  
90 the tax roll is delivered to the director of revenue for collection. If a claimant

91 owns a homestead part of the preceding calendar year and rents it or a different  
92 homestead for part of the same year, "property taxes accrued" means only taxes  
93 levied on the homestead both owned and occupied by the claimant, multiplied by  
94 the percentage of twelve months that such property was owned and occupied as  
95 the homestead of the claimant during the year. When a claimant owns and  
96 occupies two or more different homesteads in the same calendar year, property  
97 taxes accrued shall be the sum of taxes allocable to those several properties  
98 occupied by the claimant as a homestead for the year. If a homestead is an  
99 integral part of a larger unit such as a farm, or multipurpose or multidwelling  
100 building, property taxes accrued shall be that percentage of the total property  
101 taxes accrued as the value of the homestead is of the total value. For purposes  
102 of this subdivision "unit" refers to the parcel of property covered by a single tax  
103 statement of which the homestead is a part[;

104 (7) "Rent constituting property taxes accrued", twenty percent of the gross  
105 rent paid by a claimant and spouse in the calendar year].

135.025. The property taxes accrued [and rent constituting property taxes  
2 accrued] on each return shall be totaled. This total, up to [seven hundred fifty  
3 dollars in rent constituting property taxes actually paid or] eleven hundred  
4 dollars in actual property tax paid, shall be used in determining the property tax  
5 credit. The director of revenue shall prescribe regulations providing for  
6 allocations where part of a claimant's homestead is rented to another or used for  
7 nondwelling purposes or where a homestead is owned [or rented] or used as a  
8 dwelling for part of a year.

135.030. 1. As used in this section:

2 (1) The term "maximum upper limit" shall, for each calendar year after  
3 December 31, 1997, but before calendar year 2008, be the sum of twenty-five  
4 thousand dollars. For all calendar years beginning on or after January 1, 2008,  
5 the maximum upper limit shall be the sum of twenty-seven thousand five  
6 hundred dollars. In the case of a homestead owned and occupied for the entire  
7 year by the claimant, the maximum upper limit shall be the sum of thirty  
8 thousand dollars;

9 (2) The term "minimum base" shall, for each calendar year after December  
10 31, 1997, but before calendar year 2008, be the sum of thirteen thousand  
11 dollars. For all calendar years beginning on or after January 1, 2008, the  
12 minimum base shall be the sum of fourteen thousand three hundred dollars.

13 2. If the income on a return is equal to or less than the maximum upper

14 limit for the calendar year for which the return is filed, the property tax credit  
 15 shall be determined from a table of credits based upon the amount by which the  
 16 total property tax described in section 135.025 exceeds the percent of income in  
 17 the following list:

18 If the income on the return is:	The percent is:
19 Not over the minimum base	0 percent with credit
20	not to exceed \$1,100
21	in actual property tax
22	[or rent equivalent] paid
23	up to \$750
24 Over the minimum base but	1/16 percent accumulative
25 not over the maximum upper	per \$300 from
26 limit	0 percent to 4 percent.

27 The director of revenue shall prescribe a table based upon the preceding  
 28 sentences. The property tax shall be in increments of twenty-five dollars and the  
 29 income in increments of three hundred dollars. The credit shall be the amount  
 30 rounded to the nearest whole dollar computed on the basis of the property tax  
 31 and income at the midpoints of each increment. As used in this subsection, the  
 32 term "accumulative" means an increase by continuous or repeated application of  
 33 the percent to the income increment at each three hundred dollar level.

34 3. Notwithstanding subsection 4 of section 32.057, the department of  
 35 revenue or any duly authorized employee or agent shall determine whether any  
 36 taxpayer filing a report or return with the department of revenue who has not  
 37 applied for the credit allowed pursuant to section 135.020 may qualify for the  
 38 credit, and shall notify any qualified claimant of the claimant's potential  
 39 eligibility, where the department determines such potential eligibility exists.

