

ing tax exemption for lands granted to said college for the benefit of education where rents from such property are used for "the benefit of education." State ex rel. Bannister v. Trustees of William Jewell College, 364 Mo. 199, 260 S.W.(2d) 479. (1954) Section 353.110 is authorized by section 7, Article X of the Constitution and does not conflict with section 6, Article X. Land Clearance for Redevelopment Auth. v. City of St. Louis (Mo.), 270 S.W.(2d) 58.

(1957) Buildings on land owned by the United States, erected by private corporations under lease with government held subject to taxation in this state. Such buildings were properly assessed as real estate. State ex rel. Benson v. Personnel Housing, Inc. (Mo.), 300 S.W.(2d) 506.

(1964) Hospital owned and operated by association, facilities of which generally were available only to members who paid monthly dues to the association, was not exempt from taxation though operated at a loss, since not operated exclusively for purposes purely charitable. Frisco Employees' Hospital Ass'n. v. State Tax Com'n. (Mo.), 381 S.W.(2d) 772.

(1966) Residential properties owned by charitable hospital and occupied by key personnel necessary to efficient operation who were on call 24 hours a day were used exclusively for charitable purposes and hence exempt from taxation. Bethesda General Hospital v. State Tax Commission (Mo.), 396 S.W.(2d) 631.

(1968) Leasehold interest held by private corporation in real estate owned by municipality is within definition of "real property" of section 137.010 RSMo, and is taxable as real property and the exemption accorded the municipality from taxation on its real estate does not extend to a privately owned leasehold in that real estate. Iron County v. State Tax Commission (Mo.), 437 S.W.(2d) 665.

(1968) Not-for-profit corporation's property used for housing for the aged was not used for purposes purely charitable and was not exempt from taxation. Defenders' Townhouse, Inc. v. Kansas City (Mo.), 441 S.W.(2d) 365.

(1968) The charitable use doctrine depends upon the use made of the property sought to be exempted, and not solely upon the nature or stated purpose of the organization owning the property. Community Memorial Hospital v. City of Moberly (Mo.), 442 S.W.(2d) 290.

(1969) Nonprofit corporation which operated housing facilities for low income elderly was not entitled to tax exemption where facility was intended to be completely self-supporting and self-liquidating without any intention that gifts or charity were to be involved. Paraclete Manor of Kansas City v. State Tax Com'n. (Mo.), 447 S.W.(2d) 311.

(1975) Youth summer camp owned by religious and charitable organization which did not charge adequate fees to cover costs held to be exempt from taxation. Jewish Community Centers Association v. State Tax Commission (Mo.), 520 S.W.(2d) 23.

(1975) Certain hospitals held to qualify as tax-exempt charitable institutions. Residence quarters used by nurses held tax exempt as incident to hospital's basic objectives. Jackson County v. State Tax Commission (Mo.), 521 S.W.(2d) 378.

(1975) If any part of property is used for noncharitable purpose, the whole is taxable. City of St. Louis v. State Tax Commission (Mo.), 524 S.W.(2d) 839.

**Section 6(a). Homestead exemption authorized.** The general assembly may provide that a portion of the valuation of real property actually occupied by the owner or owners thereof, who are over the age of sixty-five, as a homestead, be exempted from the payment of taxes thereon, in such amounts and upon such conditions as may be determined by law, or the general assembly may provide for certain tax credits or rebates in lieu of such an exemption, but any such law shall further provide for restitution to the respective political subdivisions of revenues lost by reason of the exemption, and any such law may also provide for comparable financial relief to persons of such ages who are not the owners of homesteads but who occupy rental property as their homes.

(Adopted November 7, 1972)

**Section 6(b). Intangible property exempt from taxation, when—local governments may be reimbursed, when.** The general assembly may by general law exempt from taxation all intangible property, including taxation on the yield thereof, when owned by:

- (1) Individuals; or
- (2) Labor, agricultural or horticultural organizations; or
- (3) Corporations or associations organized and operated exclusively for religious, charitable, scientific or educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual; or
- (4) Hospitals which are exempt from payment of Missouri state income tax.

Any such law may provide for approximate reimbursement to the various political subdivisions, by the state, of revenues lost because of the exemption.

(Adopted November 7, 1972)

**Section 7. Relief from taxation—forest lands—obsolete, decadent, or blighted areas—limitations—exception.** For the purpose of encouraging forestry when lands are devoted exclusively to such purpose, and the reconstruction, redevelopment, and rehabilitation of obsolete, decadent, or blighted areas, the general assembly by general law may provide for such partial relief from taxation of the lands devoted to any such purpose, and of the improvements thereon, by such method or methods, for such period or periods of time, not exceeding twenty-five years in any instance, and upon such terms, conditions, and restrictions as it may prescribe; provided, however, that in the case of forest lands, the limitation of twenty-five years herein described shall not apply.

