

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 126 Session of 2023

INTRODUCED BY BIZZARRO, ZABEL, HILL-EVANS, CIRESI, SANCHEZ, T. DAVIS, ISAACSON, D. WILLIAMS, PISCIOTTANO, GUENST, DELLOSO, R. MACKENZIE, MADDEN, NEILSON, DEASY, FREEMAN, OTTEN, KUTZ, KINKEAD, GILLEN, BRENNAN AND KHAN, MARCH 7, 2023

AS REPORTED FROM COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT, HOUSE OF REPRESENTATIVES, AS AMENDED, MAY 21, 2024

AN ACT

1 ~~Providing for the establishment of first time homebuyer savings <--~~
2 ~~accounts for first time homebuyers in this Commonwealth; and~~
3 ~~imposing duties on the Department of Revenue.~~

4 ESTABLISHING THE FIRST-TIME HOMEBUYER SAVINGS ACCOUNT PROGRAM <--
5 AND THE FIRST-TIME HOMEBUYER SAVINGS ACCOUNT PROGRAM FUND;
6 AND IMPOSING DUTIES ON THE TREASURY DEPARTMENT.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 ~~Section 1. Short title. <--~~

10 ~~This act shall be known and may be cited as the Pennsylvania-~~
11 ~~First Time Homebuyer Savings Account Act.~~

12 ~~Section 2. Definitions.~~

13 ~~The following words and phrases when used in this act shall-~~
14 ~~have the meanings given to them in this section unless the-~~
15 ~~context clearly indicates otherwise:~~

16 ~~"Account holder." An individual who establishes,-~~
17 ~~individually or jointly, a first time homebuyer savings account.~~

18 ~~"Allowable closing costs." A disbursement listed on a-~~

1 ~~settlement statement for the purchase of a single family~~
2 ~~residence in this Commonwealth by a qualified beneficiary.~~

3 ~~"Department." The Department of Revenue of the Commonwealth.~~

4 ~~"Eligible costs." The down payment and allowable closing~~
5 ~~costs for the purchase of a single family residence in this~~
6 ~~Commonwealth by a qualified beneficiary. The term does not~~
7 ~~include costs incurred prior to the establishment of a first~~
8 ~~time homebuyer savings account.~~

9 ~~"Financial institution." A bank, trust company, savings~~
10 ~~institution, credit union, broker dealer, insurance company and~~
11 ~~mutual fund or similar entity authorized to do business in this~~
12 ~~Commonwealth.~~

13 ~~"First time homebuyer." An individual who resides in this~~
14 ~~Commonwealth and has not owned or purchased directly or through~~
15 ~~a trust, limited liability company, partnership or other legal~~
16 ~~entity, either individually or jointly, a single family~~
17 ~~residence during the three year period prior to the purchase~~
18 ~~date of a single family residence.~~

19 ~~"First time homebuyer savings account." An account~~
20 ~~established under section 3.~~

21 ~~"Qualified beneficiary." A first time homebuyer who is~~
22 ~~designated as a qualified beneficiary by the account holder of~~
23 ~~the first time homebuyer savings account.~~

24 ~~"Settlement statement." A statement of receipts and~~
25 ~~disbursements from a real estate transaction, including a~~
26 ~~statement prescribed under the Real Estate Settlement Procedures~~
27 ~~Act of 1974 (Public Law 93-533, 88 Stat. 1724).~~

28 ~~"Single family residence." A single family residence owned~~
29 ~~and occupied by a qualified beneficiary as the qualified~~
30 ~~beneficiary's principal residence, which may include a~~

1 ~~manufactured home, trailer, mobile home or unit in a~~
2 ~~condominium, cooperative or planned community.~~

3 ~~"Tax Reform Code of 1971." The act of March 4, 1971 (P.L.6,~~
4 ~~No.2), known as the Tax Reform Code of 1971.~~

5 ~~Section 3. Establishment of first time homebuyer savings~~
6 ~~account.~~

7 ~~(a) Designation of first time homebuyer savings account.~~
8 ~~Beginning six months after the effective date of this section,~~
9 ~~an individual may open a first time homebuyer savings account~~
10 ~~with a financial institution.~~

