

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4375S.06I
Bill No.: SB 1001
Subject: Banks and Financial Institutions; Immigration; Property, Real and Personal; Taxation and Revenue - General
Type: Original
Date: January 13, 2026

Bill Summary: This proposal creates new provisions relating to homeownership.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(Up to \$35,636)	(Up to \$34,877)	(Up to \$34,119)
Total Estimated Net Effect on General Revenue	(Up to \$35,636)	(Up to \$34,877)	(Up to \$34,119)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

*Fine revenue is distributed to school districts if the court imposes a civil penalty in a sum not to exceed \$10,000 per violation.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office (AGO)**, **Office of Administration-Budget & Planning (B&P)**, and **Office of the State Courts Administrator (OSCA)** did not respond to **Oversight**'s request for fiscal impact for this proposal.

Oversight was unable to receive some of the agency responses in a timely manner. **Oversight** has presented this fiscal note on the best current information that we have. Upon the receipt of agency responses, **Oversight** will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§§143.1155-144.1010 - American Dream Tax Credit and Savings Accounts

Officials from the **Department of Revenue (DOR)** note starting January 1, 2027, this would create the American Dream Deduction. It would allow a first-time homebuying taxpayer who makes contributions to an American Dream Savings Account to deduct 100% of the amount contributed to the account. The deduction is limited to the amount of the contribution up to \$5,000 per single filer or \$10,000 for those married filing combined.

This provision allows DOR to clawback the deducted amount should contributions in the account not be used for the statutes stated purpose. Additionally, this proposal has a sunset clause.

Beginning January 1, 2027, taxpayers will be allowed to start making contributions to the American Dream accounts. Therefore, the first time the deduction could be claimed is in fiscal year 2028 when the returns would be filed for those contributions. The maximum amount of contributions that can be deposited into the accounts annually is \$5,000 for single filers and \$10,000 for married filing combined filers. Additionally, the maximum amount of contributions allowed in the account is \$30,000. Money in the account over \$30,000 would not be eligible for any further deductions.

DOR notes this appears to duplicate the First-Time Homebuyers tax credit program that sunset on December 31, 2024. That program allowed contributions to be made to a savings account and the person got a deduction from their Missouri Adjusted Gross Income for the contribution. At that time, they were allowed to make contributions up to \$800 per taxpayer (\$1,600 for married filing combined). For informational purposes, here are the totals of the people who claimed the First-Time Homebuyers Deduction and the amount claimed. Based on DOR records of the 278 taxpayers, 101 of them claimed the maximum allowable deduction.

Year	Deduction Amount	Number of Returns
2019	\$388,288	256
2020	\$794,236	417
2021	\$504,252	423
2022	\$414,293	359
2023	\$343,814	278
Totals	\$2,101,069	1,455

DOF is unable to estimate how many of these people would be able to make the \$5,000 contribution to receive the full maximum benefit under this program. For fiscal note purposes DOF will show a range from the amounts under the old program to the new maximum allowed under this program for the 101 taxpayers at the old maximum.

Deductions do not reduce revenues on a dollar-for-dollar basis, but instead in relation to the tax rate applied. SB 3 adopted in 2022 is scheduled to lower the income tax rate over time based on certain revenue triggers. DOF will show the impact through the implementation of SB 3.

Estimated Impact to GR

Tax Rate	Low Claims	High Claims
4.70%	(\$16,159)	(\$35,636)
4.60%	(\$15,815)	(\$34,877)
4.50%	(\$15,472)	(\$34,119)

DOF will need to update its forms (\$2,200), website and computer programs (\$7,547).

Oversight notes the DOF requests a one-time cost for website, form changes and computer updates to comply with the proposed language; however, Oversight notes that DOF receives appropriation for routine website updates and will not show those costs in the fiscal note.

Oversight notes DOF's estimates include data from DOF's internal Income Tax Model.

Oversight notes that it does not currently have the resources and/or access to state tax data to produce a thorough independent revenue estimate and is unable to verify the revenue estimates provided by DOF. Therefore, for the purpose of this fiscal note, Oversight will utilize DOF's estimated impact for this proposal.

Oversight notes for the purpose of the fiscal note, Oversight assumes a top income tax rate of 4.7% in tax year 2026 (FY 2027) and future income tax rate reductions from SB 3 (2022) will trigger consecutively (4.6% in FY 2028 and 4.5% in FY 2029+).

