

A-Engrossed
Senate Bill 825

Ordered by the Senate June 16
Including Senate Amendments dated June 16

Sponsored by Senator MEEK, Representative BREESE-IVERSON; Senator WOODS

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

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

Applies to [*all*] first-time home buyer savings accounts [*whenever*] created **on or after January 1, 2024.**

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

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

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

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

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

11 **(2) A taxpayer shall maintain, and shall furnish to the department upon the request of**
12 **the department, the following:**

13 **(a) Account statements that show the contributions made during the tax year and the**
14 **taxable interest or earnings on the account in the tax year for which the subtraction or ex-**
15 **emption is claimed;**

16 **(b) The information return issued by the financial institution for the account for the tax**
17 **year for which the subtraction or exemption is claimed; and**

18 **(c) Upon a withdrawal of funds from a first-time home buyer savings account, a copy of**
19 **the real estate settlement statement demonstrating that the withdrawal was used for eligible**
20 **costs.**

21 **SECTION 3. (1) The Department of Revenue may adopt rules to administer ORS 316.796**
22 **to 316.803. Rules adopted under this section may not impose administrative, reporting or**
23 **other obligations or requirements on financial institutions related to first-time home buyer**
24 **savings accounts.**

25 **(2) The department may prepare and distribute informational materials regarding the**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **first-time home buyer savings account to financial institutions and potential home buyers**
2 **to publicize the availability of first-time home buyer savings accounts.**

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

4 316.796. As used in ORS 316.796 to 316.803:

5 (1) "Account holder" means [*a first-time home buyer*] **an individual** who establishes a first-time
6 home buyer savings account.

7 (2) "Allowable closing costs" means disbursements listed in a settlement statement for the pur-
8 chase of a single family residence by an account holder **or a qualified beneficiary.**

9 (3) "Eligible costs" means the down payment and allowable closing costs for the purchase of a
10 single family residence by an account holder **or a qualified beneficiary.**

11 (4) "Financial institution" means a bank, a trust company, a commercial bank, a national bank,
12 a savings bank, a savings and loan, a thrift institution, a credit union, an insurance company, a
13 mutual fund, an investment firm or a similar entity authorized to do business in this state.

14 (5) "First-time home buyer" means an individual who is a resident of this state and has not
15 owned or purchased, either individually or jointly, a single family residence during a period of three
16 years prior to the date of the purchase of a single family residence.

17 (6) "First-time home buyer savings account" or "account" means an account established as a
18 first-time home buyer savings account [*by written agreement between an account holder and a finan-*
19 *cial institution and*] that the account holder designates for the purpose of paying or reimbursing el-
20 igible costs for the purchase of a single family residence in this state by the account holder **or by**
21 **a qualified beneficiary.**

22 (7) **"Qualified beneficiary" means an individual who is designated by an account holder**
23 **as the account holder's intended recipient of funds to be withdrawn from a first-time home**
24 **buyer savings account and used for purposes consistent with ORS 316.796 to 316.803.**

25 [(7)] (8) "Resident of this state" has the meaning given that term in ORS 316.027.

26 [(8)] (9) "Settlement statement" means the statement of receipts and disbursements for a trans-
27 action related to real estate, including a statement prescribed under the Real Estate Settlement
28 Procedures Act of 1974, 12 U.S.C. 2601 et seq., and regulations thereunder.

29 [(9)] (10) "Single family residence" means a residence intended for occupation by a single family
30 unit that is owned and occupied [*by an account holder as the account holder's*] **as the principal res-**
31 **idence of the account holder or a qualified beneficiary.** "Single family residence" includes a
32 manufactured home, residential trailer, mobile home or condominium unit.

33 [(10)] (11) "Taxable income" has the meaning given that term in ORS 316.022.

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

35 316.797. (1) An individual may create a first-time home buyer savings account with a financial
36 institution to be used to pay or reimburse [*the account holder's*] eligible costs related to the purchase
37 of a single family residence [*by entering into a first-time home buyer savings account agreement with*
38 *the financial institution*] **by an account holder or qualified beneficiary.**

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

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

43 (4) Only cash may be contributed to a first-time home buyer savings account. Subject to the
44 limitations of ORS 316.798 (4), persons other than the account holder may contribute funds to a
45 first-time home buyer savings account. There is no limitation on the amount of contributions that

1 may be made to or retained in a first-time home buyer savings account.

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

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

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

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

11 316.803. (1) On or before January 31 of each **calendar** year, **for calendar years beginning be-**
12 **fore January 1, 2024**, a financial institution at which an account holder has created a first-time
13 home buyer savings account shall provide to the account holder a certificate containing the follow-
14 ing information:

- 15 (a) The date when the account was created;
- 16 (b) The name of the account holder;
- 17 (c) The amount of funds contributed to the account during the tax year;
- 18 (d) The amount of funds withdrawn from the account during the tax year; and
- 19 (e) Any other information as required by rules adopted by the Department of Revenue.

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

- 21 (a) Track the use of moneys withdrawn from a first-time home buyer savings account; *[or]*
- 22 (b) Allocate funds in a first-time home buyer savings account among joint account holders[.];

23 **or**

24 (c) **Designate an account as a first-time home buyer savings account, including in the**
25 **account contracts or systems of the financial institution.**

26 (3) **An account holder or a joint account holder may designate an account at a financial**
27 **institution as a first-time home buyer savings account and may designate a proposed first-**
28 **time home buyer as the qualified beneficiary of the account. The designations required under**
29 **this subsection shall be made to the Department of Revenue, in a form and manner pre-**
30 **scribed by the department. The department may provide a means by which the designations**
31 **required under this subsection are indicated on an income tax return filed by the account**
32 **holder.**

33 *[(3)]* (4) A financial institution is not responsible or liable for:

34 (a) Determining or ensuring that an account satisfies the requirements to be a first-time home
35 buyer savings account;

36 (b) Determining or ensuring that funds in a first-time home buyer savings account are used for
37 eligible costs; or

38 (c) Reporting or remitting taxes or penalties related to the use of a first-time home buyer
39 savings account.

40 *[(4)]* (5) Upon being furnished proof of the death of the account holder and such other informa-
41 tion required by the contract governing the first-time home buyer savings account, a financial in-
42 stitution shall distribute the principal and accumulated interest or other income in the first-time
43 home buyer savings account in accordance with the terms of the contract governing the account.

44 **SECTION 7. Sections 2 and 3 of this 2023 Act and the amendments to ORS 316.796, 316.797**
45 **and 316.803 by sections 4 to 6 of this 2023 Act apply to first-time home buyer savings ac-**

1 counts created on or after January 1, 2024.

2 **SECTION 8.** This 2023 Act takes effect on the 91st day after the date on which the 2023
3 regular session of the Eighty-second Legislative Assembly adjourns sine die.

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