11 ~~(b) Designation of qualified beneficiary. An account holder~~
12 ~~shall designate no more than one first time homebuyer as the~~
13 ~~qualified beneficiary of a first time homebuyer savings account.~~
14 ~~The account holder may designate himself as the qualified~~
15 ~~beneficiary and may change the designated qualified beneficiary~~
16 ~~at any time. The account holder shall declare the qualified~~
17 ~~beneficiary on the annual personal income tax return required~~
18 ~~under the Tax Reform Code of 1971 for the tax year in which the~~
19 ~~first time homebuyer savings account is established and for any~~
20 ~~year in which the qualified beneficiary is changed.~~

21 ~~(c) Use of first time homebuyer savings account. Money from~~
22 ~~a first time homebuyer savings account may only be used to pay~~
23 ~~or reimburse a qualified beneficiary's eligible costs for the~~
24 ~~purchase of a single family residence in this Commonwealth.~~

25 ~~(d) Expenses. The account holder may not use money held in~~
26 ~~a first time homebuyer savings account to pay expenses of~~
27 ~~administering the account, except that a service fee may be~~
28 ~~deducted from the account by a financial institution in which~~
29 ~~the first time homebuyer savings account is held.~~

30 ~~(e) Joint account holders. An account holder may jointly~~

1 ~~own a first time homebuyer savings account with another person~~
2 ~~if the joint account holders file a joint personal income tax~~
3 ~~return under Article III of the Tax Reform Code of 1971.~~

4 ~~(f) Qualified beneficiary of more than one account. An~~
5 ~~individual may be designated as the qualified beneficiary on~~
6 ~~more than one first time homebuyer savings account.~~

7 ~~(g) Contributions to account.~~

8 ~~(1) Subject to the limitations under section 4(d), an~~
9 ~~individual other than the account holder may contribute to a~~
10 ~~first time homebuyer savings account.~~

11 ~~(2) The maximum amount of all contributions to a first~~
12 ~~time homebuyer savings account is \$150,000.~~

13 ~~(h) Transfer of money. An account holder may withdraw money~~
14 ~~from a first time homebuyer savings account and deposit the~~
15 ~~money into a new first time homebuyer savings account held by~~
16 ~~the same or a different financial institution.~~

17 ~~Section 4. Deduction and exclusion from taxable income.~~

18 ~~(a) Deduction of contributions. Except as otherwise~~
19 ~~provided under subsection (c), the amount contributed by an~~
20 ~~account holder to a first time homebuyer savings account during~~
21 ~~each tax year:~~

22 ~~(1) may not exceed \$5,000 for an account holder who~~
23 ~~files an individual personal income tax return or \$10,000 for~~
24 ~~joint account holders who file a joint personal income tax~~
25 ~~return; and~~

26 ~~(2) shall be deductible, up to the contribution limits~~
27 ~~under paragraph (1), from the taxable income of the account~~
28 ~~holder under Article III of the Tax Reform Code of 1971~~
29 ~~during the tax year the contribution was made.~~

30 ~~(b) Exclusion of earnings. Except as otherwise provided~~

1 ~~under subsection (c), the amount of earnings on a first time~~
2 ~~homebuyer savings account during the tax year may be excluded~~
3 ~~from the taxable income of an account holder under Article III~~
4 ~~of the Tax Reform Code of 1971.~~

5 ~~(c) Limitations on deductions and exclusions. An account~~
6 ~~holder may claim a deduction and exclusion under this section:~~

7 ~~(1) for a period of no more than 10 years;~~

8 ~~(2) for an aggregate amount of principal and earnings~~
9 ~~not to exceed \$50,000 within 10 years; and~~

10 ~~(3) except as otherwise provided in section 3(h), only~~
11 ~~if the principal and earnings of a first time homebuyer~~
12 ~~savings account remain in the account until a withdrawal is~~
13 ~~made for the eligible costs relating to the purchase of a~~
14 ~~single family residence by a qualified beneficiary.~~

