

# Missouri Circuit Breaker Property Tax Credit Critical for Seniors, Missourians with Disabilities from Across the State

The circuit breaker is a popular tax credit that helps Missouri seniors and people with disabilities with fixed incomes to stay in their homes by offsetting costs related to property taxes. **State lawmakers are considering House Committee Bill 3, which would eliminate 100,000 Missouri renters in every part of the state from the credit.** While low-income seniors who rent their homes may not pay property taxes directly, property owners pass property taxes to their tenants through rental rates.

## Eligibility for the Circuit Breaker Property Tax Credit

In 2016, Missouri's circuit breaker property tax credit helped 193,561 seniors & people with disabilities with fixed incomes stay in their homes. More than 100,000 of those were renters.

To qualify for the credit:

**As a renter, income must be:**

- \$27,500 or less if single, and \$29,500 or less if married

**As a homeowner, income must be:**

- \$30,000 or less if single, & \$34,000 or less if married

The maximum credit is \$750 for renters and \$1,100 for owners. The actual credit is based on amount paid and total household income, taxable and nontaxable. In 2016, the average credit was \$535.<sup>1</sup>

## Renters are Eligible for the Credit in 17 of 18 States with a Circuit Breaker

Eighteen states provide a circuit breaker. In sixteen of those, the credit is available to both homeowners and renters. Renters qualify based on their rental

payments, as it is assumed that property owners pass through a portion of their property taxes to tenants. In one state, only homeowners qualify, while in another state only renters qualify for the circuit breaker.

Lower-income families are much more likely to face high housing costs — usually defined as costs that exceed 30 percent of income — than are high-income families. Families below the poverty line typically spend 42 percent of their income on housing compared to the national median of 22 percent. Families with high housing costs typically pay high property taxes relative to their incomes since property taxes within a given community tend to be roughly proportionate to housing costs.



Renters — who are disproportionately represented among fixed income families — also can face high property taxes relative to their incomes. This is because landlords generally pass along a substantial portion of property taxes to them in the form of higher rents.<sup>2</sup>

## Low-Income Renters Across the State Benefit from the Credit

Every legislative district includes seniors and people with disabilities who rent their home and would lose the credit if eligibility for renters is eliminated (*see table on next page*)

## More than 100,000 Low-Income Missouri Seniors & People with Disabilities Would Lose the Circuit Breaker Tax Credit if Renters are Eliminated from Eligibility

*Estimated Circuit Breaker Rental Claims by State Senate District, Tax Year 2016<sup>3</sup>*

State Senate District	Number of Claims
1	1,935
2	1,190
3	4,662
4	6,277
5	9,440
6	2,164
7	2,564
8	1,215
9	4,195
10	2,398
11	2,623
12	2,648
13	3,845
14	5,418
15	1,007
16	2,211
17	1,532

State Senate District	Number of Claims
18	2,922
19	1,960
20	3,392
21	2,600
22	1,794
23	1,061
24	1,760
25	6,317
26	1,516
27	3,641
28	3,119
29	2,286
30	3,042
31	2,422
32	2,665
33	2,690
34	2,195

- 1 Circuit breaker eligibility and claims data from the Missouri Department of Revenue
- 2 *The Property Tax Circuit Breaker: An Introduction and Survey of Current Programs*, Center on Budget & Policy Priorities, 2007
- 3 Statewide & zip code level claims data for tax year 2016 from the Missouri Department of Revenue. Missouri Budget Project apportioned the zip code data to state senate districts using the same proportions used by the Missouri Department of Revenue in estimates provided by the Department in 2013.