

HCS HB 1796 -- FIRST-TIME HOME BUYER SAVINGS ACT

SPONSOR: Ruth

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Financial Institutions by a vote of 12 to 0. Voted "Do Pass" by the Rules- Legislative Oversight Committee by a vote of 12 to 0.

Beginning January 1, 2019, this bill establishes the "First-Time Home Buyer Savings Account Act" and authorizes an individual income tax deduction for 50% of the contributions to such a savings account dedicated to buying a first home. The bill specifies that the annual contribution deduction limit is \$1,600 per taxpayer and a first-time home buyer is an individual who has never owned a single-family, owner-occupied primary residence including a condominium or manufactured home or a divorced individual who has not been listed on a property title for at least three years. The maximum contribution limit for all tax years is \$20,000 and the maximum total amount in the savings account is \$30,000.

Funds in the savings account can be used only for eligible expenses of purchasing a primary residence in this state, transferred to another first-time home buyer savings account or used to pay service fees. Any withdrawal of funds for other purposes will be subject to recapture and penalties.

The provisions of the bill will expire December 31, six years from the effective date.

This bill is similar to HB 1230 (2017).

PROPOSERS: Supporters say that this bill will help first-time home buyers, who often find it hard to come up with a down payment and closing costs for a new home. Buying a home supports several jobs.

Testifying for the bill were Representative Ruth; Missouri Realtors; St. Louis Home Builders Association; Missouri Bankers Association; Mortgage Bankers Association of Missouri; and Heartland Credit Union Association.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say the potential cost to the state reflected in the fiscal note makes assumptions to show the largest possible impact to the state.

Testifying on the bill was the Missouri Department of Revenue.