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At Home Thanks to Missouri's Circuit Breaker: 219,000 Missourians Benefit from this Important Tax Provision

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State lawmakers will be considering Senate Bill 675, a proposal to repeal Missouri's Circuit Breaker Property Tax Credit.

Established in 1973, the circuit breaker is a popular tax credit that enables Missouri seniors, people living with disabilities and veterans to remain in their homes by offsetting costs related to property taxes. Currently, Missouri seniors and people living with a disability can qualify for the credit if their annual incomes are below \$27,500 if single or \$29,500 if married. The maximum annual credit is \$750 for renters and \$1,100 for homeowners.¹ Senate Bill 675 would eliminate the credit entirely.

Consequences of Eliminating the Circuit Breaker

In Fiscal Year 2011, more than 219,000 Missourians qualified for the circuit breaker, which provided these Missourians with a modest tax credit.

Missouri Circuit Breaker Property Tax Credit Recipients in Fiscal Year 2011 ²		
	Number of Missourians	Average Credit
Homeowners	111,508	\$526
Renters	105,542	\$529
Homeowners and Renters*	2,633	\$550
Total Missourians	219,683	

*Those that spent a portion of the year as a homeowner and a portion of the year as a renter

Missourians meeting the income eligibility guidelines can qualify for the tax credit if they are homeowners or renters. Missouri voters specifically approved a Constitutional Amendment (Article X, Section 6(a) to the Missouri Constitution) in a 1972 election that allowed the Missouri legislature to create a tax credit or rebate to offset property taxes paid by homeowners and to create a comparable benefit for renters.³ Including renters in eligibility for state property tax credits is not unusual. In fact, **16 of the 18 states with Circuit Breaker Property Tax Credits include renters in their eligibility structure.**⁴

¹ Missouri Department of Revenue

² Data from the Missouri Department of Revenue, Division of Taxation

³ Missouri Tax Credit Review Commission, "Report of the Missouri Tax Credit Review Commission", November 2010

⁴ The Center on Budget & Policy Priorities, "The Property Tax Circuit Breaker: An Introduction and Survey of Current Programs", By Karen Lyons, Sarah Farkas, and Nicholas Johnson, March 21, 2007, <http://www.cbpp.org/files/3-21-07sfp.pdf>