

CHAPTER 53

AN ACT

SB 1527

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

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

SECTION 1. Sections 2 and 3 of this 2024 Act are added to and made a part of ORS 316.796 to 316.803.

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

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

(a) Account statements that show the contributions made during the tax year and the taxable interest or earnings on the account in the tax year for which the subtraction or exemption is claimed;

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

(c) Upon a 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.

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

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

SECTION 4. ORS 316.796 is amended to read: 316.796. As used in ORS 316.796 to 316.803:

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

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

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

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

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

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

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

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

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

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

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

SECTION 5. ORS 316.797 is amended to read:

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

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

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

(3) During any calendar year, an individual may be either:

(a) The account holder of not more than one first-time home buyer savings account; or

(b) The qualified beneficiary of not more than one first-time home buyer savings account.

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

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

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

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

SECTION 6. ORS 316.803 is amended to read:

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

(a) The date when the account was created;

(b) The name of the account holder;

(c) The amount of funds contributed to the account during the tax year;

(d) The amount of funds withdrawn from the account during the tax year; and

(e) Any other information as required by rules adopted by the Department of Revenue.

(2) A financial institution is not required to:

(a) Track the use of moneys withdrawn from a first-time home buyer savings account; [*or*]

(b) Allocate funds in a first-time home buyer savings account among joint account holders[.]; or

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

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

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

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

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

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

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

SECTION 7. Sections 2 and 3 of this 2024 Act and the amendments to ORS 316.796, 316.797 and 316.803 by sections 4 to 6 of this 2024 Act apply to first-time home buyer savings accounts created on or after January 1, 2025.

SECTION 8. This 2024 Act takes effect on the 91st day after the date on which the 2024 regular session of the Eighty-second Legislative Assembly adjourns sine die.

Approved by the Governor March 27, 2024

Filed in the office of Secretary of State March 27, 2024

Effective date June 6, 2024