

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
83rd Oregon Legislative Assembly  
2025 Regular Session  
Legislative Revenue Office

|                      |                            |
|----------------------|----------------------------|
| <b>Bill Number:</b>  | <b>SB 101</b>              |
| <b>Revenue Area:</b> | <b>Personal Income Tax</b> |
| <b>Economist:</b>    | <b>Kyle Easton</b>         |
| <b>Date:</b>         | <b>3/4/2025</b>            |

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:**

Extends sunset of the first-time home buyer personal income tax subtraction and exemption from January 1, 2037, to January 1, 2042. Extends deadline by which an account holder must open a first-time home buyer savings account from January 1, 2027, to January 1, 2032.

**Revenue Impact (in \$Millions):**

|                     | Biennium |         |         |
|---------------------|----------|---------|---------|
|                     | 2025-27  | 2027-29 | 2029-31 |
| <b>General Fund</b> | Minimal  | -\$3.3  | -\$4.0  |

**Impact Explanation:**

Qualifying taxpayers may annually subtract from taxable income, cash contributed to a first-time home buyer savings account along with earnings on deposits in the account, though earnings are subject to taxation when withdrawn. For tax year 2024, the subtraction is limited to \$5,935 (single filers) and \$11,865 (joint). Annual limits are indexed to inflation. The respective annual subtraction limits are phased out beginning at \$104,000 in adjusted gross income (AGI) for single filers, and \$149,000 for joint filers.

Measure extends the two respective dates associated with the subtraction’s sunset by five years. Extending the deadline to open first-time home buyer savings accounts will increase initial qualification and use of the subtraction. As there is no requirement on the amount of time funds must stay in an account, a taxpayer may contribute to an account and shortly thereafter, withdraw the funds for use in a qualifying home purchase. Since 2019, about 80% of taxpayers utilizing the subtraction have done so for only a single year with about 5% using the subtraction in three or more consecutive years. Design of the subtraction allows a potential tax benefit to nearly all first-time homebuyers depending upon the homebuyer’s adjusted gross income and existing Oregon tax liability. For this reason, the potential impact on revenue will depend upon the number of first-time homebuyers that fulfill the administrative requirements of establishing an account and depositing/withdrawing funds. This in turn will depend heavily upon knowledge of the program, outreach from the realtor community and participation by financial institutions.

Revenue estimate was made through an analysis of historic use of the tax subtraction in relation to home purchases by first-time home buyers in Oregon. Estimate assumes about 15% of first-time homebuyers will use the subtraction. Average reduction in tax liability due to the subtraction has averaged about \$450 in previous years though benefit is assumed to increase in later years reflective of adjusting subtraction limits to inflation. Estimate assumes subtraction participation decreases slightly in later years reflective of unindexed income

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qualification limits.

**Creates, Extends, or Expands Tax Expenditure: Yes  No**

The law creating this subtraction, OR Laws 2018, Chapter 109, states “The Legislative Assembly finds that saving for a down payment and closing costs for the purchase of a first home is challenging in the present economy. The first-time home buyer savings account program will provide opportunities for Oregon residents to save funds for first-time home ownership and will provide Oregonians with meaningful incentives to save for the purchase of a first home.”