

Senate Bill 893

Sponsored by Senator ANDERSON

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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Doubles the amount of money a person can put in a savings account each year for a first home purchase. (Flesch Readability Score: 72.3).

Permits a person to open a first-time home buyer savings account until January 1, 2030, and doubles the annual contribution limits on the accounts. Permits a person other than the account holder to take a subtraction and exemption for contributions to the account if the account holder does not take the subtraction and exemption.

Takes effect on the 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 316.798,
3 316.800 and 316.803; and prescribing an effective date.

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

5 **SECTION 1.** ORS 316.798 is amended to read:

6 316.798. (1) Subject to ORS 316.800, and in addition to the other modifications to federal taxable
7 income contained in this chapter, there shall be subtracted from federal taxable income the amount
8 of funds contributed by an account holder to the account holder's first-time home buyer savings
9 account during the tax year, not to exceed [*\$5,000*] **\$10,000** for an account holder who files an indi-
10 vidual income tax return or [*\$10,000*] **\$20,000** for joint account holders who file a joint income tax
11 return.

12 (2) Earnings, including interest and other income, on the principal in the account during the tax
13 year are exempt from taxation until withdrawn by the taxpayer, subject to subsection (3) of this
14 section.

15 (3) An account holder may claim the subtraction and exemption under subsections (1) and (2)
16 of this section:

17 (a) For contributions made into a first-time home buyer savings account opened before January
18 1, [*2027*] **2030**;

19 (b) For a period not to exceed 10 years from the date the account holder first opens any first-
20 time home buyer savings account; and

21 (c) For an aggregate total amount of principal and earnings not to exceed [*\$50,000*] **\$100,000**
22 during the 10-year period.

23 (4) A person other than the account holder who deposits funds in a first-time home buyer savings
24 account [*is not entitled to*] **may claim** the subtraction and exemption provided for in this section
25 **only if the account holder does not claim the subtraction and exemption and includes with**
26 **the account holder's tax return a form that specifically designates the person to claim the**
27 **subtraction and exemption, as provided in ORS 316.803 (3).**

28 **SECTION 2.** ORS 316.800 is amended to read:

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.

1 316.800. (1) The limits applicable to a subtraction from federal taxable income and an exemption
2 allowed under ORS 316.798 are:

3 (a) [~~\$10,000~~] **\$20,000** if reported on a joint income tax return, or [~~\$5,000~~] **\$10,000** for all others,
4 if the federal adjusted gross income of the taxpayer for the tax year is less than \$149,000 or, if re-
5 ported on other than a joint return, less than \$104,000.

6 (b) [~~\$8,000~~] **\$16,000** if reported on a joint income tax return, or [~~\$4,000~~] **\$8,000** for all others, if
7 the federal adjusted gross income of the taxpayer for the tax year is \$149,000 or more and less than
8 \$158,000 or, if reported on other than a joint return, \$104,000 or more and less than \$111,000.

9 (c) [~~\$6,000~~] **\$12,000** if reported on a joint income tax return, or [~~\$3,000~~] **\$6,000** for all others, if
10 the federal adjusted gross income of the taxpayer for the tax year is \$158,000 or more and less than
11 \$167,000 or, if reported on other than a joint return, \$111,000 or more and less than \$117,000.

12 (d) [~~\$4,000~~] **\$8,000** if reported on a joint income tax return, or [~~\$2,000~~] **\$4,000** for all others, if
13 the federal adjusted gross income of the taxpayer for the tax year is \$167,000 or more and less than
14 \$176,000 or, if reported on other than a joint return, \$117,000 or more and less than \$123,000.

15 (e) [~~\$2,000~~] **\$4,000** if reported on a joint income tax return, or [~~\$1,000~~] **\$2,000** for all others, if
16 the federal adjusted gross income of the taxpayer for the tax year is \$176,000 or more and less than
17 \$187,000 or, if reported on other than a joint return, \$123,000 or more and less than \$131,000.

18 (2) If the federal adjusted gross income of the taxpayer for the tax year is \$187,000 or more if
19 reported on a joint income tax return, or \$131,000 or more if reported on other than a joint income
20 tax return, the limit is zero and the taxpayer is not allowed a subtraction from federal taxable in-
21 come or an exemption under ORS 316.798.

22 (3) The Department of Revenue by rule [*may*] **shall** adjust the limits applicable in the current
23 tax year to the subtractions and exemptions specified in subsection (1) of this section so that the
24 limits reflect the percentage change in the U.S. City Average Consumer Price Index, as published
25 by the Bureau of Labor Statistics of the United States Department of Labor, during the tax year.

26 (4) Any amounts contributed to a first-time home buyer savings account that are not subtracted
27 from federal taxable income for any reason may not be carried forward as a subtraction for any
28 succeeding tax year.

29 **SECTION 3.** ORS 316.803, as amended by section 6, chapter 53, Oregon Laws 2024, is amended
30 to read:

31 316.803. (1) On or before January 31 of each calendar year, for calendar years beginning before
32 January 1, 2025, a financial institution at which an account holder has created a first-time home
33 buyer savings account shall provide to the account holder a certificate containing the following in-
34 formation:

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

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

- 41 (a) Track the use of moneys withdrawn from a first-time home buyer savings account;
- 42 (b) Allocate funds in a first-time home buyer savings account among joint account holders; or
- 43 (c) Designate an account as a first-time home buyer savings account, including in the account
44 contracts or systems of the financial institution.

45 (3)(a) An account holder or a joint account holder may designate an account at a financial in-

1 stitution as a first-time home buyer savings account and may designate:

2 (A) A proposed first-time home buyer as the qualified beneficiary of the account; **and**

3 (B) **A person other than the account holder or joint account holder as the person who**
4 **may take the subtraction and exemption described in ORS 316.798.**

5 (b) The designations required under this subsection shall be made to the Department of Re-
6 venue, in a form and manner prescribed by the department. The department may provide a means
7 by which the designations required under this subsection are indicated on an income tax return filed
8 by the account holder **and, if applicable, another person.**

9 (4) A financial institution is not responsible or liable for:

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

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

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

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

20 **SECTION 4. The amendments to ORS 316.798, 316.800 and 316.803 by sections 1 to 3 of this**
21 **2025 Act apply to tax years beginning after December 31, 2024.**

22 **SECTION 5. This 2025 Act takes effect on the 91st day after the date on which the 2025**
23 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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