Senate Bill 1527

First-Time Home Buyer Savings Accounts

Background

Oregon residents may subtract up to $5,000 from their Oregon taxable income for deposits and earnings in a First-Time Home Buyer Savings Account (FTHBSA) each year. Married filing joint taxpayers can deduct up to $10,000 per year. Account holders must use their FTHBSA funds to pay for costs associated with buying a home in Oregon and accounts must be set up at participating financial institutions in Oregon.

Administration

Under current law financial institutions provide account holders with annual certificates showing the funds contributed and withdrawn from the account during the tax year. Qualifying account holders claim the tax subtraction on their Oregon personal income tax returns for contributions made during the tax year.

Senate Bill 1527 proposes to remove the requirement for financial institutions to issue certificates, allows account holders to designate any account as a FTHBSA, and allows the account holder to designate a qualified beneficiary to be the recipient of the account's funds to purchase a home in Oregon. Account holders that claimed the tax subtraction must maintain records to prove contributions qualify for the subtraction and withdrawals are for eligible costs to purchase a residence in Oregon. The proposed changes would apply to accounts created on or after January 1, 2025.

The department will update their website and distribute materials to provide outreach of this program. New administrative rules will be adopted to provide more guidance on record retention.

Agency Contact

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