

HCS HB 194 -- INCOME TAX DEDUCTION FOR THE PURCHASER OF A NEW HOME

SPONSOR: Diehl

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Ways and Means by a vote of 11 to 1.

Beginning January 1, 2013, this substitute authorizes a one-time individual income tax deduction for the purchaser of a new home built between August 28, 2013, and December 31, 2015, and used as the principal residence of the taxpayer for at least two years. The amount of the deduction will be equal to one-third of the purchase price or \$166,667, whichever is less. Any amount of the deduction that exceeds the taxpayer's Missouri adjusted gross income may be carried forward to any subsequent tax year until the full deduction is claimed.

The provisions of the substitute will expire December 31, 2015.

PROPOSERS: Supporters say that this bill creates jobs for the construction industry and helps the housing industry and the average Missourian looking at new homes. In the St. Louis region, building has dropped from 10,000 to 3,000 new homes built per year. It is down 70% from the average number of homes built. Homebuilders buy local, hire local, and increase property and sales tax revenues. This bill is a catalyst to help the industry get moving again. Once one person buys, others are interested.

Testifying for the bill were Representative Diehl; Pat Sullivan and Harlan Kwiatk, Home Builders Association of St. Louis and Eastern Missouri; Missouri Chamber of Commerce and Industry; Missouri Association of Realtors; St. Louis Regional Chamber and Growth Association; City of St. Louis; Carpenters Council of Greater St. Louis; Missouri Land Title Association; John Bardgett, St. Louis County Government and St. Louis County Economic Council; Missouri Retailers Association; and Home Builders Association of Central Missouri.

OPPOSERS: There was no opposition voiced to the committee.