

HB 2996 A STAFF MEASURE SUMMARY

House Committee On Human Services and Housing

Action Date: 04/18/17

Action: Do pass with amendments
and be referred to Revenue by prior reference. (Printed A-Eng.)

Vote: 9-0-0-0

Yeas: 9 - Gorsek, Keny-Guyer, Meek, Nearman, Noble, Olson, Piluso, Sanchez, Stark

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Prepared By: Cassandra Soucy, LPRO Analyst

WHAT THE MEASURE DOES:

Allows an individual to create a first-time home buyer savings account within a financial institution to pay or reimburse the account holder's eligible costs related to purchasing a single family residence. Allows joint ownership of first-time home buyer savings account if both are first-time home buyers and file a joint income tax return. Specifies only cash and marketable securities may be contributed to the first-time home buyer savings account. Allows fund in savings account to be subtracted from federal taxable income not exceeding \$5,000 for individual and \$10,000 for joint account holders during the tax year. Allows account holder to claim subtraction and exemption for a maximum of ten years and not exceeding \$50,000 for eligible costs. Establishes limits for subtraction from federal taxable income and exemption of contribution to first-time home buyer savings account, based on outstanding student loan debt. Provides Department of Revenue (DOR) discretion to create method for designating federal taxable income subtraction on state income tax return form. Requires financial institution that holds first-time home buyer savings account provide account holder with certificate containing: date account was created; name of account holder; amount contributed during tax year; amount of funds withdrawn and any additional information required by DOR. Specifies information financial institution is not required to track; is responsible or liable for.

Applicable to tax years beginning January 1, 2018 and before January 1, 2024. Effective the 91st day following sine die.

ISSUES DISCUSSED:

- Costs associated with purchasing a house
- Savings accounts for other expenses
- Generational gaps in home ownership
- Contents of measure

EFFECT OF AMENDMENT:

Replaces measure.

BACKGROUND:

House Bill 2996 A allows an individual to create a first-time home buyer savings account within a financial institution to pay or reimburse the account holder's eligible costs related to purchasing a single family residence and allows joint ownership of first-time home buyer savings account if both are first-time home buyers and file a joint income tax return. The measure specifies that only cash and marketable securities may be contributed to the first-time home buyer savings account. Funds within savings account can be subtracted from federal taxable income not exceeding \$5,000 for individual and \$10,000 for joint account holders during the tax year. Account holders are allowed to claim subtraction and exemption for a maximum of ten years and not exceeding \$50,000 for eligible costs.

House Bill 2996 A establishes limits for subtraction from federal taxable income and exemption of contribution to first-time home buyer savings account, based on outstanding student loan debt. The measure provides Department

This Summary has not been adopted or officially endorsed by action of the committee.

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of Revenue (DOR) discretion to create method for designating federal taxable income subtraction on state income tax return form. Financial institutions that holds first-time home buyer savings account are required to provide account holder with certificate containing: date account was created; name of account holder; amount contributed during tax year; amount of funds withdrawn and any additional information required by DOR. The measure also specifies information financial institution is not required to track; is responsible or liable for.