

HCS HB 563 -- FIRST-TIME HOME BUYER SAVINGS ACT

SPONSOR: Ruth

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Ways and Means by a vote of 12 to 1.

Beginning January 1, 2018, 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 \$8,000 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 \$50,000 and the maximum total amount in the savings account is \$150,000.

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.

PROPONENTS: Supporters say that the rising cost of homes, expensive closing costs, large amount of student loans, and lack of savings is keeping people from buying their first home. This bill will provide a way for them to grow savings for a down payment on a home and allow a tax break for those who contribute to such a savings account. Owning a home adds stability to a family and adds to the economy.

Testifying for the bill were Representative Ruth; St. Louis Home Builders Association; Joseph "Joe" Bayer Jr., Mortgage Bankers Association of St. Louis; Mortgage Bankers Association of Missouri; Heartland Credit Union Association; Missouri Association of Realtors; and the Missouri Bankers Association.

OPPONENTS: There was no opposition voiced to the committee.