

1 **SENATE FLOOR VERSION**

2 April 12, 2017

3 COMMITTEE SUBSTITUTE  
4 FOR ENGROSSED  
5 HOUSE BILL NO. 1519

By: Cockroft and Bennett (John)  
of the House

and

Smalley of the Senate

6  
7  
8  
9 COMMITTEE SUBSTITUTE

10 [ property - Oklahoma Homebuyers Savings Account Act  
11 - codification - effective date ]  
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13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. NEW LAW A new section of law to be codified  
15 in the Oklahoma Statutes as Section 1201 of Title 60, unless there  
16 is created a duplication in numbering, reads as follows:

17 A. This act shall be known and may be cited as the "Oklahoma  
18 Homebuyers Savings Account Act".

19 B. The Oklahoma Legislature recognizes that saving for a down  
20 payment and closing costs for the purchase of a home is very  
21 challenging in today's economy. The Oklahoma Legislature declares  
22 that homebuyer savings accounts provide an opportunity for Oklahoma  
23 residents to save and grow funds for homeownership. The purpose of  
24 the Homebuyers Savings Account Program is to enable residents of

1 Oklahoma to benefit from the tax incentive provided for qualified  
2 homebuyers and to provide residents with meaningful incentives to  
3 save for the purchase of a home within the state.

4 SECTION 2. NEW LAW A new section of law to be codified  
5 in the Oklahoma Statutes as Section 1202 of Title 60, unless there  
6 is created a duplication in numbering, reads as follows:

7 As used in the Oklahoma Homebuyers Savings Account Act:

8 1. "Accountholder" means an individual who establishes,  
9 individually or jointly with one or more other individuals, a  
10 homebuyer savings account;

11 2. "Allowable closing costs" means a disbursement listed on a  
12 settlement statement for the purchase of a single-family residence  
13 by a qualified beneficiary;

14 3. "Eligible costs" means the down payment and allowable  
15 closing costs for the purchase of a single-family residence by a  
16 qualified beneficiary;

17 4. "Financial institution" means any bank, trust company,  
18 savings institution, industrial loan association, consumer finance  
19 company, credit union or any benefit association, insurance company,  
20 safe deposit company, money market mutual fund or similar entity  
21 authorized to do business in this state;

22 5. "Homebuyer" means an individual who resides in this state  
23 and has not owned or purchased, either individually or jointly, a  
24

1 single-family residence during a period of three (3) years prior to  
2 the date of the purchase of a single-family residence;

3 6. "Homebuyer savings account" or "account" means an account  
4 with a financial institution that an accountholder designates as a  
5 homebuyer savings account on the accountholder's state income tax  
6 return for tax year 2018 or any tax year thereafter, pursuant to the  
7 Oklahoma Homebuyers Savings Account Act for the purpose of paying or  
8 reimbursing eligible costs for the purchase of a single-family  
9 residence in Oklahoma by a qualified beneficiary;

10 7. "Qualified beneficiary" means a homebuyer who is designated  
11 as the qualified beneficiary of an account designated by the  
12 accountholder as a homebuyer savings account;

13 8. "Settlement statement" means the statement of receipts and  
14 disbursements for a transaction related to real estate, including a  
15 statement prescribed pursuant to the Real Estate Settlement  
16 Procedures Act of 1974, 12 U.S.C., Section 2601 et seq., as amended,  
17 and regulations thereunder; and

18 9. "Single-family residence" means a single-family residence  
19 owned and occupied by a qualified beneficiary as the qualified  
20 beneficiary's principal residence, which may include a manufactured  
21 home, trailer, mobile home, condominium unit or cooperative.

22 SECTION 3. NEW LAW A new section of law to be codified  
23 in the Oklahoma Statutes as Section 1203 of Title 60, unless there  
24 is created a duplication in numbering, reads as follows:

1       A. Beginning July 1, 2018, any individual may open an account  
2 with a financial institution and designate the account, in its  
3 entirety, as a homebuyer savings account to be used to pay or  
4 reimburse a qualified beneficiary's eligible costs for the purchase  
5 of a single-family residence in Oklahoma.

6       B. An individual may jointly own a homebuyer savings account  
7 with another person if the joint accountholders file a joint income  
8 tax return.

9       C. Only cash and marketable securities may be contributed to a  
10 homebuyer savings account. Subject to the limitations of subsection  
11 D of Section 6 of this act, persons other than the accountholder may  
12 contribute funds to a homebuyer savings account. The limitation on  
13 the amount of contributions that may be made to or retained in a  
14 homebuyer savings account is Twenty-five Thousand Dollars  
15 (\$25,000.00).

16       SECTION 4.       NEW LAW       A new section of law to be codified  
17 in the Oklahoma Statutes as Section 1204 of Title 60, unless there  
18 is created a duplication in numbering, reads as follows:

19       A. The accountholder shall:

20       1. Not use funds held in a homebuyer savings account to pay  
21 expenses of administering the account, except that a service fee may  
22 be deducted from the account by a financial institution in which the  
23 account is held;

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1           2. Submit to the Oklahoma Tax Commission, with the  
2           accountholder's state income tax return:

3                 a. on forms prepared by the Oklahoma Tax Commission,  
4                     detailed information regarding the homebuyer savings  
5                     account, including a list of transactions for the  
6                     account during the tax year, and

7                 b. the Form 1099 issued by the financial institution for  
8                     the account; and

9           3. Submit to the Oklahoma Tax Commission, upon a withdrawal of  
10           funds from a homebuyer savings account, a detailed account of the  
11           eligible costs toward which the account funds were applied and a  
12           statement of the amount of funds remaining in the account, if any.

