

SB 849 STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

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Sub-Referral To: Senate Committee On Finance and Revenue

Meeting Dates: 3/22

WHAT THE MEASURE DOES:

Permits an individual to create a first-time home buyer savings account with a financial institution to pay or reimburse a qualified beneficiary's eligible costs for first-time purchases of a single family residence. Allows subtraction of amounts contributed to account during each tax year from account holder's federal taxable income. Exempts amount of interest and other income earned on account from taxation. Specifies that withdrawals for purposes other than approved purposes are taxable income to account holder and establishes amount and time limitations on subtractions and exemptions from taxable income. Applies to tax years beginning on or after January 1, 2018 and before January 1, 2024. Takes effect on 91st day following adjournment sine die.

NOTE: MEASURE HAS SUBSEQUENT REFERRAL TO SENATE FINANCE AND REVENUE

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Saving for a down payment on a new home is one of the most difficult hurdles to overcome for prospective first-time home buyers. As Oregon's rapid population growth fuels higher housing prices for both renters and home buyers, it becomes increasingly difficult for renters to achieve home ownership. The National Association of Realtors reports that the average sale price for a home in Clackamas County in 2016 was \$363,000, while in Multnomah County it was \$344,670; this means that a potential home buyer needing a 20-percent down payment would need to save nearly \$75,000 in these jurisdictions, while even a three-percent down payment would amount to \$10,500.