15 ~~(d) Nonaccount holders. An individual other than the~~
16 ~~account holder who deposits money into a first time homebuyer~~
17 ~~savings account under section 3(g) is not entitled to the~~
18 ~~deduction and exclusion provided for under this section.~~

19 ~~(e) Remaining money. Money in a first time homebuyer~~
20 ~~savings account not expended on eligible costs before expiration~~
21 ~~of the 10 year period under subsection (c)(1) shall be included~~
22 ~~in the account holder's taxable income under Article III of the~~
23 ~~Tax Reform Code of 1971.~~

24 ~~(f) Application to alternative basis taxation. The~~
25 ~~deduction and exclusion from taxable income shall apply to any~~
26 ~~alternative basis for calculating taxable income under Article~~
27 ~~III of the Tax Reform Code of 1971.~~

28 ~~Section 5. Reporting.~~

29 ~~The account holder shall submit to the department all of the~~
30 ~~following:~~

1 ~~(1) Upon a withdrawal of money from a first time~~
2 ~~homebuyer savings account, a detailed record of the eligible~~
3 ~~costs toward which the money was applied and a statement of~~
4 ~~the amount of money remaining in the account.~~

5 ~~(2) With the account holder's personal income tax~~
6 ~~return:~~

7 ~~(i) information regarding the first time homebuyer~~
8 ~~savings account, including a list of transactions for the~~
9 ~~account during the tax year; and~~

10 ~~(ii) the Form 1099 issued by the financial~~
11 ~~institution holding the account.~~

12 ~~(3) Any other information as required by the department.~~

13 ~~Section 6. Financial institutions.~~

14 ~~(a) Limitations on financial institutions. A financial~~
15 ~~institution may not be required or be held liable to do any of~~
16 ~~the following:~~

17 ~~(1) Designate an account as a first time homebuyer~~
18 ~~savings account or designate a qualified beneficiary of an~~
19 ~~account in a financial institution's account contracts or~~
20 ~~systems.~~

21 ~~(2) Track the use of money withdrawn from a first time~~
22 ~~homebuyer savings account.~~

23 ~~(3) Allocate money in a first time homebuyer savings~~
24 ~~account among joint account holders or multiple qualified~~
25 ~~beneficiaries.~~

26 ~~(4) Report any information to the department or any~~
27 ~~other governmental agency that is not otherwise required by~~
28 ~~law.~~

29 ~~(5) Determine if an account satisfies the requirements~~
30 ~~to be a first time homebuyer savings account.~~

1 ~~(6) Ensure that money in a first time homebuyer savings~~
2 ~~account is used for eligible costs.~~

3 ~~(7) Report or remit taxes or penalties related to the~~
4 ~~use of a first time homebuyer savings account.~~

5 ~~(b) Distribution of money. Upon proof of the death of the~~
6 ~~account holder, a financial institution shall distribute the~~
7 ~~account in accordance with the contract terms governing the~~
8 ~~first time homebuyer savings account.~~

9 ~~Section 7. Withdrawal for purpose other than eligible costs.~~

10 ~~Except as permitted under section 3(h), if an account holder~~
11 ~~or beneficiary withdraws any amount from a first time homebuyer~~
12 ~~savings account and uses the withdrawal for a purpose other than~~
13 ~~eligible costs:~~

14 ~~(1) The entire amount withdrawn shall be included in the~~
15 ~~account holder's taxable income as interest income under~~
16 ~~Article III of the Tax Reform Code of 1971 for the tax year~~
17 ~~the withdrawal was made.~~

18 ~~(2) The account holder or beneficiary shall pay to the~~
19 ~~department a penalty equal to 10% of the amount~~
20 ~~withdrawn. The penalty may not apply to money withdrawn from~~
21 ~~an account that was:~~

22 ~~(i) withdrawn by reason of the account holder's or~~
23 ~~the beneficiary's death or disability; or~~

