



Improving Missouri's Property Tax Credit Would Help Seniors, Missourians with Disabilities Stay in Their Homes

Increasing housing values and associated property taxes can price older people out of the homes they have lived in for decades, separating them from their neighbors and communities. Similarly, rising costs can make accessible housing unaffordable for Missourians with disabilities. The property tax relief offered by the Missouri Property Tax Credit helps older Missourians and Missourians living with disabilities who have fixed incomes stay in their homes by offsetting costs related to property taxes. Though a modest amount, the credit is a critical lifeline for 119,142 households throughout the state.

However, the credit has not been adjusted since 2008, limiting its reach and impact. Missouri lawmakers could strengthen the credit by expanding income eligibility, increasing the credit amount, and indexing the value of the credit and eligibility to keep pace with inflation.

Property Tax Credit Basics

The Missouri Property Tax Credit provides property tax relief to low-income households that spend a high proportion of income on property taxes. The credit is also known as the "circuit breaker" because, like an electrical circuit breaker, it kicks in when a property tax bill goes over a certain percentage of a taxpayer's income.ⁱ As of 2019:

- 31 states (including Missouri) provided some type of a circuit breaker tax credit.
- 22 states extend the credit to renters, recognizing that property owners pass on the cost of property taxes to tenants through rent increases.ⁱⁱ

The Missouri Property Tax Credit is available to both homeowners and renters and is based on the amount of property tax or rent paid and household income.

- The maximum credit is \$750 for renters and \$1,100 for owners. The actual credit is based on the amount of property tax or rent paid and total household income.

- While the Missouri Property Tax Credit is a lifeline for many older adults and people living with disabilities, only very low-income recipients (those with incomes below \$14,300) qualify for the maximum credit.
- **In 2022 the average credit was just \$580.**

Missouri Property Tax Credit

Income Limits

- *Renters:* Single ≤ \$27,500, Married ≤ \$29,500
- *Homeowners:* Single ≤ \$30,000, Married ≤ \$34,000

Eligibility

- Must be 65 years of age or older, a person 18-64 who is 100% disabled, or 60+ and receiving surviving spouse social security benefits.
- Those renting from a facility that does not pay property taxes (such as a non-profit assisted living facility) are not eligible.

Shortcomings of the Credit

Current statutory constraints limit the reach and impact of the property tax credit.

- Although property taxes increase annually, the size of Missouri's credit is flat and is not tied to any annual increase.
- The size of the tax credit phases out quickly so that those near the income eligibility cap receive credits of less than \$10 annually.
- While average incomes increase over time, Missouri's income eligibility guidelines are not adjusted for inflation. As a result, fewer people qualify for the credit over time and those that do tend to fall higher on the phase-out scale – meaning they receive a smaller credit.

Strengthening the Missouri Property Tax Credit

Missouri's property tax credit was originally approved in 1973 and has not been adjusted since 2008.

- As a result, income guidelines and credit amounts have fallen behind even inflationary increases.
- Recent trends in housing costs and associated property tax increases are making it even harder for older adults and Missourians with disabilities to remain independent in their own homes.

To meet this need, Missouri lawmakers could strengthen the property tax credit by expanding income eligibility, increasing the credit amount, and indexing the credit and eligibility to keep pace with inflation.

Specifically, the following changes would modernize the credit and account for inflation since 2008:

Increase the Maximum Income Limit

- Single renters from current cap of \$27,500 to \$38,200, and married renters from \$29,500 to \$41,000
- Single owners from current cap of \$30,000 to \$42,200, and married owners current cap of \$34,000 to \$48,000

Increase the Maximum Credit

- To \$1,055 for renters (from current limit of \$750)
- To \$1,550 for owners (from the current limit of \$1,100)

Modify the phaseout increment to ensure recipients are reimbursed for a larger portion of their property taxes.

Index both the income limits and the maximum credit to inflation to ensure that the credit keeps pace with the rising cost of property over time.

