

## SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 1001

AN ACT

To amend chapters 143, 442, and 443, RSMo, by adding thereto three new sections relating to homeownership, with penalty provisions.

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

Section A. Chapters 143, 442, and 443, RSMo, are amended by adding thereto three new sections, to be known as sections 143.1155, 442.703, and 443.1010, to read as follows:

143.1155. 1. This section shall be known and may be cited as the "American Dream Tax Deduction".

2. As used in this section, the following terms mean:

(1) "American dream savings account", the same meaning as that term is defined in section 443.1010;

(2) "American dream savings account act", the same meaning as that term is defined in section 443.1010;

(3) "Deduction", an amount subtracted from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income for the tax year in which such deduction is claimed;

(4) "Eligible expenses", the same meaning as that term is defined under section 443.1010;

(5) "Taxpayer", any individual subject to the income tax imposed under this chapter, excluding withholding tax imposed under sections 143.191 to 143.265.

3. For all tax years beginning on or after January 1, 2027, a taxpayer shall be allowed a deduction of a participating taxpayer's contributions to an American dream savings account in the tax year of the contribution. Each taxpayer claiming the deduction under this section shall

file an affidavit with the income tax return verifying the amount of their contributions. The amount of the deduction claimed shall not exceed the amount of the taxpayer's Missouri adjusted gross income for the tax year that the deduction is claimed and shall not exceed five thousand dollars per taxpayer claiming the deduction, or ten thousand dollars if married filing combined.

4. Income earned or received as a result of assets in an American dream savings account shall not be subject to state income tax imposed under this chapter. The exemption under this section shall apply only to income maintained, accrued, or expended pursuant to the requirements of sections 443.1001 to 443.1007, and no exemption shall apply to assets and income expended for any other purpose. The amount of the deduction claimed shall not exceed the amount of the taxpayer's Missouri adjusted gross income for the tax year the deduction is claimed.

5. If any deductible contributions to or earnings from any such programs referred to in this section are distributed and not used to pay for eligible expenses or are not held for the minimum length of time under section 443.1010, the amount so distributed shall be added to the Missouri adjusted gross income of the participant or, if the participant is not living, the beneficiary, in the year of distribution.

6. The department of revenue shall promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any of the powers vested with

the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2026, shall be invalid and void.

7. Pursuant to section 23.253 of the Missouri sunset act:

(1) The program authorized pursuant to this section shall automatically sunset six years after the effective date of this section unless reauthorized by an act of the general assembly;

(2) This section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized pursuant to this section is sunset; and

(3) The provisions of this subsection shall not be construed to impair or impede the state's fulfillment of any obligations, including the authorization, issuance, or redemption of tax credits, incurred pursuant to this section prior to the date the program authorized pursuant to this section is sunset.

442.703. 1. (1) This section shall be known and may be cited as the "American Dream Act".

(2) The general assembly finds that excessive institutional ownership of single-family homes contributes to housing scarcity, inflates prices, and denies young families access to homeownership.

(3) Young families are increasingly priced out of the housing market, creating barriers to entry for first-time homebuyers and discouraging Missourians from raising families in our state.

(4) It is unhealthy for entire generations of young people to be unable to own property. Individuals who own

homes have greater stability, stronger community ties, and a deeper sense of civic responsibility.

(5) Homeownership is an integral part of the American dream. In light of this fact, it is incumbent upon this general assembly to preserve and protect the American way of life for generations of Americans to come. This can be accomplished by setting reasonable regulations pertaining to the institutional ownership of residential real estate. These regulations should prevent market concentration by institutional investors, since such concentration undermines the long-term stability of our communities.

2. For purposes of this section, the following terms mean:

(1) "Eligible Missouri homebuyer", a natural person who is a resident of Missouri and intends to occupy the property as their principal residence;

(2) "Institutional buyer", any corporation, partnership, limited liability company, real estate investment trust, private equity firm, hedge fund, or similar business entity, including any subsidiary or affiliate thereof, that collectively owns more than fifty single-family residential properties within the United States, and is engaged in the business of acquiring such properties for investment or profit through rental or resale, provided that the term institutional buyer shall not include any home builder, not-for-profit corporation, public housing agency, or land bank;

(3) "Single-family residential property", real property improved with one dwelling unit intended for occupancy by one family, including detached homes, townhomes, and condominiums;

(4) "Ultimate beneficial owner", the natural person or persons who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise:

(a) Own or control more than twenty-five percent of the ownership interests of an entity; or

(b) Exercise significant control over the entity's management or policies.