24 ~~(ii) a disbursement of assets of the account~~
25 ~~pursuant to a filing for protection under 11 U.S.C.~~
26 ~~(relating to Bankruptcy).~~

27 ~~Section 8. Department of Revenue.~~

28 ~~(a) Duties. The department shall prepare forms:~~

29 ~~(1) to designate an account with a financial institution~~
30 ~~to serve as a first time homebuyer savings account;~~

1 ~~(2) to designate a qualified beneficiary of a first time~~
2 ~~homebuyer savings account; and~~

3 ~~(3) for an account holder to annually submit to the~~
4 ~~department detailed information regarding the first time~~
5 ~~homebuyer savings account, including, but not limited to, a~~
6 ~~list of transactions for the account during the tax year and~~
7 ~~identifying any supporting documentation that is required to~~
8 ~~be maintained by the account holder.~~

9 ~~(b) Rules and regulations. The department may promulgate~~
10 ~~rules and regulations necessary to administer and enforce this~~
11 ~~act.~~

12 ~~Section 9. Effective date.~~

13 ~~This act shall take effect in 60 days.~~

14 SECTION 1. SHORT TITLE.

<--

15 THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE FIRST-TIME
16 HOMEBUYER SAVINGS ACCOUNT PROGRAM ACT.

17 SECTION 2. DEFINITIONS.

18 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL
19 HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
20 CONTEXT CLEARLY INDICATES OTHERWISE:

21 "ACCOUNT." A FIRST-TIME HOMEBUYER SAVINGS ACCOUNT
22 ESTABLISHED UNDER SECTION 6.

23 "ACCOUNT HOLDER." AN INDIVIDUAL WHO ESTABLISHES,
24 INDIVIDUALLY OR JOINTLY, AN ACCOUNT.

25 "ALLOWABLE CLOSING COSTS." A DISBURSEMENT LISTED ON A
26 SETTLEMENT STATEMENT FOR THE PURCHASE OF A SINGLE-FAMILY
27 RESIDENCE IN THIS COMMONWEALTH BY A QUALIFIED BENEFICIARY.

28 "BUREAU." THE BUREAU OF SAVINGS PROGRAMS ESTABLISHED UNDER
29 SECTION 3.

30 "DEPARTMENT." THE TREASURY DEPARTMENT OF THE COMMONWEALTH.

1 "DISABILITY." THE INABILITY TO ENGAGE IN ANY SUBSTANTIAL
2 ACTIVITY BECAUSE OF MEDICALLY DETERMINABLE PHYSICAL OR MENTAL
3 IMPAIRMENT THAT CAN BE EXPECTED TO RESULT IN DEATH OR TO BE OF
4 LONG-CONTINUED AND INDEFINITE DURATION.

5 "ELIGIBLE COSTS." THE DOWN PAYMENT AND ALLOWABLE CLOSING
6 COSTS FOR THE PURCHASE OF A SINGLE-FAMILY RESIDENCE IN THIS
7 COMMONWEALTH BY A QUALIFIED BENEFICIARY. THE TERM DOES NOT
8 INCLUDE COSTS INCURRED PRIOR TO THE ESTABLISHMENT OF AN ACCOUNT.

9 "FINANCIAL INSTITUTION." A BANK, TRUST COMPANY, SAVINGS
10 INSTITUTION, CREDIT UNION, BROKER-DEALER, INSURANCE COMPANY OR
11 MUTUAL FUND OR SIMILAR ENTITY AUTHORIZED TO DO BUSINESS IN THIS
12 COMMONWEALTH.

13 "FIRST-TIME HOMEBUYER." AN INDIVIDUAL WHO RESIDES IN THIS
14 COMMONWEALTH, IS CERTIFIED AS A FIRST-TIME HOMEBUYER AND HAS NOT
15 OWNED OR PURCHASED DIRECTLY OR THROUGH A TRUST, LIMITED
16 LIABILITY COMPANY, PARTNERSHIP OR OTHER LEGAL ENTITY, EITHER
17 INDIVIDUALLY OR JOINTLY, A SINGLE-FAMILY RESIDENCE IN THIS
18 COMMONWEALTH OR ANOTHER STATE.

