

SECOND REGULAR SESSION

SENATE BILL NO. 547

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SIFTON.

Pre-filed December 1, 2019, and ordered printed.

ADRIANE D. CROUSE, Secretary.

3912S.03I

AN ACT

To repeal sections 137.180 and 138.434, RSMo, and to enact in lieu thereof three new sections relating to property taxes.

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

Section A. Sections 137.180 and 138.434, RSMo, are repealed and three
2 new sections enacted in lieu thereof, to be known as sections 137.106, 137.180,
3 and 138.434, to read as follows:

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

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

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

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

6 **(3) "Disabled", as such term is defined in section 135.010;**

7 **(4) "Eligible owner", any individual owner of property who is**
8 **sixty-five years old or older as of January first of the tax year in which**
9 **the individual is claiming the credit or who is disabled, and who had**
10 **an income of equal to or less than the maximum upper limit in the year**
11 **prior to completing an application pursuant to this section; or**

12 **(a) In the case of a married couple owning property either**
13 **jointly or as tenants by the entirety, or where only one spouse owns the**
14 **property, such couple shall be considered an eligible taxpayer if both**
15 **spouses have reached the age of sixty-five or if one spouse is disabled,**
16 **or if one spouse is at least sixty-five years old and the other spouse is**
17 **at least sixty years old, and the combined income of the couple in the**
18 **year prior to completing an application pursuant to this section did not**
19 **exceed the maximum upper limit; or**

20 **(b) In the case of joint ownership by unmarried persons or**

21 ownership by tenancy in common by two or more unmarried persons,
22 such owners shall be considered an eligible owner if each person with
23 an ownership interest individually satisfies the eligibility requirements
24 for an individual eligible owner under this section and the combined
25 income of all individuals with an interest in the property is equal to or
26 less than the maximum upper limit in the year prior to completing an
27 application under this section. If any individual with an ownership
28 interest in the property fails to satisfy the eligibility requirements of
29 an individual eligible owner or if the combined income of all
30 individuals with interest in the property exceeds the maximum upper
31 limit, then all individuals with an ownership interest in such property
32 shall be deemed ineligible owners regardless of such other individual's
33 ability to individually meet the eligibility requirements; or

34 (c) In the case of property held in trust, the eligible owner and
35 recipient of the tax credit shall be the trust itself provided the previous
36 owner of the homestead or the previous owner's spouse: is the settlor
37 of the trust with respect to the homestead; currently resides in such
38 homestead; and but for the transfer of such property would have
39 satisfied the age, ownership, and maximum upper limit requirements
40 for income as defined in this subsection.

41 No individual shall be an eligible owner if the individual has not paid
42 the individual's property tax liability, if any, in full by the payment due
43 date in any of the three prior tax years, except that a late payment of
44 a property tax liability in any prior year shall not disqualify a potential
45 eligible owner if such owner paid in full the tax liability and any and
46 all penalties, additions and interest that arose as a result of such late
47 payment; no individual shall be an eligible owner if such person filed
48 a valid claim for the senior citizens property tax relief credit pursuant
49 to sections 135.010 to 135.035;

50 (5) "Homestead", as such term is defined pursuant to section
51 135.010, except as limited by provisions of this section to the contrary.
52 No property shall be considered a homestead if such property was
53 improved since the most recent annual assessment by more than five
54 percent of the prior year appraised value, except where an eligible
55 owner of the property has made such improvements to accommodate a
56 disabled person;

57 (6) "Homestead exemption limit", a percentage increase, rounded

58 to the nearest hundredth of a percent, which shall be equal to the
59 percentage increase to tax liability, not including improvements, of a
60 homestead from one tax year to the next that exceeds a certain
61 percentage set pursuant to subsection 7 of this section;

62 (7) "Income", federal adjusted gross income, and in the case of
63 ownership of the homestead by trust, the income of the settlor
64 applicant shall be imputed to the income of the trust for purposes of
65 determining eligibility with regards to the maximum upper limit;

66 (8) "Maximum upper limit", in the calendar year 2021, the income
67 sum of ninety thousand dollars; in each successive calendar year this
68 amount shall be raised by the incremental increase in the general price
69 level, as defined pursuant to Article X, Section 17 of the Missouri
70 Constitution.

