

Senate Bill 825

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 **as introduced**.

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

Applies to all first-time home buyer savings accounts whenever created.

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 316.797
3 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, 3 and 6 of this 2023 Act are added to and made a part of ORS**
6 **316.796 to 316.803.**

7 **SECTION 2. (1) A taxpayer claiming a subtraction or exemption under ORS 316.798 shall**
8 **submit the following with the taxpayer's return:**

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

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

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

17 (2) **An account holder shall maintain for at least four years the records required under**
18 **this section and any other records as required by the Department of Revenue under ORS**
19 **316.796 to 316.803.**

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

24 (2) **The department shall prescribe the form and manner in which an account holder shall**
25 **claim a subtraction or exemption under ORS 316.798. The form shall include:**

26 (a) **The account holder's name;**

27 (b) **The name of the financial institution and the account number;**

28 (c) **The beginning and end of the year balance of the account; and**

29 (d) **The amount of the deduction claimed for the tax year.**

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 **(3) The department may prepare and distribute informational materials regarding the**
 2 **first-time home buyer savings account to financial institutions and potential home buyers**
 3 **to publicize the availability of first-time home buyer savings accounts.**

4 **SECTION 4.** ORS 316.797 is amended to read:

5 316.797. (1) An individual may create a first-time home buyer savings account with a financial
 6 institution to be used to pay or reimburse the account holder’s eligible costs related to the purchase
 7 of a single family residence by entering into a first-time home buyer savings account agreement with
 8 the financial institution. **The financial institution shall inform the account holder that the en-**
 9 **tire account is to be used as a first-time home buyer savings account.**

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

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

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

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

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

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

26 **SECTION 5.** ORS 316.803 is amended to read:

27 316.803. (1) On or before January 31 of each **calendar year, for calendar years beginning be-**
 28 **fore January 1, 2024,** a financial institution at which an account holder has created a first-time
 29 home buyer savings account shall provide to the account holder a certificate containing the follow-
 30 ing information:

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

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

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

39 **or**

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

42 (3) A financial institution is not responsible or liable for:

- 43 (a) Determining or ensuring that an account satisfies the requirements to be a first-time home
 44 buyer savings account;
- 45 (b) Determining or ensuring that funds in a first-time home buyer savings account are used for

1 eligible costs; or

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

4 (4) Upon being furnished proof of the death of the account holder and such other information
5 required by the contract governing the first-time home buyer savings account, a financial institution
6 shall distribute the principal and accumulated interest or other income in the first-time home buyer
7 savings account in accordance with the terms of the contract governing the account.

8 **SECTION 6. As soon as practicable after the effective date of this 2023 Act, a financial**
9 **institution at which any person has created a first-time home buyer savings account shall**
10 **provide to all current first-time home buyer savings account holders a notice:**

11 (1) **Describing the changes to the requirements for claiming the income tax subtraction**
12 **or exemption for a first-time home buyer savings account that result from the application**
13 **of sections 2 and 3 of this 2023 Act and the amendments to ORS 316.797 and 316.803 by**
14 **sections 4 and 5 of this 2023 Act; and**

15 (2) **Stating that the financial institution is no longer required to provide to the account**
16 **holder, as of January 31, 2024, a certificate as described in ORS 316.803 (1).**

17 **SECTION 7. Sections 2, 3 and 6 of this 2023 Act and the amendments to ORS 316.797 and**
18 **316.803 by sections 4 and 5 of this 2023 Act apply to all first-time home buyer savings ac-**
19 **counts, whenever created.**

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

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