

HB 2996 STAFF MEASURE SUMMARY

House Committee On Human Services and Housing

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Sub-Referral To: House Committee On Revenue

Meeting Dates: 3/23, 4/13

WHAT THE MEASURE DOES:

Allows individual to create first-time home buyer savings account at a financial institution to pay or reimburse costs for purchase of single family residence. Requires account holder to submit transaction information from savings account to Department of Revenue on prepared forms during the tax year. Specifies actions the financial institution is not responsible, liable, or required to do. Subtracts from federal taxable income the amount of funds contributed to savings account. Exempts interest and other income on the principal from taxation. Allows account holder to claim subtraction and exemption for aggregate total of principal and earnings not exceeding \$50,000. Specifies withdrawal of fund for purposes other than purchase of single family residence must be included in account holder's taxable income. Requires Department of Revenue to prepare forms and informational materials for First-Time Home Buyer Savings Account. Applies to tax years beginning on or after January 1, 2018 and before January 1, 2024. Effective 91st day following sine die.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

House Bill 2996 allows individuals to create First-Time Home Buyer savings account at a financial institution to pay or reimburse costs for purchase of single family residence. Account holders are required to submit transaction information from savings account to Department of Revenue on prepared forms during the tax year. The measure specifies the actions the financial institution is not responsible, liable, or required to do. Additionally, Department of Revenue is required to prepare forms and informational materials for First-Time Home Buyer Savings Account.

House Bill 2996 subtracts from federal taxable income the amount of funds contributed to the savings account. Interest and other income are exempt on the principal from taxation. Account holders are allowed to claim subtraction and exemption for aggregate total of principal and earnings not exceeding \$50,000. The measure specifies withdrawal of fund for purposes other than purchase of single family residence must be included in account holder's taxable income.