19 "FUND." THE FIRST-TIME HOMEBUYER SAVINGS ACCOUNT PROGRAM
20 FUND ESTABLISHED UNDER SECTION 4.

21 "PROGRAM." THE FIRST-TIME HOMEBUYER SAVINGS ACCOUNT PROGRAM
22 ESTABLISHED UNDER SECTION 4.

23 "QUALIFIED BENEFICIARY." A FIRST-TIME HOMEBUYER WHO IS
24 DESIGNATED AS A QUALIFIED BENEFICIARY BY THE ACCOUNT HOLDER OF
25 AN ACCOUNT.

26 "SETTLEMENT STATEMENT." A STATEMENT OF RECEIPTS AND
27 DISBURSEMENTS FROM A REAL ESTATE TRANSACTION, INCLUDING A
28 STATEMENT PRESCRIBED UNDER 12 U.S.C. CH. 27 (RELATING TO REAL
29 ESTATE SETTLEMENT PROCEDURES).

30 "SINGLE-FAMILY RESIDENCE." A SINGLE-FAMILY RESIDENCE OWNED

1 AND OCCUPIED BY A QUALIFIED BENEFICIARY AS THE QUALIFIED
2 BENEFICIARY'S PRINCIPAL RESIDENCE, WHICH MAY INCLUDE A TOWNHOME,
3 A MANUFACTURED HOME, TRAILER, MOBILE HOME OR UNIT IN A
4 CONDOMINIUM, COOPERATIVE OR PLANNED COMMUNITY.

5 "TAX REFORM CODE OF 1971." THE ACT OF MARCH 4, 1971 (P.L.6,
6 NO.2), KNOWN AS THE TAX REFORM CODE OF 1971.

7 SECTION 3. BUREAU OF SAVINGS PROGRAMS.

8 THE BUREAU OF SAVINGS PROGRAMS IS ESTABLISHED WITHIN THE
9 DEPARTMENT TO ADMINISTER THE PROGRAM.

10 SECTION 4. FIRST-TIME HOMEBUYER SAVINGS ACCOUNT PROGRAM.

11 (A) ESTABLISHMENT.--THE BUREAU OF SAVINGS PROGRAMS IS
12 ESTABLISHED WITHIN THE DEPARTMENT TO ADMINISTER THE PROGRAM.

13 (B) PURPOSE.--THE PROGRAM SHALL ALLOW AN INDIVIDUAL TO OPEN
14 AN ACCOUNT UNDER SECTION 6 FOR A QUALIFIED BENEFICIARY. AN
15 INDIVIDUAL MAY CONTRIBUTE MONEY INTO AN ACCOUNT TO SAVE FOR
16 ELIGIBLE COSTS.

17 (C) APPLICATION.--THE APPLICATION FOR THE PROGRAM SHALL BE
18 ON A FORM AND IN A MANNER PRESCRIBED BY THE DEPARTMENT. THE
19 DEPARTMENT SHALL MAKE THE APPLICATION AVAILABLE ON THE
20 DEPARTMENT'S PUBLICLY ACCESSIBLE INTERNET WEBSITE.

21 (D) FUND.--THE FIRST-TIME HOMEBUYER SAVINGS ACCOUNT PROGRAM
22 FUND IS ESTABLISHED IN THE DEPARTMENT. THE FOLLOWING APPLY:

23 (1) THE FUND SHALL CONSIST OF:

24 (I) ALL CONTRIBUTIONS MADE BY ACCOUNT HOLDERS AND
25 ALL INTEREST, EARNINGS AND ADDITIONS TO THE FUND.

26 (II) ANY OTHER MONEY, PUBLIC OR PRIVATE,
27 APPROPRIATED OR MADE AVAILABLE TO THE DEPARTMENT FOR THE
28 FUND FROM ANY SOURCE AND ALL INTEREST, EARNINGS AND
29 ADDITIONS TO THE FUND.