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

86 4. Any potential eligible owner may apply for the homestead
87 exemption credit by completing an application. Applications may be
88 completed between April first and October fifteenth of any tax year in
89 order for the taxpayer to be eligible for the homestead exemption
90 credit in the tax year next following the calendar year in which the
91 homestead exemption credit application was completed. The
92 application shall be on forms provided by the department. Forms also
93 shall be made available on the department's internet site and at all
94 permanent branch offices and all full-time, temporary, or fee offices

95 maintained by the department of revenue. The applicant shall attest
96 under penalty of perjury:

97 (1) To the applicant's age;

98 (2) That the applicant's prior year income was less than the
99 maximum upper limit;

100 (3) To the address of the homestead property;

101 (4) That any improvements made to the homestead, not made to
102 accommodate a disabled person, did not total more than five percent
103 of the prior year appraised value.

104 The applicant shall also include with the application copies of receipts
105 indicating payment of property tax by the applicant for the homestead
106 property for the three prior tax years.

107 5. Each applicant shall send the application to the department
108 by October fifteenth of each year for the taxpayer to be eligible for the
109 homestead exemption credit in the tax year next following the calendar
110 year in which the application was completed.

111 6. Upon receipt of the applications, the department shall
112 calculate the tax liability, verify compliance with the maximum income
113 limit, verify the age of the applicants, and make adjustments to these
114 numbers as necessary on the applications. The department also shall
115 disallow any application where the applicant also has filed a valid
116 application for the senior citizens property tax credit under sections
117 135.010 to 135.035. Once adjusted tax liability, age, and income are
118 verified, the director shall determine eligibility for the credit and
119 provide a list of all verified eligible owners to the county assessors or
120 county clerks in counties with a township form of government by
121 December fifteenth of each year. By January fifteenth, the county
122 assessors shall provide a list to the department of any verified eligible
123 owners who made improvements not for accommodation of a disability
124 to the homestead and the dollar amount of the assessed value of such
125 improvements. If the dollar amount of the assessed value of such
126 improvements totaled more than five percent of the prior year
127 appraised value, such eligible owners shall be disqualified from
128 receiving the credit in the current tax year.

129 7. The director shall calculate the level of appropriation
130 necessary to set the homestead exemption limit at five percent when
131 based on a year of general reassessment or at two and one-half percent

132 when based on a year without general reassessment for the homesteads
133 of all verified eligible owners, and provide such calculation to the
134 speaker of the house of representatives, the president pro tempore of
135 the senate, and the director of the office of budget and planning in the
136 office of administration by January thirty-first of each year.

137 8. If, in any given year, the general assembly makes an
138 appropriation for the funding of the homestead exemption credit that
139 is signed by the governor, then the director shall determine the
140 apportionment percentage by equally apportioning the appropriation
141 among all eligible applicants on a percentage basis. If no appropriation
142 is made by the general assembly during any tax year or no funds are
143 actually distributed pursuant to any appropriation therefor, then no
144 homestead preservation credit shall apply in such year.

145 9. After determining the apportionment percentage, the director
146 shall calculate the credit to be associated with each verified eligible
147 owner's homestead, if any. The director shall send a list of those
148 eligible owners who are to receive the homestead exemption credit,
149 including the amount of each credit, the certified parcel number of the
150 homestead, and the address of the homestead property, to the county
151 collectors or county clerks in counties with a township form of
152 government by August thirty-first. Pursuant to such calculation, the
153 director shall instruct the state treasurer as to how to distribute the
154 appropriation to the county collector's fund of each county where
155 recipients of the homestead exemption credit are located, so as to
156 exactly offset each homestead exemption credit being issued. As a
157 result of the appropriation, in no case shall a political subdivision
158 receive more money than it would have received absent the provisions
159 of this section. Funds, at the direction of the collector of the county or
160 treasurer ex officio collector in counties with a township form of
161 government, shall be deposited in the county collector's fund of a
162 county or may be sent by mail to the collector of a county, or treasurer
163 ex officio collector in counties with a township form of government, not
164 later than October first in any year a homestead exemption credit is
165 appropriated as a result of this section and shall be distributed as
166 moneys in such funds are commonly distributed from other property
167 tax revenues by the collector of the county or the treasurer ex officio
168 collector of the county in counties with a township form of government,

169 so as to exactly offset each homestead exemption credit being issued.