13           B. An accountholder may withdraw funds, in whole or in part,  
14           from a homebuyer savings account and deposit the funds in a new  
15           homebuyer savings account held by a different financial institution  
16           or the same financial institution.

17           SECTION 5.           NEW LAW           A new section of law to be codified  
18           in the Oklahoma Statutes as Section 1205 of Title 60, unless there  
19           is created a duplication in numbering, reads as follows:

20           A. A financial institution shall not be required to:

21                 1. Designate an account as a homebuyer savings account or  
22                     designate the qualified beneficiaries of an account in the financial  
23                     institution's account contracts or systems or in any other way;

1           2. Track the use of money withdrawn from a homebuyer savings  
2 account;

3           3. Allocate funds in a homebuyer savings account among joint  
4 accountholders; or

5           4. Report any information to the Oklahoma Tax Commission or any  
6 other governmental agency that is not otherwise required by law.

7           B. A financial institution is not responsible or liable for:

8           1. Determining or ensuring that an account satisfies the  
9 requirements to be a homebuyer savings account;

10          2. Determining or ensuring that funds in a homebuyer savings  
11 account are used for eligible costs; or

12          3. Reporting or remitting taxes or penalties related to the use  
13 of a homebuyer savings account.

14          C. Upon being furnished proof of the death of the accountholder  
15 and such other information required by the contract governing the  
16 homebuyer savings account, a financial institution shall distribute  
17 the principal and accumulated interest or other income in the  
18 account in accordance with the terms of the contract governing the  
19 account.

20          SECTION 6.           NEW LAW           A new section of law to be codified  
21 in the Oklahoma Statutes as Section 1206 of Title 60, unless there  
22 is created a duplication in numbering, reads as follows:

23          A. Except as otherwise provided in this act and subject to the  
24 limitations pursuant to this section, there shall be excluded from

1 taxable income of an accountholder for state income tax purposes the  
2 amount of earnings, including interest and other income on the  
3 principal, from the homebuyer savings account during the tax year.

4 B. An accountholder may claim the deduction and exclusion  
5 pursuant to this section:

6 1. For a period not to exceed ten (10) years;

7 2. For an aggregate total amount of principal and earnings not  
8 to exceed Five Thousand Dollars (\$5,000.00) during that ten-year  
9 period; and

10 3. Only if the principal and earnings of the account remain in  
11 the account until a withdrawal is made for eligible costs related to  
12 the purchase of a single-family residence by a qualified  
13 beneficiary, except as otherwise provided in subsection B of Section  
14 4 of this act.

15 C. Any funds in a homebuyer savings account not expended on  
16 eligible costs by December 31 of the last year of the ten-year  
17 period pursuant to this section shall thereafter be included in the  
18 accountholder's taxable income.

19 D. The deduction and exclusion from taxable income provided for  
20 by this act shall apply to any alternative basis for calculating  
21 taxable income for state income tax purposes.

22 SECTION 7. NEW LAW A new section of law to be codified  
23 in the Oklahoma Statutes as Section 1207 of Title 60, unless there  
24 is created a duplication in numbering, reads as follows:

1 Except as otherwise authorized by subsection B of Section 4 of  
2 the Oklahoma Homebuyers Savings Account Act, if the accountholder  
3 withdraws any funds from a homebuyer savings account for a purpose  
4 other than eligible costs for the purchase of a single-family  
5 residence:

6 1. Those funds shall be included in the accountholder's taxable  
7 income; and

8 2. The accountholder shall pay a penalty to the Oklahoma Tax  
9 Commission equal to ten percent (10%) of the amount withdrawn. The  
10 penalty shall not apply to funds withdrawn that were:

11 a. withdrawn by reason of the accountholder's death or  
12 disability,

13 b. a disbursement of assets of the account pursuant to a  
14 filing for protection pursuant to the United States  
15 Bankruptcy Code, 11 U.S.C., Section 101 et seq., or

16 c. transferred from an account established pursuant to  
17 this act into another account established pursuant to  
18 this act in accordance with subsection B of Section 4  
19 of this act.

20 SECTION 8. NEW LAW A new section of law to be codified  
21 in the Oklahoma Statutes as Section 1208 of Title 60, unless there  
22 is created a duplication in numbering, reads as follows:

23 The Oklahoma Tax Commission shall prepare forms:  
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1           1. For the designation of an account with a financial  
2 institution to serve as a homebuyer savings account; and

3           2. For an accountholder to annually submit to the Oklahoma Tax  
4 Commission detailed information regarding the homebuyer savings  
5 account, including, but not limited to, a list of transactions for  
6 the account during the tax year, and identifying any supporting  
7 documentation that is required to be maintained by the  
8 accountholder.

9           SECTION 9.           NEW LAW           A new section of law to be codified  
10 in the Oklahoma Statutes as Section 1209 of Title 60, unless there  
11 is created a duplication in numbering, reads as follows:

12           The Oklahoma Tax Commission shall post information regarding the  
13 Oklahoma Homebuyers Savings Account Program on its website to  
14 publicize the availability of the program.

15           SECTION 10. This act shall become effective November 1, 2017.

16 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS  
17 April 12, 2017 - DO PASS AS AMENDED

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