30 (2) THE DEPARTMENT SHALL ANNUALLY SUBMIT TO THE GENERAL

1 ASSEMBLY A BUDGET REQUEST OUTLINING THE OPERATING AND
2 ADMINISTRATIVE EXPENSES OF THE PROGRAM. UPON APPROPRIATION BY
3 THE GENERAL ASSEMBLY, EXPENSES INCURRED BY THE DEPARTMENT AND
4 THE BUREAU SHALL BE PAID FROM THE FEES, CHARGES AND
5 INVESTMENT EARNINGS OF MONEY IN THE FUND.

6 (3) ASSETS OF THE FUND SHALL BE PRESERVED, INVESTED AND
7 EXPENDED SOLELY FOR THE PURPOSES SPECIFIED IN THIS ACT.

8 (4) THE DEPARTMENT SHALL REPAY FROM THE FEES, CHARGES
9 AND INVESTMENT EARNINGS OF THE FUND TO THE GENERAL FUND ANY
10 MONEY APPROPRIATED FOR THE INITIAL PLANNING, ORGANIZATION AND
11 ADMINISTRATION OF THE PROGRAM. THE REPAYMENT MUST OCCUR
12 WITHIN A 10-YEAR PERIOD COMMENCING ON SEPTEMBER 1, 2030.
13 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE DEPARTMENT
14 MAY NOT PLEDGE THE CREDIT OR TAXING POWERS OF THE
15 COMMONWEALTH. ANY OBLIGATION OF DEBT UNDER THIS SECTION SHALL
16 NOT BE DEEMED AN OBLIGATION OR DEBT OF THE COMMONWEALTH, NOR
17 SHALL THE COMMONWEALTH BE LIABLE TO PAY PRINCIPAL AND
18 INTEREST ON OBLIGATIONS OR TO OFFSET ANY LOSS OF PRINCIPAL
19 AND INTEREST EARNINGS ON INVESTMENTS MADE BY THE DEPARTMENT.

20 (5) THE POLICIES GOVERNING THE INVESTMENT OF THE FUND
21 SHALL BE DIRECTED TO OBTAINING SUFFICIENT INCOME TO MEET THE
22 FUND'S OBLIGATIONS UNDER THIS ACT, MAINTAINING NECESSARY
23 RESERVES AND COVERING OPERATING EXPENSES. THE POLICIES
24 GOVERNING THE FUND SHALL BE DIRECTED TO PROVIDING FOR AN
25 APPROPRIATE BALANCE OF RISK, LIQUIDITY AND RETURN
26 COMMENSURATE WITH THE MANAGEMENT OF A PRUDENT INVESTOR. THE
27 DEPARTMENT, ITS INVESTMENT MANAGERS, PROGRAM MANAGERS AND
28 TRUSTEES SHALL HAVE THE AUTHORITY TO INVEST AND REINVEST
29 MONEY IN THE FUND. THE DEPARTMENT MAY USE A THIRD PARTY TO
30 INVEST THE ASSETS AND MAINTAIN THE FUND.

1 SECTION 5. FIRST-TIME HOMEBUYER SAVINGS ACCOUNT ADVISORY BOARD.

2 (A) ESTABLISHMENT.--THE FIRST-TIME HOMEBUYER SAVINGS ACCOUNT
3 ADVISORY BOARD IS ESTABLISHED WITHIN THE DEPARTMENT.

4 (B) COMPOSITION OF BOARD.--THE BOARD SHALL CONSIST OF THE
5 FOLLOWING MEMBERS:

6 (1) THE GOVERNOR OR A DESIGNEE.

7 (2) THE STATE TREASURER OR A DESIGNEE.

8 (3) FOUR MEMBERS WHO HAVE KNOWLEDGE, SKILL AND EXPERTISE
9 IN FINANCIAL PLANNING AND SAVING FOR RETIREMENT AS FOLLOWS:

10 (I) ONE APPOINTED BY THE PRESIDENT PRO TEMPORE OF
11 THE SENATE;

12 (II) ONE APPOINTED BY THE SPEAKER OF THE HOUSE OF
13 REPRESENTATIVES;

14 (III) ONE APPOINTED BY THE MINORITY LEADER OF THE
15 SENATE; AND

16 (IV) ONE APPOINTED BY THE MINORITY LEADER OF THE
17 HOUSE OF REPRESENTATIVES.