170 **10. The department shall promulgate rules for implementation**
171 **of this section. Any rule or portion of a rule, as that term is defined in**
172 **section 536.010, that is created under the authority delegated in this**
173 **section shall become effective only if it complies with and is subject to**
174 **all of the provisions of chapter 536 and, if applicable, section**
175 **536.028. This section and chapter 536 are nonseverable and if any of**
176 **the powers vested with the general assembly pursuant to chapter 536**
177 **to review, to delay the effective date, or to disapprove and annul a rule**
178 **are subsequently held unconstitutional, then the grant of rulemaking**
179 **authority and any rule proposed or adopted after August 28, 2020, shall**
180 **be invalid and void. Any rule promulgated by the department shall in**
181 **no way impact, affect, interrupt, or interfere with the performance of**
182 **the required statutory duties of any county elected official, more**
183 **particularly including the county collector when performing such**
184 **duties as deemed necessary for the distribution of any homestead**
185 **appropriation and the distribution of all other real and personal**
186 **property taxes.**

187 **11. In the event that an eligible owner dies or transfers**
188 **ownership of the property after the homestead exemption limit has**
189 **been set in any given year, but prior to January first of the year in**
190 **which the credit would otherwise be applied, the credit shall be void**
191 **and any corresponding moneys shall lapse to the state to be credited to**
192 **the general revenue fund. In the event the collector of the county or**
193 **the treasurer ex officio collector of the county in counties with a**
194 **township form of government determines prior to issuing the credit**
195 **that the individual is not an eligible owner because the individual did**
196 **not pay the prior three years' property tax liability in full, the credit**
197 **shall be void and any corresponding moneys shall lapse to the state to**
198 **be credited to the general revenue fund.**

199 **12. This section shall apply to all tax years beginning on or after**
200 **January 1, 2021.**

201 **13. In accordance with the provisions of sections 23.250 to 23.298**
202 **and unless otherwise authorized pursuant to section 23.253:**

203 **(1) The program authorized under the provisions of this section**
204 **shall automatically sunset six years after the effective date of this**
205 **section unless reauthorized by an act of the general assembly; and**

206 **(2) This section shall terminate on September first of the year**
207 **following the year in which any new program authorized under this**
208 **section is sunset, and the revisor of statutes shall designate such**
209 **sections and this section in a revision bill for repeal.**

137.180. 1. Whenever any assessor shall increase the valuation of any
2 real property he shall forthwith notify the record owner of such increase, either
3 in person, or by mail directed to the last known address; every such increase in
4 assessed valuation made by the assessor shall be subject to review by the county
5 board of equalization whereat the landowner shall be entitled to be heard, and
6 the notice to the landowner shall so state.

7 2. Effective January 1, 2009, for all counties with a charter form of
8 government, other than any county adopting a charter form of government after
9 January 1, 2008, whenever any assessor shall increase the valuation of any real
10 property, he or she shall forthwith notify the record owner on or before June
11 fifteenth of such increase and, in a year of general reassessment, the county shall
12 notify the record owner of the projected tax liability likely to result from such an
13 increase, either in person, or by mail directed to the last known address; every
14 such increase in assessed valuation made by the assessor shall be subject to
15 review by the county board of equalization whereat the landowner shall be
16 entitled to be heard, and the notice to the landowner shall so state. Notice of the
17 projected tax liability from the county shall accompany the notice of increased
18 valuation from the assessor.

19 3. For all calendar years prior to the first day of January of the year
20 following receipt of software necessary for the implementation of the
21 requirements provided under subsections 4 and 5 of this section from the state
22 tax commission, for any county not subject to the provisions of subsection 2 of this
23 section or subsection 2 of section 137.355, whenever any assessor shall increase
24 the valuation of any real property, he or she shall forthwith notify the record
25 owner on or before June fifteenth of the previous assessed value and such
26 increase either in person, or by mail directed to the last known address and
27 include in such notice a statement indicating that the change in assessed value
28 may impact the record owner's tax liability and provide all processes and
29 deadlines for appealing determinations of the assessed value of such
30 property. Such notice shall be provided in a font and format sufficient to alert
31 a record owner of the potential impact upon tax liability and the appellate
32 processes available.