3. (1) An institutional buyer shall not own more than one hundred single-family residential properties within Missouri.

(2) Each institutional buyer shall, on or before January thirty-first of each year, file with the secretary of state a report identifying:

(a) The total number and location of single-family properties owned in Missouri;

(b) The name and address of its ultimate beneficial owners; and

(c) Any transfers or acquisitions of single family residential properties made in the preceding year.

4. Failure to file the required report may result in a civil penalty not exceeding ten thousand dollars per violation.

5. Nothing in this section shall be construed to:

(1) Prohibit, restrict, or interfere with any bank, credit union, mortgage lender, or other financial institution from offering, issuing, or servicing loans or mortgages for the acquisition, financing, or refinancing of single-family residential property; or

(2) Affect the rights, obligations, or activities of such financial institutions under state or federal law.

6. The attorney general and secretary of state may promulgate rules necessary to implement and enforce this act, with respect to the responsibilities granted to them,

respectively, pursuant to this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2026, shall be invalid and void.

7. This section shall not apply to any entity engaged in the development or construction of residential properties or developments, or any affiliates thereof, provided the entity or affiliate is not otherwise a subsidiary or affiliate of an institutional buyer.

443.1010. 1. This section shall be known and may be cited as the "American Dream Savings Account Act".

2. As used in this section, the following terms mean:

(1) "Account holder", an individual who establishes an account with a financial institution that is designated as an American dream savings account in accordance with this section;

(2) "American dream savings account" or "account", an account with a financial institution designated as such in accordance with this section;

(3) "Department", the department of revenue;

(4) "Eligible expenses", a down payment and any closing costs included on a real estate settlement statement including, but not limited to, appraisal fees, mortgage origination fees, and inspection fees;

(5) "Financial institution", any state bank, state trust company, savings and loan association, federally chartered credit union doing business in this state, credit union chartered by the state of Missouri, national bank, broker-dealer, mutual fund, insurance company, or other similar financial entity qualified to do business in this state;

(6) "First-time home buyer", an individual who:

(a) Has never owned or purchased under contract for deed, either individually or jointly, a single-family, owner-occupied primary residence including, but not limited to, a condominium unit or a manufactured or mobile home that was assessed and taxed as real property; or

(b) As a result of the individual's dissolution of marriage, has not been listed on a property title for at least three consecutive years;

(7) "Qualified beneficiary", a first-time home buyer designated by an account holder for whose eligible expenses the moneys in a first-time home buyer savings account are or will be used.

3. (1) Beginning January 1, 2027, any individual may open an account with a financial institution and designate the account, in its entirety, as an American dream savings account to be used to pay or reimburse a qualified beneficiary's eligible expenses for the purchase of his or her primary residence in Missouri. An individual may be the account holder of multiple accounts, and an individual may jointly own the account with another person if such persons file a married filing combined income tax return. To be eligible for the tax deduction under section 143.1155, an account holder shall comply with the requirements of this section.

(2) An account holder shall designate, no later than April fifteenth of the year following the tax year during which the account was established, a first-time home buyer as the qualified beneficiary of the account. The account holder may designate himself or herself as the qualified beneficiary. The account holder may change the designated qualified beneficiary at any time, but no account shall have more than one qualified beneficiary at any time. No account holder shall have multiple accounts with the same qualified beneficiary, but an individual may be designated as the qualified beneficiary of multiple accounts.

(3) (a) The following limits apply to an account created pursuant to this section:

a. The maximum contribution to the account is five thousand dollars per year for an individual and ten thousand dollars per year for account holders who file a married filing combined income tax return;

b. The maximum amount of all contributions for all tax years to an account is thirty thousand dollars; and

c. The maximum total amount in an account is thirty thousand dollars.

(b) If a limit in paragraph (a) of this subdivision is exceeded, then thereafter no interest or other income earned on the investment of moneys in the account shall be included in the tax deduction under section 143.1155.

