

SB 350 -- MISSOURI SENIOR SERVICES PROTECTION FUND

SPONSOR: Dempsey (Diehl)

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Budget by a vote of 17 to 9.

This bill repeals the provisions regarding the rent constituting property taxes under the Senior Citizens Property Tax Credit, commonly known as circuit breaker. The Director of the Department of Revenue must calculate the amount of property tax credits that was attributable to renters in Fiscal Year 2012. Beginning in Fiscal Year 2014, the director must annually deposit that amount into the newly created Missouri Senior Services Protection Fund to be appropriated for services for low-income senior citizens and people with disabilities.

PROPOSERS: Supporters say that the bill eliminates the renters portion of the property tax credit and creates a new fund to help low-income seniors and the disabled. The funds are in the House budget and the Governor's budget at \$57 million. The Tax Credit Commission report states that there does not appear to be any rational relationship between the 20% of gross rent paid and the actual property taxes attributable to that tenant's rent. The commission believes the amount should be 10% or less. The credit is not allowed for all tenants with similar low incomes. Rent is based on other things besides taxes. Landlords tend to charge as much as the market will allow and still maintain relatively full occupancy. Real estate taxes on apartment buildings vary widely throughout the state and each area's property tax rates vary as well. The credit is a one size fits all credit that doesn't differentiate based on true economic circumstances of renters in a particular vicinity. There are several low-income housing credits at both the state and federal levels that were designed to reduce the cost of housing for elderly or disabled tenants and provide a benefit for the tenants toward their housing costs. While renters may have a worthwhile use of the funds, the funds could also be used to travel down to a casino. The commission recommended eliminating the credit for renters and putting the savings into a fund designed to help the disabled and seniors of this state.

Testifying for the bill was Senator Dempsey.

OPPOSERS: Those who oppose the bill say that in 2012, there were 215,000 seniors and disabled people, homeowners and renters combined, that received the credit. About 104,000 will be impacted by this bill. Landlords pass on the property tax to tenants in the form of higher rents. The credit for renters was approved by a vote of the people. Sixteen of the 18 states with a property tax

credit include renters. Eliminating the credit will effectively increase the property taxes these residents pay through rent and will add to the already substantial share of income that low income Missourians pay in property tax. Property taxes hit the lowest income residents the hardest. People with disabilities, veterans, and seniors rely on the circuit breaker to allow them to live independently by providing necessary resources to pay medical bills, utilities, buy coats or clothing, or buy transportation. The money also helps pay for important medical services no longer covered by Medicaid, such as dental and vision. By spending the money from the credit for food, appliances, basic needs, and other costs to stay in their homes, it contributes to the local economy. Disabled individuals pay more for housing because of special needs in the home. The credit has been here since the 1970s, and the average refund is \$534 per person per year. The average annual income of renters receiving this credit is \$9,950. The new fund would serve about 60% of the renters currently getting the credit.

Testifying against the bill were Missouri Budget Project; Jennifer Montijo, Adapt of Missouri; Charlotte Moten; Craig Henning; Meg Olson, Catholic Charities Archdiocese of St. Louis; Wayne Lee; Cory McMann; Missouri Association for Social Welfare; and Missouri Centers for Independent Living.