Property Tax Relief for Older Adults in Missouri

Lindsey Baker, Research Director, Missouri Budget Project
## Housing Insecurity in Missouri

### Number and Share of Missourians Experiencing Housing Insecurity by Age, 2019

<table>
<thead>
<tr>
<th></th>
<th>Renters</th>
<th></th>
<th>Owners</th>
<th></th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td><strong>Householder &lt; 65</strong></td>
<td>263,192</td>
<td>39.2%</td>
<td>165,087</td>
<td>14.7%</td>
<td>428,279</td>
<td>23.9%</td>
</tr>
<tr>
<td><strong>Householder 65+</strong></td>
<td>65,522</td>
<td>47.7%</td>
<td>110,651</td>
<td>20.9%</td>
<td>176,173</td>
<td>26.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>328,714</td>
<td>40.7%</td>
<td>275,738</td>
<td>16.7%</td>
<td>604,452</td>
<td>24.6%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau. 2019 American Community Survey. Tables B25093: Age of householder by selected monthly owner costs as a percentage of household income in the past 12 months & B25072: Age of householder by gross rent as a percentage of household income in the past 12 months.
Property Taxes are the Backbone of Local Services

Local Government Spending in Missouri, 2019

- K-12 & Higher Education: 44.1%
- Public Utilities & Sewer: 14.5%
- Public Safety: 10.9%
- Transportation & Public Transit: 8.0%
- Health, Housing, & Social Welfare: 6.2%
- Other Miscellaneous: 5.9%
- Interest on general debt: 4.6%
- Government Administration: 4.4%
- Libraries, Parks & Rec., Natural Resources: 4.2%
- Employee Retirement: 3.1%

Source: U.S. Census Bureau, 2019 Annual Surveys of State and Local Government Finances.
Revenue Raised by Local Governments in Missouri

Property tax caps & freezes:

- Risk cuts to services.
- Shift revenue to more regressive sources.
- Only help homeowners (exclude renters).
SB190: Additional Concerns

Allows localities to freeze property tax increases for homeowners over age 62 who are eligible for Social Security.

- Leaves out teachers and others outside Social Security retirement system.
- Too broad based; not income limited.
- Does not provide immediate assistance.
- Issues with language
  - Who is “eligible” for social security
  - Multiple taxing districts?
Circuit Breaker Tax Credit

• Income Limits

<table>
<thead>
<tr>
<th></th>
<th>Single</th>
<th>Married</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renters</td>
<td>$27,500 or less</td>
<td>$29,500 or less</td>
</tr>
<tr>
<td>Homeowners</td>
<td>$30,000 or less</td>
<td>$34,000 or less</td>
</tr>
</tbody>
</table>

• Eligibility Criteria
  – Must be age 65 years or older
  – 18-64 must be 100% disabled
  – 60 and older and receiving surviving spouse social security benefits
Circuit Breaker Tax Credit

• Maximum Credit
  – $750 for renters
  – $1,100 for owners
  – Note: Credit amount is based on amount of property tax or rent paid and total household income, taxable and non-taxable

• Phase-out begins at $14,300.
# Circuit Breaker Claims

## Missouri “Circuit Breaker” Property Tax Credit Claims, 2019

<table>
<thead>
<tr>
<th>2019 Property Tax Credit</th>
<th>Claims</th>
<th>Amount</th>
<th>Average Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowners</td>
<td>69,616</td>
<td>$40,099,375</td>
<td>$576</td>
</tr>
<tr>
<td>People Living with Disability</td>
<td>13,847</td>
<td>$8,333,874</td>
<td>$602</td>
</tr>
<tr>
<td>Older Adults</td>
<td>55,769</td>
<td>$31,765,501</td>
<td>$570</td>
</tr>
<tr>
<td>Renters</td>
<td>80,325</td>
<td>$46,059,553</td>
<td>$573</td>
</tr>
<tr>
<td>People Living with Disability</td>
<td>48,758</td>
<td>$29,377,568</td>
<td>$603</td>
</tr>
<tr>
<td>Older Adults</td>
<td>31,567</td>
<td>$16,681,985</td>
<td>$528</td>
</tr>
<tr>
<td>Total</td>
<td>149,941</td>
<td>$86,158,928</td>
<td>$575</td>
</tr>
</tbody>
</table>

*Source: Missouri Budget Project Analysis of Department of Revenue administrative data.*
Change in Circuit Breaker Claims and Redemptions and number of Missourians 60+: 2011-FY2019

- Population 60+: 21.6%
- Circuit Breaker Claims: -31.7%
- Circuit Breaker Total Redemptions: -27.6%
- Circuit Breaker Total Redemptions (Inflation Adjusted): -36.3%
1. Income limits & benefits too low, have not changed since 2008.

2. Phases out too quickly, many recipients receive a very small credit.

3. Incomes limits & size of credit are flat amounts, no annual updates.
Get Involved

• Sign up for e-mails www.mobudget.org

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  @MISSOURIBUDGET

• Join our weekly calls or Circuit Breaker coalition

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