(Amended August 3, 1976)

(1954) Section 353.110 is authorized by section 7, Article X of the Constitution and does not conflict with section 6, Article X. Land Clearance for Redevelopment Auth. v. City of St. Louis (Mo.), 270 S.W.(2d) 58.

(1976) The exemption of not for profit cemeteries from taxation is from general taxes and not from special tax bills. Lakewood Park Cemetery Assn. v. Met. St. Louis Sewer Dist. (Mo.), 530 S.W.(2d) 240.

**Section 8. Limitation on state tax rate on tangible property.** The state tax on real and tangible personal property, exclusive of the tax necessary to pay any bonded debt of the state, shall not exceed ten cents on the hundred dollars assessed valuation.

Source: Const. of 1875, Art. X, § 8.

**Section 9. Immunity of private property from sale for municipal debts.** Private property shall not be taken or sold for the payment of the corporate debt of a municipal corporation.

Source: Const. of 1875, Art. X, § 13.

district special assessment district, or park district, affected by sections 141.210 to 141.810.

**141.230. Operation under law (certain class one counties).**—1. The land tax collection law shall apply to all counties of class one which are now operating under the provisions thereof or which may hereafter elect to operate under the provisions of sections 141.210 to 141.810 by adoption of a resolution or order of the county court of such county, except that counties of the first class not having a charter form of government may not elect to operate under the provisions of sections 141.210 to 141.810. Any county court so adopting such resolution or order shall file a certified copy thereof within ten days after the adoption of said resolution or order with the clerk of the county court and with the collector of revenue for such county, and with the mayor and city collector or chief financial officer of each municipality in such county, as defined by section 141.220.

2. After the adoption of such resolution or order by such county court, any such municipality may by resolution or ordinance of its proper governing authority elect to adopt and come within the provisions of the land tax collection law, and thereafter shall cooperate with such county under the provisions of sections 141.210 to 141.810. Any such county or municipality which shall, in the manner provided herein, have elected to come within the provisions of sections 141.210 to 141.810 by adoption of such resolution, order or ordinance, may, after a period of one year from the effective date of such resolution, order or ordinance, adopt by similar means a resolution, order or ordinance, rescinding the election to adopt the provisions of the land tax collection law and certified copies of such resolution, order or ordinance shall be filed in the same manner as said original resolution, order or ordinance; provided, that such resolution, order or ordinance rescinding or nullifying the election to adopt the provisions of sections 141.210 to 141.810 shall not become effective for one year thereafter nor shall it invalidate or in any way affect any proceedings in rem for foreclosure which may have been instituted under the provisions of sections 141.210 to 141.810, but all such actions and proceedings so instituted while the provisions of said sections were in full force and effect shall be prosecuted to their conclusion and completion; provided further, that any county or municipality which may have operated under sections 141.210 to 141.810 prior to the enactment of this section may hereafter elect to terminate any further operation under sections 141.210 to 141.810 by proceeding in manner and form and to the same effect as though it had originally elected to operate under the provisions of sections 141.210 to 141.810.

3. Any city located partly within and partly without a class one county, which city and county now are or hereafter may be operating under the provisions of sections 141.210 to 141.810, may collect its delinquent tax bills, imposed against real property located in that part of such city situated within such class one county, pursuant to the provisions of sections 141.210 to 141.810; provided, however, that tax bills imposed against real estate, located in that part of such city outside of the limits of any such class one county, shall be collected under the provisions of the charter of any such city, or under such other provisions as may be provided by law.

Approved June 6, 1973.

[C. S. H. B. 149, 417, 425, 471 and 471]

**TAXATION AND REVENUE: Tax relief in certain cases.**

**AN ACT** relating to tax relief in certain cases, with an effective date.

## SECTION 1

1. Definitions.
2. Time for filing and other procedural matters how governed.
3. Credits, how applied, considered overpayment, when.

