

SENATE BILL NO. 1001

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHNELTING.

4375S.061

KRISTINA MARTIN, Secretary

AN ACT

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

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

Section A. Chapters 143, 442, and 443, RSMo, are amended
2 by adding thereto four new sections, to be known as sections
3 143.1155, 442.563, 442.703, and 443.1010, to read as follows:

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

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

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

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

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

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

14 (5) "Taxpayer", any individual who is a resident of
15 this state and subject to the income tax imposed under this
16 chapter, excluding withholding tax imposed under sections
17 143.191 to 143.265.

18 3. For all tax years beginning on or after January 1,
19 2027, a taxpayer shall be allowed a deduction of a
20 participating taxpayer's contributions to an American dream
21 savings account in the tax year of the contribution. Each
22 taxpayer claiming the deduction under this section shall
23 file an affidavit with the income tax return verifying the
24 amount of their contributions. The amount of the deduction
25 claimed shall not exceed the amount of the taxpayer's
26 Missouri adjusted gross income for the tax year that the
27 deduction is claimed, and shall not exceed five thousand
28 dollars per taxpayer claiming the deduction, or ten thousand
29 dollars if married filing combined.

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

40 5. If any deductible contributions to or earnings from
41 any such programs referred to in this section are
42 distributed and not used to pay for eligible expenses or are
43 not held for the minimum length of time under section
44 443.1010, the amount so distributed shall be added to the
45 Missouri adjusted gross income of the participant or, if the
46 participant is not living, the beneficiary, in the year of
47 distribution.

48 6. The department of revenue shall promulgate rules to
49 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.

442.563. Persons not citizens of the United States shall not be capable of acquiring, by grant, purchase, devise or descent, any single-family residential property. For purposes of this section, the term "single-family residential property" means real property improved with one

dwelling unit intended for occupancy by one family,
including detached homes, townhomes, and condominiums.

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

31 investment trust, private equity firm, hedge fund, or
32 similar business entity, including any subsidiary or
33 affiliate thereof, that collectively owns more than fifty
34 single-family residential properties within the United
35 States, and is engaged in the business of acquiring such
36 properties for investment or profit through rental or
37 resale, provided that the term institutional buyer shall not
38 include any home builder, not-for-profit corporation, public
39 housing agency, or land bank;

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

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

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

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

51 3. (1) An institutional buyer shall not own more than
52 one hundred single-family residential properties within
53 Missouri.

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

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

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

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

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

66 5. Nothing in this section shall be construed to:
67 (1) Prohibit, restrict, or interfere with any bank,
68 credit union, mortgage lender, or other financial
69 institution from offering, issuing, or servicing loans or
70 mortgages for the acquisition, financing, or refinancing of
71 single-family residential property; or

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

74 6. The attorney general and secretary of state may
75 promulgate rules necessary to implement and enforce this
76 act, with respect to the responsibilities granted to them,
77 respectively, pursuant to this section. Any rule or portion
78 of a rule, as that term is defined in section 536.010, that
79 is created under the authority delegated in this section
80 shall become effective only if it complies with and is
81 subject to all of the provisions of chapter 536 and, if
82 applicable, section 536.028. This section and chapter 536
83 are nonseverable and if any of the powers vested with the
84 general assembly pursuant to chapter 536 to review, to delay
85 the effective date, or to disapprove and annul a rule are
86 subsequently held unconstitutional, then the grant of
87 rulemaking authority and any rule proposed or adopted after
88 August 28, 2026, shall be invalid and void.

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

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

4 (1) "Account holder", an individual who establishes an
5 account with a financial institution that is designated as

6 an American dream savings account in accordance with this
7 section;

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

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

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

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

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

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

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

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

36 3. (1) Beginning January 1, 2027, any individual may
37 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.

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

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

76 (4) The account holder shall not use moneys in an
77 account to pay expenses of administering the account, except
78 that a service fee may be deducted from the account by a
79 financial institution. The account holder shall be
80 responsible for maintaining documentation for the account
81 and for eligible expenses related to the qualified
82 beneficiary's purchase of a primary residence.

83 4. (1) (a) For purposes of the tax benefit conferred
84 under section 143.1155, the moneys in an American dream
85 savings account may be:

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

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

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

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

99 e. Used to pay a service fee that is deducted by the
100 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:

a. At the time of the withdrawal, it has been less than a year since the first deposit in the account; or

b. 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

133 the first deposit in the account, the penalty shall be equal
134 to ten percent of the amount subject to recapture. These
135 penalties shall not apply if:

136 (a) The withdrawn moneys are used for eligible
137 expenses related to a qualified beneficiary's purchase of
138 his or her primary residence outside of the state; or

139 (b) The withdrawn moneys are from an American dream
140 savings account for which the qualified beneficiary died,
141 and the account holder does not designate a new qualified
142 beneficiary during the same tax year.

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

150 5. (1) The department shall establish forms for an
151 account holder to annually report information about an
152 American dream savings account including, but not limited
153 to, how the moneys withdrawn from the fund are used and
154 shall identify any supporting documentation that is required
155 to be maintained. To be eligible for the tax deduction
156 under section 143.1155, an account holder shall annually
157 file with the account holder's state income tax return all
158 forms required by the department under this section, the
159 1099 form for the account issued by the financial
160 institution, and any other supporting documentation the
161 department requires.

162 (2) The department of revenue may promulgate rules and
163 regulations necessary to administer the provisions of this
164 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

196 **requirements on financial institutions that are outside the**
197 **scope of normal account procedures.**

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

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