Improvements Would Benefit Nearly 300,000 Missourians

These adjustments to the Missouri Property Tax Credit would benefit Missourians in every county, reaching 291,700 Missourians in 186,800 households.ⁱⁱⁱ

- For example, older adults or Missourians with disabilities with an average income of \$31,000 would see their property tax credit increase by \$529.
- The very lowest income Missourians (with an average income of \$11,000 annually) would receive an extra \$338 in their credit, compared to their current credit.
- Lower income Missourians will see a smaller average increase in their credit because more of this group is currently eligible for the full value of the credit. Those with more modest incomes who would have been eligible in earlier years but who are now receiving a partial credit would see a larger increase.

Circuit Breaker Property Tax Credit Reaches Missourians in Every County

Tax Year 2022 Claims by County

| County | Total Claims | Total Benefits | Average Benefit |
|----------------|--------------|----------------|-----------------|
| Adair | 563 | \$296,181 | \$526.08 |
| Andrew | 208 | \$104,929 | \$504.47 |
| Atchison | 126 | \$65,745 | \$521.79 |
| Audrain | 507 | \$259,039 | \$510.93 |
| Barry | 877 | \$460,505 | \$525.09 |
| Barton | 355 | \$208,949 | \$588.59 |
| Bates | 287 | \$141,007 | \$491.31 |
| Benton | 653 | \$333,082 | \$510.08 |
| Bollinger | 300 | \$148,709 | \$495.70 |
| Boone | 2351 | \$1,388,293 | \$590.51 |
| Buchanan | 1960 | \$1,039,510 | \$530.36 |
| Butler | 1343 | \$744,624 | \$554.45 |
| Caldwell | 152 | \$83,931 | \$552.18 |
| Callaway | 612 | \$356,267 | \$582.14 |
| Camden | 749 | \$411,813 | \$549.82 |
| Cape Girardeau | 1815 | \$995,731 | \$548.61 |
| Carroll | 204 | \$103,919 | \$509.41 |
| Carter | 177 | \$81,993 | \$463.24 |
| Cass | 1363 | \$801,564 | \$588.09 |
| Cedar | 347 | \$186,404 | \$537.19 |
| Chariton | 117 | \$53,914 | \$460.80 |
| Christian | 1477 | \$875,319 | \$592.63 |
| Clark | 111 | \$54,832 | \$493.98 |
| Clay | 2955 | \$1,777,972 | \$601.68 |
| Clinton | 421 | \$236,934 | \$562.79 |
| Cole | 1030 | \$593,116 | \$575.84 |
| Cooper | 443 | \$242,091 | \$546.48 |
| Crawford | 629 | \$336,559 | \$535.07 |
| Dade | 185 | \$95,607 | \$516.79 |
| Dallas | 395 | \$200,854 | \$508.49 |
| Daviess | 140 | \$69,722 | \$498.01 |

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|-------------|-------|-------------|----------|
| Dekalb | 103 | \$54,293 | \$527.12 |
| Dent | 421 | \$200,000 | \$475.06 |
| Douglas | 279 | \$127,317 | \$456.33 |
| Dunklin | 1105 | \$604,500 | \$547.06 |
| Franklin | 2285 | \$1,331,395 | \$582.67 |
| Gasconade | 342 | \$188,081 | \$549.94 |
| Gentry | 193 | \$105,825 | \$548.32 |
| Greene | 6446 | \$3,857,921 | \$598.50 |
| Grundy | 308 | \$149,448 | \$485.22 |
| Harrison | 208 | \$112,083 | \$538.86 |
| Henry | 722 | \$370,321 | \$512.91 |
| Hickory | 214 | \$97,676 | \$456.43 |
| Holt | 74 | \$35,555 | \$480.47 |
| Howard | 200 | \$112,037 | \$560.19 |
| Howell | 1121 | \$571,013 | \$509.38 |
| Iron | 371 | \$196,136 | \$528.67 |
| Jackson | 11839 | \$7,073,818 | \$597.50 |
| Jasper | 3044 | \$1,636,436 | \$537.59 |
| Jefferson | 3827 | \$2,303,485 | \$601.90 |
| Johnson | 681 | \$392,503 | \$576.36 |
| Knox | 94 | \$41,528 | \$441.79 |
| Laclede | 971 | \$507,853 | \$523.02 |
| Lafayette | 494 | \$284,488 | \$575.89 |
| Lawrence | 773 | \$410,310 | \$530.80 |
| Lewis | 101 | \$51,392 | \$508.83 |
| Lincoln | 737 | \$406,362 | \$551.37 |
| Linn | 267 | \$124,852 | \$467.61 |
| Livingston | 410 | \$212,718 | \$518.82 |
| Macon | 285 | \$146,783 | \$515.03 |
| Madison | 432 | \$235,572 | \$545.31 |
| Maries | 156 | \$79,857 | \$511.90 |
| Marion | 778 | \$413,535 | \$531.54 |
| Mcdonald | 262 | \$132,643 | \$506.27 |
| Mercer | 78 | \$43,221 | \$554.12 |
| Miller | 484 | \$257,864 | \$532.78 |
| Mississippi | 341 | \$167,953 | \$492.53 |
| Moniteau | 247 | \$135,892 | \$550.17 |