## SECTION 2

4. Accrued taxes and rent constituting taxes to be totaled—maximum amount allowable—allocation regulations, when.
5. Formula for determining credits—table to be prepared by director of revenue.
6. Effective date.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section 1. Definitions.—As used in this act the following words and terms mean:

- (1) "Income", Missouri adjusted gross income as defined in section 143.121, RSMo, and increased, where necessary, to reflect the following:
  - (a) Social security, railroad retirement, and veterans payments and benefits;
  - (b) The total amount of all other public and private pensions and annuities;
  - (c) Public relief, public assistance, unemployment, and strike benefits received in cash;
  - (d) Amounts in excess of medical expenses received on account of personal injuries or sickness including amounts received under workmen's compensation, accident and health insurance, and similar arrangements;
  - (e) Dividends excluded by Section 116 of the Internal Revenue Code of 1954;
  - (f) Gain excluded from income by Section 121 of the Internal Revenue Code of 1954 and the capital gain deducted by Section 1202 of the Internal Revenue Code of 1954;

(g) No deduction being allowed for losses not incurred in a trade or business;

(h) Interest on the obligations of the United States, any state, or any of their subdivisions and instrumentalities;

(2) "Claimant", a person or persons claiming a credit under this act. If the persons are eligible to file a joint federal income tax return, then the credit may only be allowed if claimed on a combined Missouri income tax return or a combined claim return reporting their combined incomes and property taxes. A claimant shall not be allowed a property tax credit unless the claimant or spouse obtained the age of sixty-five on or before the last day of the calendar year and unless claimant and spouse were residents of Missouri for the entire year.

(3) "Homestead", the dwelling in Missouri owned or rented by the claimant and not to exceed five acres of land surrounding it as is reasonably necessary for use of the dwelling as a home. It may consist of part of a multidwelling or multipurpose building and part of the land upon which it is built. "Owned" includes a vendee in possession under a land contract and one or more tenants by the entirety, joint tenants, or tenants in common. It does not include personal property such as furniture, furnishings, or appliances, but may include a mobile home;

(4) "Rent constituting property taxes accrued", eighteen percent of the gross rent paid by a claimant and spouse solely for the right of occupancy of their homestead in the calendar year;

(5) "Gross rent", rental paid solely for the right of occupancy, at arms-length, of a homestead during the calendar year 1973 and later, exclusive of charges for any utilities, services, food, nursing, furniture, furnishings, or personal property appliances furnished as part of the rental agreement, whether or not expressly set out in the rental agreement. If the director of revenue determines that the landlord and tenant have not dealt at arms-length, and that the gross rent is excessive, then he shall determine the gross rent based upon a reasonable amount of rent. Gross rent shall be deemed to be paid only if actually paid prior to the date a return is filed. The director of revenue may prescribe regulations requiring a return of information by a landlord receiving rent certifying for a calendar

year the amount of gross rent received from a tenant claiming a property tax credit;

(b) "Property taxes accrued", property taxes paid, exclusive of special assessments, penalties, interest, and charges for service, levied on a claimant's homestead in 1973 or any calendar year thereafter. Property taxes shall qualify for the credit only if actually paid prior to the date a return is filed. The director of revenue shall require a tax receipt or other proof of property tax payment. If a homestead is owned only partially by a claimant and spouse, then "property taxes accrued" is that part of property taxes levied on the homestead which reflects the ownership percentage of the claimant and spouse. For purposes of this paragraph property taxes are "levied" when the tax roll is delivered to the collector of revenue for collection. If a claimant and spouse own a homestead part of the preceding calendar year and rent it or a different homestead for part of the same year, "property taxes accrued" means only taxes levied on the homestead both owned and occupied by the claimant, multiplied by the percentage of twelve months that such property was owned and occupied as their homestead during the year. When a claimant and spouse owns and occupies two or more different homesteads in the same calendar year, property taxes accrued shall be the sum of the taxes allocable to those several properties occupied by them as a homestead for the year. If a homestead is an integral part of a larger unit such as a farm, or a multipurpose or multi-dwelling building, property taxes accrued shall be that percentage of the total property taxes accrued as the value of the homestead is of the total value. For purposes of this paragraph "unit" refers to the parcel of property covered by a single tax statement of which the homestead is a part.

**Section 2. Time for filing and other procedural matters, how governed.**—Procedural matters related to filing a claim under this act, including the time for filing returns, refunds, deficiencies, interest, contents of returns, limitations, and penalties shall be determined pursuant to sections 143.481 to 143.936, RSMo, applicable to the income tax. The credit regarding the property taxes of a calendar year may only be claimed on a return for the calendar year or for a claimant's return for a fiscal year that includes the end of the calendar year. The credit shall only be allowed if it is claimed on a return which is timely filed, including any extensions.

**Section 3. Credits, how applied, considered overpayment, when.**—A credit for property taxes shall be allowed for the amount provided in section 5. If the amount allowable as a credit exceeds the income tax reduced by other credits, then the excess shall be considered an overpayment of the income tax.

