

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 825 - 4

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Modifies provisions governing first-time home buyer savings accounts.

Government Unit(s) Affected:

Department of Revenue, Judicial Department

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action in the 2025-27 biennium - See analysis.

Analysis:

Senate Bill 825, as amended by the -4 amendments, modifies provisions governing first-time home buyer savings accounts. Taxpayers must maintain specified records for each tax year in which they claim a subtraction or exemption for contributions made their first-time home buyer savings accounts. Taxpayers must furnish to the Department of Revenue (DOR) account statements, the information return issued by the financial institution for the account, and, upon withdrawal of funds from a first-time home buyer savings account, a copy of the real estate settlement statement demonstrating that the withdrawal was used for eligible costs. DOR may conduct rulemaking to implement the measure and may prepare and distribute informational materials regarding the first-time home buyer savings account to financial institutions and potential home buyers. Taxpayers may withdraw funds from their first-time home buyer savings accounts without penalty if the funds are used for a qualified purpose of the account holder or a designated qualified beneficiary.

The measure first applies to first-time home buyer savings accounts created on or after January 1, 2024, and it takes effect 91 days after adjournment *sine die*.

Department of Revenue

The measure is anticipated to have a minimal fiscal impact on DOR in the 2023-25 biennium; however, the measure may have a fiscal impact on DOR in the 2025-27 biennium.

In the 2023-25 biennium, DOR will update instructions on how taxpayers keep their records, and taxpayer records and designations will be provided to DOR upon request. DOR will revise any instructions with respect to joint account holders. DOR will also provide outreach about first-time home buyer savings accounts.

DOR anticipates that the number of taxpayers claiming the subtraction to increase in subsequent biennia. For that reason, DOR would begin to consider compliance and auditing for these accounts in the 2025-27 biennium. Taxpayer records and designations would be provided to DOR upon request. Taxpayers may have first-time home buyer savings accounts open until 2037 to qualify for this program. Depending on the level of interest in this program, DOR may need additional budgetary resources in the 2025-27 biennium and beyond, including additional staffing.

Judicial Department

The measure is anticipated to have a minimal fiscal impact on the Judicial Department.