18 (C) CHAIRPERSON.--THE STATE TREASURER, OR A DESIGNEE, SHALL
19 SERVE AS CHAIRPERSON OF THE BOARD.

20 (D) TERMS OF BOARD MEMBERS.--EACH APPOINTED BOARD MEMBER
21 SHALL SERVE A TERM OF FOUR YEARS.

22 (E) VACANCY.--A VACANCY ON THE BOARD SHALL BE FILLED FOR THE
23 UNEXPIRED TERM OF AN APPOINTED MEMBER OF THE BOARD IN THE SAME
24 MANNER AS THE ORIGINAL APPOINTMENT.

25 (F) MEETINGS OF BOARD.--

26 (1) THE STATE TREASURER, OR THE DESIGNEE, SHALL CALL THE
27 ORGANIZATIONAL MEETING OF THE BOARD.

28 (2) MEETINGS OF THE BOARD SHALL BE HELD AT THE CALL OF
29 THE CHAIRPERSON.

30 (G) EMPLOYEES.--THE DEPARTMENT SHALL HAVE THE POWER AND ITS

1 DUTY SHALL BE TO PROVIDE THE BOARD WITH EXPERTS, STENOGRAPHERS
2 AND ASSISTANTS AS NECESSARY TO CARRY OUT THE WORK OF THE BOARD.
3 THE BOARD MAY ENLIST VOLUNTARY ASSISTANCE, RESEARCH
4 ORGANIZATIONS AND OTHER AGENCIES.

5 (H) DUTIES.--THE BOARD SHALL:

6 (1) STUDY AND REVIEW THE WORK OF THE PROGRAM.

7 (2) ADVISE THE DEPARTMENT UPON REQUEST.

8 (3) MAKE RECOMMENDATIONS ON BOARD INITIATIVES FOR THE
9 IMPROVEMENT OF THE PROGRAM.

10 (4) MAKE INTERIM REPORTS AS THE BOARD DEEMS ADVISABLE.

11 (I) PROHIBITIONS.--A BOARD MEMBER MAY NOT:

12 (1) DIRECTLY OR INDIRECTLY HAVE AN INTEREST IN THE
13 MAKING OF AN INVESTMENT UNDER THE PROGRAM OR IN GAINS OR
14 PROFITS ACCRUING FROM AN INVESTMENT UNDER THE PROGRAM.

15 (2) BORROW PROGRAM-RELATED MONEY OR DEPOSITS OR USE
16 PROGRAM-RELATED MONEY OR DEPOSITS IN ANY MANNER.

17 (3) BECOME AN ENDORSER, SURETY OR OBLIGOR ON AN
18 INVESTMENT MADE UNDER THE PROGRAM.

19 SECTION 6. FIRST-TIME HOMEBUYERS SAVINGS ACCOUNT.

20 (A) APPROVAL.--THE BUREAU SHALL REVIEW AN APPLICATION
21 SUBMITTED BY AN INDIVIDUAL FOR AN ACCOUNT AND, IF APPROVED BY
22 THE BUREAU, THE INDIVIDUAL MAY ESTABLISH AN ACCOUNT.

