

## **HB 4007 A STAFF MEASURE SUMMARY**

### **House Committee On Revenue**

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**Prepared By:** Kyle Easton, Economist

**Meeting Dates:** 2/20

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#### **WHAT THE MEASURE DOES:**

Allows individual to create a first-time home buyer savings account within a financial institution to pay or reimburse eligible costs to purchase a single family residence. Allows subtraction from federal taxable income, amount equal to funds contributed to an account holder's first-time home buyer savings account. Limits subtraction amount during a tax year to \$5,000 for single and \$10,000 for joint filers. Exempts interest and other income earnings of account from taxation. Limits subtraction and exemption for period not to exceed 10 years and limits aggregate total amount of principal and earnings to not exceed \$50,000. Establishes limitations on qualified withdrawals from account. Applies to tax years beginning on or after January 1, 2019 and before January 1, 2025.

Increases the document recording fee for certain real property documents from \$20 to \$75 to be used for housing-related programs at the Housing and Community Services Department. Changes income definition for the Home Ownership Assistance Account to income not more than 100 percent of median family income. Exempts count tax collectors from housing-related document recording fee. Establishes an effective date of July 1, 2018.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

No amendment.

##### **BACKGROUND:**

Currently, there are five states in the country that have implemented first-time home buyer savings account programs: Montana, Virginia, Colorado, New York, and Mississippi. All of these programs have similar requirements to use the funds for costs associated with first-time home purchases. Oregon Housing and Community Services provides homeownership programs assisting first-time homebuyers through securing loans, accessing homeownership education, and homeownership counseling.

Document recording is a duty of county clerks required under Oregon law for certain real property records including but not limited to deeds, mortgages, and contracts affecting the title to real property. Currently, the document recording fee for affordable housing is set at \$20. Funds from the document recording fee are dispersed to Oregon Housing and Community Services (OHCS) to implement three housing programs – the General Housing Account Program (76 percent), Home Ownership Assistance Program (14 percent), and Emergency Housing Account (10 percent). Within each program, 25 percent of the funds deposited are dedicated to fund veterans housing assistance. In 2017, OHCS received and distributed over \$15 million through these programs.

House Bill 4007-A allows individuals to establish a first-time home buyer savings account and increases the document recording fee for affordable housing from \$20 to \$75.