

HCS HB 517, 94, 149, 150 & 342 -- ASSISTANCE FOR THE ELDERLY

SPONSOR: Portwood

COMMITTEE ACTION: Voted "do pass" by the Committee on Senior Security by a vote of 15 to 2.

This substitute:

(1) Limits the increase in the assessed valuation to 5% on any residence used as a homestead for taxpayers aged 65 years and older with a household combined adjusted gross income of \$39,000 or less. This income level will be adjusted over time for inflation. There is an enrollment fee of \$15, payable to the local assessment fund each assessment cycle;

(2) Prohibits any taxpayer from claiming both the senior citizen property tax credit, commonly known as the circuit breaker, and the homestead exemption;

(3) Requires the state, through appropriations, to reimburse the losses of any political subdivision caused by the homestead exemption;

(4) Exempts Social Security benefits from the state income tax as of January 1, 2004;

(5) Lowers the rebate for generic drugs for pharmaceutical manufacturers participating in the Missouri Senior Rx Program from 15% to 11% for drugs sold after July 1, 2003;

The substitute contains an emergency clause pertaining to the rebate for generic drugs.

FISCAL NOTE: Estimated Net Cost to General Revenue Fund of \$0 in FY 2004, \$0 in FY 2005, and Unknown in FY 2006. Unknown cost is expected to exceed \$100,000 per year. Political subdivision reimbursement subject to appropriation and does not include possible costs to fully fund Foundation Formula. Net Cost to Blind Pension Fund of \$0 in FY 2004, \$0 in FY 2005, and \$0 to \$7,079 in FY 2006. Estimated Net Savings to Senior Rx Fund of \$8,550,000 in FY 2004, \$14,650,000 in FY 2005, and \$15,400,000 in FY 2006.

PROPOSERS: Supporters of House Bills 517, 94, 149, 150, and 342 say that over 100,000 signatures were collected in support of this measure. Seniors are often on fixed incomes and are being forced out of their homes by skyrocketing assessments, which are out of control in some areas. The homestead exemption would allow seniors to budget for the future and encourage seniors to

support school bond measures. It would provide tax relief to seniors who have reliably paid taxes over the years and help stabilize communities by keeping seniors in Missouri.

Testifying for House Bills 517, 94, 149, 150, and 342 were Representatives Avery, Bivins, and Lembke (85); Silver-Haired Legislature; Art Steiger; and Charles Jensen.

OPPONENTS: Those who oppose House Bills 517, 94, 149, 150, and 342 say that the circuit breaker is a superior method of relief and should be expanded. Missouri has a low property tax rate, and education is already underfunded with cuts to education from state sources pending. The bill would also restrict revenue at the local level as well. The bill would adversely affect the foundation formula, would transfer the tax burden to other taxpayers, needs to be means tested, and does not guarantee that localities will be reimbursed for loss of future revenue.

Testifying against House Bills 517, 94, 149, 150, and 342 were Cooperating School Districts of Suburban Kansas City; Missouri State Teachers Association; St. Louis Schools; Missouri Association of Realtors; Missouri National Education Association; Missouri Council of School Administrators; Missouri School Boards Association; Cooperating School Districts; Reeds Spring School District; and Hubie Neutzler.

Other witnesses testifying on House Bills 517, 94, 149, 150, and 342 were the Missouri Assessors Association; and Missouri Association of Counties.

Mark Pioli, Legislative Analyst