33 4. Effective January first of the year following receipt of software
34 necessary for the implementation of the requirements provided under this
35 subsection and subsection 5 of this section from the state tax commission, for all
36 counties not subject to the provisions of subsection 2 of this section or subsection
37 2 of section 137.355, whenever any assessor shall increase the valuation of any
38 real property, he or she shall forthwith notify the record owner on or before June
39 fifteenth of such increase and, in a year of general reassessment, the county shall
40 notify the record owner of the projected tax liability likely to result from such an
41 increase, either in person, or by mail directed to the last known address; every
42 such increase in assessed valuation made by the assessor shall be subject to
43 review by the county board of equalization whereat the landowner shall be
44 entitled to be heard, and the notice to the landowner shall so state. Notice of the
45 projected tax liability from the county shall accompany the notice of increased
46 valuation from the assessor.

47 5. The notice of projected tax liability, required under subsections 2 and
48 4 of this section, from the county shall include:

49 (1) The record owner's name, address, and the parcel number of the
50 property;

51 (2) A list of all political subdivisions levying a tax upon the property of
52 the record owner;

53 (3) The projected tax rate for each political subdivision levying a tax upon
54 the property of the record owner, and the purpose for each levy of such political
55 subdivisions;

56 (4) The previous year's tax rates for each individual tax levy imposed by
57 each political subdivision levying a tax upon the property of the record owner;

58 (5) The tax rate ceiling for each levy imposed by each political subdivision
59 levying a tax upon the property of the record owner;

60 (6) The contact information for each political subdivision levying a tax
61 upon the property of the record owner;

62 (7) A statement identifying any projected tax rates for political
63 subdivisions levying a tax upon the property of the record owner, which were not
64 calculated and provided by the political subdivision levying the tax; and

65 (8) The total projected property tax liability of the taxpayer.

66 6. In addition to the requirements provided under subsections 1, 2, and
67 5 of this section, effective January 1, 2011, in any county with a charter form of
68 government and with more than one million inhabitants, whenever any assessor

69 shall notify a record owner of any change in assessed value, such assessor shall
70 provide notice that information regarding the assessment method and
71 computation of value for such property is available on the assessor's website and
72 provide the exact website address at which such information may be
73 accessed. Such notification shall provide the assessor's contact information to
74 enable taxpayers without internet access to request and receive information
75 regarding the assessment method and computation of value for such
76 property. **Beginning January 1, 2021, such notice shall also include, in**
77 **the case of a property valued using sales of comparable properties, a**
78 **list of such comparable properties and the address or location and**
79 **purchase prices from sales thereof that the assessor used in**
80 **determining the assessed valuation of the owner's property. As used in**
81 **this subsection, the word "comparable" means that:**

82 (1) Such sale was closed at a date relevant to the property
83 valuation; and

84 (2) Such properties are not more than one mile from the site of
85 the disputed property, except where no similar properties exist within
86 one mile of the disputed property, the nearest comparable property
87 shall be used. Such property shall be within five hundred square feet
88 in size of the disputed property, and resemble the disputed property in
89 age, floor plan, number of rooms, and other relevant characteristics.

138.434. Any first class charter county or a city not within a county may
2 require by ordinance or charter the reimbursement to a taxpayer for the amount
3 of just and reasonable appraisal costs, attorney fees and court costs resulting
4 from an evidentiary hearing before the state tax commission or a court of
5 competent jurisdiction if such appeal results in a final decision reducing the
6 appraised value of residential property by at least fifteen percent or the appraised
7 value of utility, industrial railroad and other subclass three property by at least
8 twenty-five percent from the appraised value determined by the board of
9 equalization for that tax year. The commission or court awarding such fees and
10 costs shall consider the reasonableness of the fees and costs within the context
11 of the particular case. Such fees and costs shall not exceed one thousand dollars
12 for a residential property appeal. Such fees and costs for utility, industrial
13 railroad or other subclass three property appeals shall not exceed the lesser of
14 four thousand dollars or twenty-five percent of the tax savings resulting from the
15 appeal. **Beginning January 1, 2021, for a county with a charter form of**

16 **government and with more than nine hundred fifty thousand**
17 **inhabitants, such fees and costs shall not exceed six thousand dollars**
18 **for a residential property appeal, and such fees and costs for utility,**
19 **industrial railroad, or other subclass three property appeals shall not**
20 **exceed the lesser of ten thousand dollars or twenty-five percent of the**
21 **tax savings resulting from the appeal.** The provisions of this section shall
22 only apply to the first contested year when cases are tried on a consolidated basis.

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Bill

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