

## SB190 INFORMATION

For context, please be aware that the State Tax Commission (STC) is an independent state agency created by the Missouri Constitution and authorized to act by the Revised Statutes of Missouri. The STC's authority and purpose as an agency is limited to matters of property assessment, oversight of Missouri's property assessment process, and deciding appeals related to property assessments under Chapters 137, 138, 151, 153, and 155. As directed by statute, the STC provides education and technical assistance to assessment offices in all Missouri counties and the City of St. Louis. The STC also functions as a quasi-judicial administrative tribunal that hears appeals involving specific properties following an appeal to the local Boards of Equalization. The STC does not have authority over Missouri's county collectors, the calculation of taxes, the setting of tax levies, determinations of tax liability based on property assessments, or over the collection and disbursement of taxes based on property assessments. In fact, Section 138.340, RSMo, specifically prohibits the STC from setting or "fixing" any tax levied or to be levied. I mention the limitations on the STC's authority because SB190 affects the taxes *collected* on the homesteads of persons eligible for social security benefits, but SB190 does not affect the assessment, or valuation, of those homesteads.

Given the plain language of SB190, the bill's intent is to provide a partial exemption in the form of a tax credit for certain individuals on the property tax liability owed on their primary residence (homestead). Assessments will continue to occur according to Section 137.115.1, which provides that assessors:

shall annually assess all real property, including any new construction and improvements to real property, and possessory interests in real property at the percent of its true value in money.

Once the assessed value has been determined based on the current true value in money, which is the property's fair market value as of January 1 of the odd year (reassessment year) and the fair market value of any new construction and improvements has been added to the value as of January 1 of the even year (if applicable), the collector will determine the tax liability for the property owner by applying the tax levies (tax rates) set by local taxing districts to the assessed value. The rollback provision of the Hancock Amendment could be triggered if the assessment of real property subject to the bill increases because the Hancock Amendment's intent is to keep taxing districts' revenue neutral (avoid windfalls) even when property values rise. Even if the rollback provision is triggered in such a situation, which would affect the relevant taxing districts, any increase in an

eligible individual's tax liability owed to those taxing districts would remain "frozen" at the amount owed on the homestead when the eligible individual first became eligible for social security benefits. For more information on the application of the provisions of the Hancock Amendment, please contact the Missouri Auditor's Office, which has the authority and expertise regarding those provisions.

SB190 will apply prospectively because it does not contain a specific provision allowing it to be applied retroactively. Consequently, once a county enacts an ordinance based on SB190, eligible individuals within the county would be able to claim the credit going forward. However, under the plain language of the statute, the collector would be required to calculate the credit based on the tax liability for the homestead when the eligible individual first became eligible for social security benefits, which might have occurred a few or many years in the past. This calculation will result in a loss of revenue to the taxing districts. Additionally, eligible individuals will need to notify the collector of their eligibility because a collector would not have such information.

SB190's use of certain terms (legal or equitable interest, primary residence, and senior citizens) could give rise to legal challenges. For example, given that the Social Security Administration's initial age of eligibility to collect social security benefits currently is age 62, the language within the ballot measure within the bill could be considered vague; however, this language might have been purposefully drafted in anticipation that the Social Security Administration could change the initial age of eligibility in the future.