(c) Moneys may remain in the account for an unlimited duration without the interest or income being subject to recapture or penalty.

(4) The account holder shall not use moneys in an account to pay expenses of administering the account, except that a service fee may be deducted from the account by a financial institution. The account holder shall be responsible for maintaining documentation for the account

and for eligible expenses related to the qualified beneficiary's purchase of a primary residence.

4. (1) (a) For purposes of the tax benefit conferred under section 143.1155, the moneys in an American dream savings account may be:

a. Used for eligible expenses related to a qualified beneficiary's purchase of his or her primary residence located in this state;

b. Used for eligible expenses related to a qualified beneficiary's purchase of his or her primary residence located outside this state if the qualified beneficiary is active-duty military and was stationed in Missouri for any time after the creation of the account;

c. Used for expenses that would have qualified under subparagraph a or b of this subdivision, but the contract for purchase did not close;

d. Transferred to another newly created American dream savings account; and

e. Used to pay a service fee that is deducted by the financial institution.

(b) Paragraph (a) of this subdivision shall apply whether the qualified beneficiary is the sole owner of the primary residence or joint owner with another person who does not qualify as a qualified beneficiary. Moneys in an American dream savings account shall not be used for the purposes under subparagraphs a, b, and c of paragraph (a) of this subdivision related to the purchase of a manufactured or mobile home that is not taxed as real property.

(c) The title of any home purchased with moneys from an American dream savings account shall not transfer for at least two years unless reasonable circumstances exist that were unforeseen at the time the home was purchased. The

first-time home buyer shall request an exception from the department.

(2) (a) Moneys withdrawn from an American dream savings account shall be subject to recapture in the tax year in which they are withdrawn if the moneys are used for any purpose other than those specified under subdivision (1) of this subsection.

(b) The recapture shall be an amount equal to the moneys withdrawn and shall be added to the Missouri adjusted gross income of the account holder or, if the account holder is not living, the qualified beneficiary.

(3) If any moneys are subject to recapture under subsection 2 of this section, the account holder shall pay to the department a penalty in the same tax year as the recapture. If the withdrawal was made ten or fewer years after the first deposit in the account, the penalty shall be equal to five percent of the amount subject to recapture, and, if the withdrawal was made more than ten years after the first deposit in the account, the penalty shall be equal to ten percent of the amount subject to recapture. These penalties shall not apply if the withdrawn moneys are from an American dream savings account for which the qualified beneficiary died, and the account holder does not designate a new qualified beneficiary during the same tax year.

(4) If the account holder dies or, if the account is jointly owned, the account holders die and the account does not have a surviving transfer-on-death beneficiary, then all of the moneys in the account that were used for a tax deduction under section 143.1155 shall be subject to recapture in the tax year of the death or deaths, but no penalty shall be due to the department.

5. (1) The department shall establish forms for an account holder to annually report information about an

American dream savings account including, but not limited to, how the moneys withdrawn from the fund are used and shall identify any supporting documentation that is required to be maintained. To be eligible for the tax deduction under section 143.1155, an account holder shall annually file with the account holder's state income tax return all forms required by the department under this section, the 1099 form for the account issued by the financial institution, and any other supporting documentation the department requires.

(2) The department of revenue may promulgate rules and regulations necessary to administer the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2026, shall be invalid and void.

6. (1) No financial institution shall be required to:

(a) Designate an account as an American dream savings account or designate the beneficiaries of an account in the financial institution's account contracts or systems or in any other way;

(b) Track the use of moneys withdrawn from an American dream savings account; or

(c) Report any information to the department or any other governmental agency that is not otherwise required by law.

(2) No financial institution shall be responsible or liable for:

(a) Determining or ensuring that an account holder is eligible for a tax deduction under section 143.1155;

(b) Determining or ensuring that moneys in the account are used for eligible expenses; or

(c) Reporting or remitting taxes or penalties related to use of moneys in an American dream savings account.

(3) In implementing this section, the department shall not establish any administrative, reporting, or other requirements on financial institutions that are outside the scope of normal account procedures.

Section B. If any provision of section A of this act or the application thereof to anyone or to any circumstance is held invalid, the remainder of those sections and the application of such provisions to others or other circumstances shall not be affected thereby.