

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4375S.10C  
Bill No.: SCS for SB 1001  
Subject: Banks and Financial Institutions; Immigration; Property, Real and Personal;  
Taxation and Revenue - General  
Type: Original  
Date: March 10, 2026

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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                                      | \$0        | (Up to \$34,877)        | (Up to \$34,119)        |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b> | <b>(Up to \$34,877)</b> | <b>(Up to \$34,119)</b> |

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

| FUND AFFECTED   | FY 2027    | FY 2028    | FY 2029    |
|---|------------|------------|------------|
|   |            |            |            |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

| FUND AFFECTED   | FY 2027    | FY 2028    | FY 2029    |
|---|------------|------------|------------|
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

| FUND AFFECTED                            | FY 2027  | FY 2028  | FY 2029  |
|--|----------|----------|----------|
|  |          |          |          |
|  |          |          |          |
| <b>Total Estimated Net Effect on FTE</b> | <b>0</b> | <b>0</b> | <b>0</b> |

- 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               |
|--------------------------|-----------------------|-----------------------|-----------------------|
|                          |                       |                       |                       |
|                          |                       |                       |                       |
| <b>Local Government*</b> | <b>\$0 or Unknown</b> | <b>\$0 or Unknown</b> | <b>\$0 or Unknown</b> |

\*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

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

Officials from the **Office of Administration - Budget and Planning (B&P)** assume these sections would create the “American Dream Tax Deduction” and the “American Dream Savings Account”.

B&P notes that these sections primarily recreate the existing “First-Time Homebuyer” deduction and savings accounts (Section 143.1150 and 443.1001 to 443.1007). While the first-time homebuyer deduction sunset December 31, 2024, the first-time homebuyer savings accounts are still active.

B&P notes that under this provision the tax deduction would be available for non-Missouri residents as long as they have an income tax liability in Missouri; while the First-Time Homebuyer deduction was limited to Missouri residents.

Beginning tax year 2027, taxpayers will be allowed a deduction of up to \$5,000 per taxpayer (\$10,000 married filing combined) for contributions made to an American Dream Savings Account.

In tax year 2023, 278 taxpayers had a total of \$343,814 in contribution claims to their first-time homebuyer savings accounts. B&P notes that the deduction allowed at that time was for \$800 per taxpayer (\$1,600 for married filing combined). Of the 278 taxpayers, 101 claimed the maximum allowable deduction.

B&P does not know the amount that the 101 taxpayers would have claimed had the limit under the old deduction been greater than \$800. Therefore, B&P will show a range from the amounts claimed under the old program to the maximum allowed under this program for the 101 taxpayers already at the old maximum.

Based on the above information, B&P estimates that this provision could result in deduction claims of \$343,814 to \$758,205 annually. However, deductions do not reduce revenues on a dollar-for-dollar basis, but instead in relation to the tax rate applied. Therefore, B&P will show the potential impact of this proposal through the implementation of SB 3 (2022).

However, as noted above, this version would allow non-residents to claim this deduction whereas the old First-Time Homebuyer deduction was limited to Missouri residents. Therefore, more than \$343,814 to \$758,205 in deduction claims could be made each year.

B&P estimates that this provision could reduce TSR and GR by \$16,159 to \$35,636 (top rate 4.7%) in FY28 (for tax year 2027). Once SB 3 (2022) has fully implemented, B&P estimates that this proposal could reduce TSR and GR by \$15,472 to \$34,119 annually.

Table 1: Estimated Impact to GR

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

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               |
| <b>Totals</b> | <b>\$2,101,069</b> | <b>1,455</b>      |

DOR 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 DOR 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. DOR 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)  |

DOR will need to update the department's forms (\$2,200), website and computer programs (\$7,547).

**Oversight** assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

§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.

In response to a previous version, officials from the **Office of the State Courts Administrator** 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 this agency.

#### 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<br>(10 Mo.) | FY 2028                 | FY 2029                 |
|--|---------------------|-------------------------|-------------------------|
| <b>GENERAL REVENUE</b>   |                     |                         |                         |
| <u>Revenue Loss</u> – DOR (§143.1155) Tax deduction for contributions to American Dream Savings Account p .4 | \$0                 | (Up to \$34,877)        | (Up to \$34,119)        |
| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>   | <b>\$0</b>          | <b>(Up to \$34,877)</b> | <b>(Up to \$34,119)</b> |

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

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act creates various new provisions relating to homeownership.

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

Office of Administration - Budget and Planning  
Department of Commerce and Insurance  
Department of Revenue  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Oversight Division  
Office of the State Courts Administrator



Julie Morff  
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March 10, 2026



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