

FIRST REGULAR SESSION

[PERFECTED]

# HOUSE COMMITTEE BILL NO. 3

## 99TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE FITZPATRICK

2360H.01P

D. ADAM CRUMBLISS, ChiefClerk

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### AN ACT

To repeal sections 135.010, 135.025, and 135.030, RSMo, and to enact in lieu thereof three new sections relating to funds for vulnerable senior citizens.

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Section A. Sections 135.010, 135.025, and 135.030, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 135.010, 135.025, and 135.030, to read as follows:

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

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

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.

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

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

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

45 ———(4) "Homestead", the dwelling in Missouri owned ~~[or rented]~~ by the claimant and not  
46 to exceed five acres of land surrounding it as is reasonably necessary for use of the dwelling as  
47 a home. It may consist of part of a multidwelling or multipurpose building and part of the land  
48 upon which it is built. "Owned" includes a vendee in possession under a land contract and one  
49 or more tenants by the entireties, joint tenants, or tenants in common and includes a claimant  
50 actually in possession if he was the immediate former owner of record, if a lineal descendant is

51 presently the owner of record, and if the claimant actually pays all taxes upon the property. It  
52 may include a mobile home;

53 ~~[(5)]~~ (4) "Income", Missouri adjusted gross income as defined in section 143.121 less  
54 two thousand dollars, or in the case of a homestead owned and occupied, for the entire year, by  
55 the claimant, less four thousand dollars as an exemption for the claimant's spouse residing at the  
56 same address, and increased, where necessary, to reflect the following:

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

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

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

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

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

67 ~~[(6)]~~ (5) "Property taxes accrued", property taxes paid, exclusive of special assessments,  
68 penalties, interest, and charges for service levied on a claimant's homestead in any calendar year.  
69 Property taxes shall qualify for the credit only if actually paid prior to the date a return is filed.  
70 The director of revenue shall require a tax receipt or other proof of property tax payment. If a  
71 homestead is owned only partially by claimant, then "property taxes accrued" is that part of  
72 property taxes levied on the homestead which was actually paid by the claimant. For purposes  
73 of this subdivision, property taxes are "levied" when the tax roll is delivered to the director of  
74 revenue for collection. If a claimant owns a homestead part of the preceding calendar year and  
75 rents it or a different homestead for part of the same year, "property taxes accrued" means only  
76 taxes levied on the homestead both owned and occupied by the claimant, multiplied by the  
77 percentage of twelve months that such property was owned and occupied as the homestead of  
78 the claimant during the year. When a claimant owns and occupies two or more different  
79 homesteads in the same calendar year, property taxes accrued shall be the sum of taxes allocable  
80 to those several properties occupied by the claimant as a homestead for the year. If a homestead  
81 is an integral part of a larger unit such as a farm, or multipurpose or multidwelling building,  
82 property taxes accrued shall be that percentage of the total property taxes accrued as the value  
83 of the homestead is of the total value. For purposes of this subdivision "unit" refers to the parcel  
84 of property covered by a single tax statement of which the homestead is a part[-

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

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

8       **2. There is hereby created in the state treasury the "Missouri Senior Services**  
9 **Protection Fund", which shall consist of moneys collected under subsection 3 of this**  
10 **section. The state treasurer shall be custodian of the fund and shall approve disbursements**  
11 **in accordance with sections 30.170 and 30.180. The fund shall be a dedicated fund, and,**  
12 **upon appropriation, moneys in the fund shall be used solely as provided under subsection**  
13 **3 of this section. Notwithstanding the provisions of section 33.080 to the contrary, any**  
14 **moneys remaining in the fund at the end of the biennium shall not revert to the credit of**  
15 **the general revenue fund. The state treasurer shall invest moneys in the fund in the same**  
16 **manner as other funds are invested. Any interest and moneys earned on such investments**  
17 **shall be credited to the fund.**

18       **3. The director of the department of revenue shall calculate the amount of the tax**  
19 **credit redeemed in fiscal year 2016 for rent constituting property taxes. In fiscal year 2018**  
20 **and every fiscal year thereafter, an amount equal to such calculated amount shall annually**  
21 **be deposited in the Missouri senior services protection fund. Moneys in the fund shall be**  
22 **allocated for services for low-income seniors and people with disabilities.**

135.030. 1. As used in this section:

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

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

12       2. If the income on a return is equal to or less than the maximum upper limit for the  
13 calendar year for which the return is filed, the property tax credit shall be determined from a table

14 of credits based upon the amount by which the total property tax described in section 135.025  
15 exceeds the percent of income in the following list:

16

17

18 If the income on the return is:                      The percent is:

19

20 Not over the minimum base	0 percent with credit not to
21	exceed \$1,100 in actual
22	property tax [ <del>or rent</del>
23 _____	<del>equivalent paid up to \$750]</del>

24 Over the minimum base but	1/16 percent accumulative
25 not over the maximum upper	per \$300 from 0 percent
26 limit	to 4 percent.

27

28 The director of revenue shall prescribe a table based upon the preceding sentences. The property  
29 tax shall be in increments of twenty-five dollars and the income in increments of three hundred  
30 dollars. The credit shall be the amount rounded to the nearest whole dollar computed on the  
31 basis of the property tax and income at the midpoints of each increment. As used in this  
32 subsection, the 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 revenue or any  
35 duly authorized employee or agent shall determine whether any taxpayer filing a report or return  
36 with the department of revenue who has not applied for the credit allowed pursuant to section  
37 135.020 may qualify for the credit, and shall notify any qualified claimant of the claimant's  
38 potential eligibility, where the department determines such potential eligibility exists.