**Section 4. Accrued taxes and rent constituting taxes to be totaled—maximum amount allowable—allocation regulations, when.**—The property taxes accrued and rent constituting property taxes accrued on each return shall be totaled. This total, up to four hundred dollars, shall be used in determining the property tax credit. The director of revenue shall prescribe regulations providing for allocations where part of a claimant's homestead is rented to another or used for non-dwelling purposes or where a homestead is owned or rented or used as a dwelling for part of a year.

**Section 5. Formula for determining credits—table to be prepared by director of revenue.**—If the income on a return is seven thousand five hundred dollars or less, the property tax credit shall be determined from a table of credits based

upon the amount by which the total property tax described in section 4 exceeds the percent of income in the following list:

If the income on a return is:	The percent is:
Not over \$3,000	three percent
Over \$3,000 but not over \$3,500	three and one-quarter percent
Over \$3,500 but not over \$4,000	three and one-half percent
Over \$4,000 but not over \$4,500	three and three-quarters percent
Over \$4,500 but not over \$7,500	four percent

The director of revenue shall prescribe a table based upon the preceding sentences. The property tax shall be in increments of twenty-five dollars and the income in increments of one hundred dollars. The credit shall be the amount rounded to the nearest whole dollar computed on the basis of the property tax and income at the midpoints of each increment.

**Section 6. Effective date.**—This act shall become effective on October 1, 1973, with respect to the calendar year 1973.  
Approved July 21, 1973.

[R. B. 46]

**TAXATION AND REVENUE: Sales and use tax.**

AN ACT to amend chapter 144, RSMo, relating to sales and use tax by adding thereto three new sections relating to the same subject, with a penalty provision.

<b>SECTION 1.</b>	Amending clause.	<b>SECTION 1.</b>	Cities with city sales tax may audit pertinent state records—request procedure—charge for facilities.
144.011.	Transfer of reusable containers not sale at retail.	144.121.	Cities with city sales tax may audit pertinent state records—request procedure—charge for facilities.
		144.122.	Unauthorized use of information prohibited; penalty.

Be it enacted by the General Assembly of the State of Missouri, as follows:

**Section 1. Amending clause.**—Chapter 144, RSMo, is amended by adding thereto three new sections to be known as sections 144.011, 144.121 and 144.122, to read as follows:

**144.011. Transfer of reusable containers not sale at retail.**—For purposes of sections 144.010 to 144.510 and the tax imposed thereby, the definition of "sale at retail" shall not be construed to include the transfer of reusable containers used in connection with the sale of tangible personal property contained therein for which a deposit is required and refunded on return.

**144.121. Cities with city sales tax may audit pertinent state records—request procedure—charge for facilities.**—Notwithstanding the provisions of section 144.120, RSMo, any city, in which a city sales tax has been imposed, pursuant to the provisions of sections 94.500 to 94.570, RSMo, may inspect or audit any and all records of the state director of revenue pertaining to the administration, collection and enforcement of the city sales tax. The request by a city for inspection or audit of sales tax records and reports shall be made by written application signed

Senate Bill No. 132 was referred to the Committee on Judiciary.

Senate Bill No. 142 was referred to the Committee on Judiciary.

Senate Bill No. 149 was referred to the Committee on Elections.

February 27, 1973

FISCAL NOTE NO. W-51 FOR HOUSE COMMITTEE  
 SUBSTITUTE FOR HOUSE BILLS NOS.  
 149, 417, 425, 471, 47

This proposal would allow a property tax credit on the state income tax for persons 65 and older with less than \$7,500 in income.

Cost with 100% participation:

Loss in income tax revenue		\$27,346,154
Cost of Administration		729,953
		<hr/>
Loss From General Revenue		\$28,076,107
	1st Year	2nd Year
	<hr/>	<hr/>
Loss in income tax revenue	\$13,673,077	\$15,040,278
Cost of Administration	364,976	401,474
	<hr/>	<hr/>
Loss to General Revenue	\$14,038,053	\$15,441,752

MARK L. EDELMAN  
 Director, Division of Budget

Prepared by:  
 Allen Scott  
 Budget Analyst

On motion of Mr. Rothman, the House adjourned until 4:00 P.M., Monday, March 5, 1973.

## TAX RELIEF FOR ELDERLY

Kansas City Star, April 26, 1973

## Elderly Tax Relief Gain

Ingfield  
der & Press  
uary 23, 1973

## x Relief les Argue

### Action Is Taken

### House Committee

JEFFERSON CITY (Special) members of the House committee on Municipal Corporations argued merits of two offering tax relief for the y Monday night, but no ac- was taken on either mea-

proposal, sponsored by Rep. James F. Conway, Louis, would take the "circuit breaker" approach to property tax relief.

