

# D R A F T

## SUMMARY

Digest: Changes accounts for first-time home buyers, for accounts starting in 2025. Requires taxpayer to keep records. Changes rules for banks. Becomes law 91 days from sine die. (Flesch Readability Score: 62.1)

Modifies provisions governing first-time home buyer savings accounts. Eliminates the requirement that a financial institution provide an annual certificate with account details to account holders. Allows an account holder to designate a proposed first-time home buyer as a beneficiary of the account. Specifies information that must be maintained by a taxpayer claiming a subtraction or exemption for accounts. Limits Department of Revenue rulemaking.

Applies to first-time home buyer savings accounts created on or after January 1, 2025.

Takes effect on the 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to first-time home buyer savings accounts; creating new provisions;  
3 amending ORS 316.796, 316.797 and 316.803; and prescribing an effective  
4 date.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1. Sections 2 and 3 of this 2023 Act are added to and made**  
7 **a part of ORS 316.796 to 316.803.**

8 **SECTION 2. (1) For each tax year in which a taxpayer claims a**  
9 **subtraction or exemption under ORS 316.798, the taxpayer shall main-**  
10 **tain the records described in subsection (2) of this section, and any**  
11 **other records as required by the Department of Revenue under ORS**  
12 **316.796 to 316.803.**

13 **(2) A taxpayer shall maintain, and shall furnish to the department**

1 upon the request of the department, the following:

2 (a) Account statements that show the contributions made during  
3 the tax year and the taxable interest or earnings on the account in the  
4 tax year for which the subtraction or exemption is claimed;

5 (b) The information return issued by the financial institution for  
6 the account for the tax year for which the subtraction or exemption  
7 is claimed; and

8 (c) Upon a withdrawal of funds from a first-time home buyer  
9 savings account, a copy of the real estate settlement statement dem-  
10 onstrating that the withdrawal was used for eligible costs.

11 **SECTION 3.** (1) The Department of Revenue may adopt rules to  
12 administer ORS 316.796 to 316.803. Rules adopted under this section  
13 may not impose administrative, reporting or other obligations or re-  
14 quirements on financial institutions related to first-time home buyer  
15 savings accounts.

16 (2) The department may prepare and distribute informational ma-  
17 terials regarding the first-time home buyer savings account to finan-  
18 cial institutions and potential home buyers to publicize the availability  
19 of first-time home buyer savings accounts.

20 **SECTION 4.** ORS 316.796 is amended to read:

21 316.796. As used in ORS 316.796 to 316.803:

22 (1) “Account holder” means [*a first-time home buyer*] **an individual** who  
23 establishes a first-time home buyer savings account.

24 (2) “Allowable closing costs” means disbursements listed in a settlement  
25 statement for the purchase of a single family residence by an account holder  
26 **or a qualified beneficiary.**

27 (3) “Eligible costs” means the down payment and allowable closing costs  
28 for the purchase of a single family residence by an account holder **or a**  
29 **qualified beneficiary.**

30 (4) “Financial institution” means a bank, a trust company, a commercial  
31 bank, a national bank, a savings bank, a savings and loan, a thrift institu-

1 tion, a credit union, an insurance company, a mutual fund, an investment  
2 firm or a similar entity authorized to do business in this state.

3 (5) “First-time home buyer” means an individual who is a resident of this  
4 state and has not owned or purchased, either individually or jointly, a single  
5 family residence during a period of three years prior to the date of the pur-  
6 chase of a single family residence.

7 (6) “First-time home buyer savings account” or “account” means an ac-  
8 count established as a first-time home buyer savings account [*by written*  
9 *agreement between an account holder and a financial institution and*] that the  
10 account holder designates for the purpose of paying or reimbursing eligible  
11 costs for the purchase of a single family residence in this state by the ac-  
12 count holder **or by a qualified beneficiary.**

13 (7) **“Qualified beneficiary” means an individual who is designated**  
14 **by an account holder as the account holder’s intended recipient of**  
15 **funds to be withdrawn from a first-time home buyer savings account**  
16 **and used for purposes consistent with ORS 316.796 to 316.803.**

17 [(7)] (8) “Resident of this state” has the meaning given that term in ORS  
18 316.027.

19 [(8)] (9) “Settlement statement” means the statement of receipts and dis-  
20 bursements for a transaction related to real estate, including a statement  
21 prescribed under the Real Estate Settlement Procedures Act of 1974, 12  
22 U.S.C. 2601 et seq., and regulations thereunder.

