

## HOUSE AMENDMENTS TO HOUSE BILL 2996

By COMMITTEE ON HUMAN SERVICES AND HOUSING

April 25

1 On page 1 of the printed bill, delete lines 4 through 22 and delete pages 2 through 5 and insert:

2 “**SECTION 1.** Sections 2 to 11 of this 2017 Act shall be known and may be cited as the  
3 **Oregon First-Time Home Buyer Savings Account Act.**

4 “**SECTION 2.** The Legislative Assembly finds that saving for a down payment and closing  
5 costs for the purchase of a first home is challenging in the present economy. The first-time  
6 home buyer savings account program will provide opportunities for Oregon residents to save  
7 and grow funds for first-time homeownership and will provide Oregonians with meaningful  
8 incentives to save for the purchase of a first home.

9 “**SECTION 3.** As used in sections 2 to 11 of this 2017 Act:

10 “(1) ‘Account holder’ means a first-time home buyer who establishes a first-time home  
11 buyer savings account.

12 “(2) ‘Allowable closing costs’ means disbursements listed in a settlement statement for  
13 the purchase of a single family residence by an account holder.

14 “(3) ‘Eligible costs’ means the down payment and allowable closing costs for the purchase  
15 of a single family residence by an account holder.

16 “(4) ‘Financial institution’ means a bank, a trust company, a commercial bank, a national  
17 bank, a savings bank, a savings and loan, a thrift institution, a credit union, an insurance  
18 company, a mutual fund, an investment firm or a similar entity authorized to do business  
19 in this state.

20 “(5) ‘First-time home buyer’ means an individual who is a resident of this state and has  
21 not owned or purchased, either individually or jointly, a single family residence during a pe-  
22 riod of three years prior to the date of the purchase of a single family residence.

23 “(6) ‘First-time home buyer savings account’ or ‘account’ means an account with a fi-  
24 nancial institution that an account holder designates as a first-time home buyer savings ac-  
25 count on the account holder’s Oregon income tax return for the purpose of paying or  
26 reimbursing eligible costs for the purchase of a single family residence in this state by the  
27 account holder.

28 “(7) ‘Resident of this state’ has the meaning given that term in ORS 316.027.

29 “(8) ‘Settlement statement’ means the statement of receipts and disbursements for a  
30 transaction related to real estate, including a statement prescribed under the Real Estate  
31 Settlement Procedures Act of 1974, 12 U.S.C. 2601 et seq., and regulations thereunder.

32 “(9) ‘Single family residence’ means a residence intended for occupation by a single  
33 family unit that is owned and occupied by an account holder as the account holder’s principal  
34 residence. ‘Single family residence’ includes a manufactured home, residential trailer, mobile  
35 home or condominium unit.

1           “(10) ‘Taxable income’ has the meaning given that term in ORS 316.022.

2           “**SECTION 4.** (1) An individual may create a first-time home buyer savings account with  
3 a financial institution to be used to pay or reimburse the account holder’s eligible costs re-  
4 lated to the purchase of a single family residence.

5           “(2) An individual may jointly own a first-time home buyer savings account with another  
6 person if the joint account holders are both first-time home buyers and file a joint income  
7 tax return.

8           “(3) An individual may not be the account holder of more than one first-time home buyer  
9 savings account.

10           “(4) Only cash and marketable securities may be contributed to a first-time home buyer  
11 savings account. Subject to the limitations of section 5 (4) of this 2017 Act, persons other  
12 than the account holder may contribute funds to a first-time home buyer savings account.  
13 There is no limitation on the amount of contributions that may be made to or retained in a  
14 first-time home buyer savings account.

15           “(5) The account holder may not use funds held in a first-time home buyer savings ac-  
16 count to pay expenses of administering the account except that a service fee may be de-  
17 ducted from the account by a financial institution in which the account is held.

18           “(6) An account holder may withdraw all or part of the funds from a first-time home  
19 buyer savings account and deposit the funds in a new first-time home buyer savings account  
20 held by a different financial institution or the same financial institution.

21           “**SECTION 5.** (1) Subject to section 7 of this 2017 Act, and in addition to the other mod-  
22 ifications to federal taxable income contained in ORS chapter 316, there shall be subtracted  
23 from federal taxable income the amount of funds contributed to an account holder’s first-  
24 time home buyer savings account established under sections 2 to 11 of this 2017 Act during  
25 the tax year, not to exceed \$5,000 for an account holder who files an individual tax return  
26 or \$10,000 for joint account holders who file a joint tax return.

27           “(2)(a) Funds contributed to a first-time home buyer savings account, and earnings, in-  
28 cluding interest and other income, on the principal in the account, during the tax year are  
29 exempt from taxation until withdrawn by the taxpayer, subject to subsection (3) of this sec-  
30 tion.

31           “(b) Moneys withdrawn by the account holder from a first-time home buyer savings ac-  
32 count to pay or reimburse that account holder’s eligible costs related to purchase of a single  
33 family residence are exempt from taxation under ORS chapter 316. A withdrawal by an ac-  
34 count holder for a purpose other than paying or reimbursing for eligible costs related to the  
35 purchase of a single family residence is taxable under ORS chapter 316.

36           “(3) An account holder may claim the subtraction and exemption under subsections (1)  
37 and (2) of this section:

38           “(a) For a period not to exceed 10 years;

39           “(b) For an aggregate total amount of principal and earnings not to exceed \$50,000 during  
40 the 10-year period; and

41           “(c) Only if the principal and interest of the account remain in the account until a  
42 withdrawal is made for eligible costs related to the purchase of a single family residence by  
43 the account holder except as provided in section 4 (6) of this 2017 Act.