§442.563 – Residential Property Acquisition by Non-Citizens

Officials from the **DOR** assume this provision states that non-United States citizens would be prohibited from acquiring a single-family residential property. This provision would not fiscally impact DOR.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

§442.703 - Institutional Buyers of Residential Property

Officials from the **DOR** assume this provision would limit the number of properties an institutional buyer may acquire and will require reporting of the number of properties owned annually to the Secretary of State's Office. This provision will not fiscally impact DOR.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight notes the proposal states the AGO will have the authority to investigate alleged violations and enforce compliance with this act.

Officials from the **Attorney General's Office (AGO)** did not respond to **Oversight's** request for fiscal impact for this proposal.

Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Oversight notes that violations of §442.703 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 or Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

Responses regarding the proposed legislation as a whole

The **Oversight Division** is responsible for providing a Sunset Report pursuant to Section 23.253 RSMo; however, Oversight can absorb the cost with the current budget authority.

Officials from the **Department of Commerce and Insurance** assume the proposal will have no fiscal impact on their organization.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
Revenue Loss – DOR (§143.1155) Tax deduction for contributions to American Dream Savings Account p .4	(Up to \$35,636)	(Up to \$34,877)	(Up to \$34,119)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Up to <u>\$35,636</u>)	(Up to <u>\$34,877</u>)	(Up to <u>\$34,119</u>)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
Potential Revenue Gain – School districts (§442.703) Potential fine revenue, if violations occur p. 4	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>

FISCAL IMPACT – Small Business

No direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

AMERICAN DREAM TAX CREDIT AND SAVINGS ACCOUNTS (Section 143.1155 and 443.1010)

This act establishes the American Dream Savings Account Act. Beginning January 1, 2027, any individual may open a savings account and designate the account as an American dream savings account to be used to pay or reimburse a qualified beneficiary's eligible expenses, as defined in the act.

This act also creates an income tax deduction for taxpayers who make contributions to such savings account. The deduction shall not exceed the taxpayer's Missouri adjusted gross income for the tax year the deduction is claimed, and shall not exceed \$5,000 or \$10,000 for married individuals filing jointly. Each taxpayer claiming the deduction shall file an affidavit with the income tax return verifying the amount of their contributions.

An account holder shall designate a beneficiary of the account no later than April 15 of the year following the tax year in which the account was opened.

The maximum amount an individual may contribute to an account in a single tax year is \$5,000 for an individual or \$10,000 for a couple filing a joint tax return. The maximum amount of all contributions to an account for all tax years is \$30,000. An account shall not contain more than \$30,000.

The title of any home purchased with moneys from an account may not transfer for at least two years, absent reasonable circumstances.

Moneys withdrawn from an account shall be subject to recapture if at the time of withdrawal it has been less than one year since the first deposit in the account, or if the moneys are used for any purpose other than those specified in the act.

No financial institution shall be required to designate an account as an American dream savings account in its contracts or systems, to track the use of moneys withdrawn from an account, or to report any information that it is not otherwise required to by law.

The income tax deduction created by this act shall sunset December 31, 2032, unless reauthorized by the General Assembly.

These provisions are substantially similar to the "First-Time Home Buyer's Tax Credit and Savings Account (HB 1796, 2018), which expired in August, 2024.

ACQUISITION OF SINGLE-FAMILY RESIDENTIAL PROPERTIES - NON-CITIZENS (Section 442.563)

The act prohibits persons not citizens of the United States from acquiring, by grant, purchase, devise or descent, any single-family residential property, as that term is defined in the act.

AMERICAN DREAM ACT (Section 442.703)

The act creates the "American Dream Act." Institutional buyers, as that term is defined in the act, are prohibited from owning more than 100 single-family residential properties within Missouri. Institutional buyers are required to submit annual reports to the Secretary of State, with such information as stipulated in the act. Failure to file the required report may result in a civil penalty not exceeding \$10,000 per violation.

The Attorney General is given authority to investigate and enforce compliance with this act. If, upon filing of a cause of action by the attorney general, a court finds that a single-family residential property was acquired in violation of this section, the court shall order the sale of the property within ninety days of the order. The court may additionally order such injunctive relief or any other remedy provided by law, as deemed appropriate. If an institutional buyer has been found by a court to be in violation of this act on 3 or more occasions, the court may fine the institutional buyer in an amount of \$50,000 per occasion.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Commerce and Insurance
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
January 13, 2026



Jessica Harris
Assistant Director
January 13, 2026