23 [(9)] (10) “Single family residence” means a residence intended for occu-  
24 pation by a single family unit that is owned and occupied [*by an account*  
25 *holder as the account holder’s*] **as the principal residence of the account**  
26 **holder or a qualified beneficiary.** “Single family residence” includes a  
27 manufactured home, residential trailer, mobile home or condominium unit.

28 [(10)] (11) “Taxable income” has the meaning given that term in ORS  
29 316.022.

30 **SECTION 5.** ORS 316.797 is amended to read:

31 316.797. (1) An individual may create a first-time home buyer savings ac-

1 count with a financial institution to be used to pay or reimburse [*the account*  
2 *holder's*] eligible costs related to the purchase of a single family residence  
3 [*by entering into a first-time home buyer savings account agreement with the*  
4 *financial institution*] **by an account holder or qualified beneficiary.**

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

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

10 (4) Only cash may be contributed to a first-time home buyer savings ac-  
11 count. Subject to the limitations of ORS 316.798 (4), persons other than the  
12 account holder may contribute funds to a first-time home buyer savings ac-  
13 count. There is no limitation on the amount of contributions that may be  
14 made to or retained in a first-time home buyer savings account.

15 (5) The account holder may not use funds held in a first-time home buyer  
16 savings account to pay expenses of administering the account, except that  
17 the financial institution that administers the account may deduct a service  
18 fee from the account.

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

23 [*(7) No financial institution is required to offer first-time home buyer*  
24 *savings accounts to customers of the institution.*]

25 **SECTION 6.** ORS 316.803 is amended to read:

26 316.803. (1) On or before January 31 of each **calendar** year, **for calendar**  
27 **years beginning before January 1, 2025**, a financial institution at which  
28 an account holder has created a first-time home buyer savings account shall  
29 provide to the account holder a certificate containing the following infor-  
30 mation:

31 (a) The date when the account was created;

- 1 (b) The name of the account holder;
- 2 (c) The amount of funds contributed to the account during the tax year;
- 3 (d) The amount of funds withdrawn from the account during the tax year;
- 4 and
- 5 (e) Any other information as required by rules adopted by the Department
- 6 of Revenue.

7 (2) A financial institution is not required to:

8 (a) Track the use of moneys withdrawn from a first-time home buyer

9 savings account; *[or]*

10 (b) Allocate funds in a first-time home buyer savings account among joint

11 account holders[.]; **or**

12 **(c) Designate an account as a first-time home buyer savings ac-**

13 **count, including in the account contracts or systems of the financial**

14 **institution.**

15 **(3) An account holder or a joint account holder may designate an**

16 **account at a financial institution as a first-time home buyer savings**

17 **account and may designate a proposed first-time home buyer as the**

18 **qualified beneficiary of the account. The designations required under**

19 **this subsection shall be made to the Department of Revenue, in a form**

20 **and manner prescribed by the department. The department may pro-**

21 **vide a means by which the designations required under this subsection**

22 **are indicated on an income tax return filed by the account holder.**

23 *[(3)]* (4) A financial institution is not responsible or liable for:

24 (a) Determining or ensuring that an account satisfies the requirements to

25 be a first-time home buyer savings account;

26 (b) Determining or ensuring that funds in a first-time home buyer savings

27 account are used for eligible costs; or

28 (c) Reporting or remitting taxes or penalties related to the use of a

29 first-time home buyer savings account.

30 *[(4)]* (5) Upon being furnished proof of the death of the account holder

31 and such other information required by the contract governing the first-time

1 home buyer savings account, a financial institution shall distribute the  
2 principal and accumulated interest or other income in the first-time home  
3 buyer savings account in accordance with the terms of the contract govern-  
4 ing the account.

5 **SECTION 7. Sections 2 and 3 of this 2024 Act and the amendments**  
6 **to ORS 316.796, 316.797 and 316.803 by sections 4 to 6 of this 2024 Act**  
7 **apply to first-time home buyer savings accounts created on or after**  
8 **January 1, 2025.**

9 **SECTION 8. This 2024 Act takes effect on the 91st day after the date**  
10 **on which the 2024 regular session of the Eighty-second Legislative**  
11 **Assembly adjourns sine die.**

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