44           “(4) A person other than the account holder who deposits funds in a first-time home  
45 buyer savings account is not entitled to the exemption and subtraction provided for in this

1 section.

2 “(5) Any funds in a first-time home buyer savings account not expended on paying or  
3 reimbursing eligible costs for the purchase of a single family residence by December 31 of  
4 the last year of the 10-year period under subsection (3) of this section shall thereafter be  
5 included in the account holder’s taxable income.

6 “**SECTION 6.** Section 7 of this 2017 Act is added to and made a part of ORS chapter 316.

7 “**SECTION 7.** (1) The limits applicable to a subtraction from federal taxable income and  
8 an exemption allowed under section 5 of this 2017 Act are:

9 “(a) \$10,000 if reported on a joint tax return, or \$5,000 for all others, if the federal ad-  
10 justed gross income of the taxpayer for the tax year, less any outstanding student loan debt,  
11 is less than \$200,000, or, if reported on other than a joint return, less than \$100,000.

12 “(b) \$8,000 if reported on a joint tax return, or \$4,000 for all others, if the federal adjusted  
13 gross income of the taxpayer for the tax year, less any outstanding student loan debt, is  
14 \$200,000 or more and less than \$210,000, or, if reported on other than a joint return, \$100,000  
15 or more and less than \$105,000.

16 “(c) \$6,000 if reported on a joint tax return, or \$3,000 for all others, if the federal adjusted  
17 gross income of the taxpayer for the tax year, less any outstanding student loan debt, is  
18 \$210,000 or more and less than \$220,000, or, if reported on other than a joint return, \$105,000  
19 or more and less than \$110,000.

20 “(d) \$4,000 if reported on a joint tax return, or \$2,000 for all others, if the federal adjusted  
21 gross income of the taxpayer for the tax year, less any outstanding student loan debt, is  
22 \$220,000 or more and less than \$230,000, or, if reported on other than a joint return, \$110,000  
23 or more and less than \$115,000.

24 “(e) \$2,000 if reported on a joint tax return, or \$1,000 for all others, if the federal adjusted  
25 gross income of the taxpayer for the tax year, less any outstanding student loan debt, is  
26 \$230,000 or more and less than \$250,000, or, if reported on other than a joint return, \$115,000  
27 or more and less than \$125,000.

28 “(2) If the federal adjusted gross income of the taxpayer is \$250,000 or more for the tax  
29 year if reported on a joint return, or \$125,000 or more if reported on other than a joint re-  
30 turn, less any outstanding student loan debt, the limit is zero and the taxpayer is not allowed  
31 a subtraction or exemption for federal income taxes under section 5 of this 2017 Act.

32 “**SECTION 8.** If an account holder withdraws funds from a first-time home buyer savings  
33 account for a purpose other than paying or reimbursing an account holder for eligible costs  
34 related to the purchase of a single family residence:

35 “(1) The withdrawn funds must be included in the account holder’s taxable income; and

36 “(2) The account holder shall pay a penalty to the Department of Revenue equal to 10  
37 percent of the amount withdrawn. The penalty does not apply to funds withdrawn from an  
38 account that were:

39 “(a) Withdrawn by reason of the account holder’s death or disability;

40 “(b) A disbursement of assets of the account pursuant to a filing for protection under the  
41 United States Bankruptcy Code, 11 U.S.C. 101 et seq.; or

42 “(c) Transferred from an account into another account established in accordance with  
43 section 4 (6) of this 2017 Act.

44 “**SECTION 9.** The Department of Revenue shall create a means for designating the sub-  
45 traction to which an account holder is entitled under sections 5 and 7 of this 2017 Act in the

1 individual state income tax return form required to be filed under ORS chapter 316.

2 **“SECTION 10.** (1) On or before January 31 of each year, a financial institution at which  
3 a first-time home buyer savings account has been created shall provide to an account holder  
4 who has created a first-time home buyer savings account at the financial institution a cer-  
5 tificate containing the following information:

6 **“(a)** The date when the account was created;

7 **“(b)** The name of the account holder;

8 **“(c)** The amount of funds contributed to the account during the tax year;

9 **“(d)** The amount of funds withdrawn from the account during the tax year; and

10 **“(e)** Any other information as required by rules adopted by the Department of Revenue.

11 **“(2)** A financial institution is not required to:

12 **“(a)** Track the use of money withdrawn from a first-time home buyer savings account;

13 or

14 **“(b)** Allocate funds in a first-time home buyer savings account among joint account  
15 holders.

16 **“(3)** A financial institution is not responsible or liable for:

17 **“(a)** Determining or ensuring that an account satisfies the requirements to be a first-  
18 time home buyer savings account;

19 **“(b)** Determining or ensuring that funds in a first-time home buyer savings account are  
20 used for eligible costs; or

21 **“(c)** Reporting or remitting taxes or penalties related to the use of a first-time home  
22 buyer savings account.

23 **“(4)** Upon being furnished proof of the death of the account holder and such other in-  
24 formation required by the contract governing the first-time home buyer savings account, a  
25 financial institution shall distribute the principal and accumulated interest or other income  
26 in the first-time home buyer savings account in accordance with the terms of the contract  
27 governing the account.

28 **“SECTION 11.** The Department of Revenue may adopt rules to implement and maintain  
29 the Oregon First-Time Home Buyer Savings Account Act.

30 **“SECTION 12.** Sections 1 to 11 of this 2017 Act apply to tax years beginning on or after  
31 January 1, 2018, and before January 1, 2024.

32 **“SECTION 13.** This 2017 Act takes effect on the 91st day after the date on which the 2017  
33 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.”.