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|------------------|-------|--------------|----------|
| Monroe | 147 | \$76,307 | \$519.10 |
| Montgomery | 236 | \$121,360 | \$514.24 |
| Morgan | 479 | \$237,962 | \$496.79 |
| New Madrid | 516 | \$266,890 | \$517.23 |
| Newton | 814 | \$428,204 | \$526.05 |
| Nodaway | 375 | \$198,691 | \$529.84 |
| Oregon | 274 | \$118,986 | \$434.26 |
| Osage | 112 | \$58,183 | \$519.49 |
| Ozark | 231 | \$110,750 | \$479.44 |
| Pemiscot | 651 | \$371,355 | \$570.44 |
| Perry | 466 | \$261,258 | \$560.64 |
| Pettis | 1089 | \$595,191 | \$546.55 |
| Phelps | 975 | \$524,141 | \$537.58 |
| Pike | 318 | \$164,863 | \$518.44 |
| Platte | 703 | \$421,822 | \$600.03 |
| Polk | 819 | \$438,176 | \$535.01 |
| Pulaski | 646 | \$367,274 | \$568.54 |
| Putnam | 146 | \$75,621 | \$517.95 |
| Ralls | 111 | \$59,690 | \$537.75 |
| Randolph | 588 | \$317,787 | \$540.45 |
| Ray | 297 | \$165,872 | \$558.49 |
| Reynolds | 125 | \$56,065 | \$448.52 |
| Ripley | 291 | \$136,377 | \$468.65 |
| Saline | 459 | \$236,269 | \$514.75 |
| Schuyler | 60 | \$28,411 | \$473.52 |
| Scotland | 58 | \$26,875 | \$463.36 |
| Scott | 1139 | \$621,241 | \$545.43 |
| Shannon | 199 | \$82,240 | \$413.27 |
| Shelby | 138 | \$63,565 | \$460.62 |
| St. Charles | 3613 | \$2,152,597 | \$595.79 |
| St. Clair | 186 | \$91,679 | \$492.90 |
| St. Francois | 2284 | \$1,298,117 | \$568.35 |
| St. Louis City | 10496 | \$6,473,123 | \$616.72 |
| St. Louis County | 19113 | \$12,642,778 | \$661.48 |
| Ste. Genevieve | 368 | \$201,399 | \$547.28 |
| Stoddard | 881 | \$462,537 | \$525.01 |
| Stone | 511 | \$266,044 | \$520.63 |
| Sullivan | 111 | \$54,397 | \$490.06 |

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| Taney | 1286 | \$694,035 | \$539.69 |
| Texas | 468 | \$229,548 | \$490.49 |
| Vernon | 613 | \$335,300 | \$546.98 |
| Warren | 517 | \$292,997 | \$566.73 |
| Washington | 484 | \$233,709 | \$482.87 |
| Wayne | 423 | \$199,624 | \$471.92 |
| Webster | 829 | \$445,916 | \$537.90 |
| Worth | 32 | \$13,335 | \$416.72 |
| Wright | 495 | \$225,349 | \$455.25 |

Source: Missouri Department of Revenue

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