The circuit breaker bill would grant relief to those 65 or over with an income of \$6500 or less. The bill includes a sliding scale that would grant up to 75 per cent relief on no more than \$1000 in property taxes or rent. The leading proponent of the circuit breaker bill was Jack Schramm, former Democratic representative from University City. Schramm told the committee the basic difference between the two proposed forms of relief was who would bear the burden of lost revenue.

Schramm said the circuit breaker approach grants tax relief to persons 65 or over based on income. He said the bill also would include relief for renters.

The homestead tax relief bill introduced by Rep. Phillip P. Scaglia, D-Kansas City, would grant an exemption on the first \$1000 of assessed valuation of real property owned and occupied by persons 65 or over. It would grant no relief to renters.

Scaglia, who also is chairman of the committee hearing the bill, said his bill would cost the state about \$10 million to \$12 million in granting relief to the 100,000 home owners 65 or over in the state. The legislator said the loss could be offset by the inclusion in the state's general revenue fund from anticipated population growth and federal revenue sharing funds.

From The Star's Jefferson City Bureau  
Jefferson City—Missouri's elderly with incomes of less than \$6,500 a year would be eligible for some tax relief under legislation approved today by the Senate and was sent to the House. The vote was 30 to 0.

The bill, sponsored by Sen. Robert Young (D-St. Louis County), would implement a constitutional amendment adopted by voters last November authorizing the Legislature to provide tax relief to homeowners and renters 65 years old.

Relief would be granted to elderly property owners in the

amount that local property taxes exceed 4 per cent of their incomes. The amount of property tax used in figuring relief could not exceed \$400.

For instance an elderly person with an income of \$3,500 would be responsible for property taxes amounting to 4 per cent of that—\$140. If the individual's property taxes were \$260 the state would allow a credit against income tax of \$120. Persons who rent and do not own property could count 12 per cent of annual rent as property tax and then figure a claim on the same basis as the homeowner.

The bill is expected to cost about \$15 million a year, based on an assumption that only about 45 per cent of those eligible will actually file a claim for relief. The House has approved a bill that would provide relief to persons with incomes up to \$10,000 but the measure is viewed as impractical by the administration of Gov. Christopher Bond.

Charles Valier, legal counsel for Gov. Christopher S. Bond, spoke on behalf of the governor, whom Valier said favored the circuit breaker legislation.

Valier said figures supplied by other states showed the homestead bill would cost about 25 per cent of the relief granted to administer, while the circuit breaker approach would cost only 1-2 of one per cent.

Several representatives of retired United Auto Workers from Kansas City spoke in favor of the homestead bill.

Gus W. Lueking called the circuit breaker bill a "pork barrel" for landlords. Lueking said tax relief granted renters under the circuit breaker bill would be eaten up when landlords increased rents.

Under questioning from Chairman Scaglia, Schramm said the circuit breaker bill might allow landlords to profit from the relief by raising rents. But Schramm, who ran unsuccessfully for lieutenant governor last fall, proposed a special subcommittee might be set up to provide some way to check rent increases.

"I don't think you ought to give up the whole bill when there is a solution that is workable," Schramm said.

Voters approved a constitutional amendment calling for tax relief for persons 65 or over in the November general election.

St. Louis Globe-Democrat, June 16-17, 1973

## Legislature passes bill to give tax relief to older residents

By Associated Press  
JEFFERSON CITY — Tax relief for Missouri residents 65 years or older has been approved by the legislature and sent to the governor.

The bill was passed Friday afternoon by Senate Democrats, after Republicans walked out in protest over treatment of Lt. Gov. William C. Phelps. The House passed the measure earlier Friday.

The bill, designed to help break the spiral of rising costs to persons on fixed incomes, would allow those with incomes of \$7,500 or less to subtract from their tax returns an amount arrived at through a special formula.

The formula is: Four per cent of income, deducted from the amount of property taxes can be deducted from income taxes.

The limit on the property tax deduction is \$400.

An example would be: If a property owner has an income of \$7,500 and a tax bill of \$400, he can deduct 4 per cent of the \$7,500 — \$300 — resulting in a credit of \$100 on state income tax.

Renters can apply 18 per cent of their total tax bills to count as a property tax bill.

The legislation is expected to affect 130,000 persons over age 65, although experience in other states indicates only about one-third actually will participate. The cost to the state, in lost taxes, is estimated at about \$17 million.

The effective date in the bill is Oct. 1.

Missouri's lawmakers came from the amount of property taxes to the capitol for the final day of the session with several major bills still pending.

Final Status: PASSED, June 15, 1973