23 (B) DESIGNATION OF QUALIFIED BENEFICIARY.--AN ACCOUNT HOLDER
24 MAY DESIGNATE ONE FIRST-TIME HOMEBUYER AS THE QUALIFIED
25 BENEFICIARY OF AN ACCOUNT. THE ACCOUNT HOLDER MAY DESIGNATE
26 THEMSELF AS THE QUALIFIED BENEFICIARY AND MAY CHANGE THE
27 DESIGNATED QUALIFIED BENEFICIARY AT ANY TIME. THE ACCOUNT HOLDER
28 SHALL DECLARE THE QUALIFIED BENEFICIARY ON THE ANNUAL PERSONAL
29 INCOME TAX RETURN REQUIRED UNDER THE TAX REFORM CODE OF 1971 FOR
30 THE TAX YEAR IN WHICH THE ACCOUNT IS ESTABLISHED AND FOR ANY

1 YEAR IN WHICH THE QUALIFIED BENEFICIARY IS CHANGED.

2 (C) USE OF ACCOUNT.--MONEY FROM AN ACCOUNT MAY ONLY BE USED
3 TO PAY OR REIMBURSE A QUALIFIED BENEFICIARY'S ELIGIBLE COSTS FOR
4 THE PURCHASE OF A SINGLE-FAMILY RESIDENCE IN THIS COMMONWEALTH.

5 (D) JOINT ACCOUNT HOLDERS.--AN ACCOUNT HOLDER MAY JOINTLY
6 OWN AN ACCOUNT WITH ANOTHER INDIVIDUAL IF THE JOINT ACCOUNT
7 HOLDERS FILE A JOINT PERSONAL INCOME TAX RETURN UNDER ARTICLE
8 III OF THE TAX REFORM CODE OF 1971.

9 (E) QUALIFIED BENEFICIARY OF MORE THAN ONE ACCOUNT.--AN
10 INDIVIDUAL MAY BE DESIGNATED AS THE QUALIFIED BENEFICIARY ON
11 MORE THAN ONE ACCOUNT.

12 (F) CONTRIBUTIONS TO ACCOUNT.--

13 (1) SUBJECT TO THE LIMITATIONS UNDER SECTION 7(D), AN
14 INDIVIDUAL OTHER THAN THE ACCOUNT HOLDER MAY CONTRIBUTE TO AN
15 ACCOUNT.

16 (2) THE MAXIMUM AMOUNT OF ALL CONTRIBUTIONS TO AN
17 ACCOUNT SHALL BE \$150,000.

18 SECTION 7. DEDUCTION AND EXCLUSION FROM TAXABLE INCOME.

19 (A) DEDUCTION OF CONTRIBUTIONS.--EXCEPT AS PROVIDED UNDER
20 SUBSECTION (C), THE AMOUNT CONTRIBUTED BY AN ACCOUNT HOLDER TO
21 AN ACCOUNT DURING EACH TAX YEAR:

22 (1) MAY NOT EXCEED \$5,000 FOR AN ACCOUNT HOLDER WHO
23 FILES AN INDIVIDUAL PERSONAL INCOME TAX RETURN OR \$10,000 FOR
24 JOINT ACCOUNT HOLDERS WHO FILE A JOINT PERSONAL INCOME TAX
25 RETURN.

26 (2) SHALL BE DEDUCTIBLE, UP TO THE CONTRIBUTION LIMITS
27 UNDER PARAGRAPH (1), FROM THE TAXABLE INCOME OF THE ACCOUNT
28 HOLDER UNDER ARTICLE III OF THE TAX REFORM CODE OF 1971
29 DURING THE TAX YEAR THE CONTRIBUTION WAS MADE.

30 (B) EXCLUSION OF EARNINGS.--EXCEPT AS PROVIDED UNDER

1 SUBSECTION (C), THE AMOUNT OF EARNINGS ON AN ACCOUNT DURING THE
2 TAX YEAR MAY BE EXCLUDED FROM THE TAXABLE INCOME OF AN ACCOUNT
3 HOLDER UNDER ARTICLE III OF THE TAX REFORM CODE OF 1971.

4 (C) LIMITATIONS ON DEDUCTIONS AND EXCLUSIONS.--AN ACCOUNT
5 HOLDER MAY CLAIM A DEDUCTION AND EXCLUSION UNDER THIS SECTION:

6 (1) FOR A PERIOD OF NO MORE THAN 10 YEARS.

7 (2) FOR AN AGGREGATE AMOUNT OF PRINCIPAL AND EARNINGS
8 NOT TO EXCEED \$50,000 FOR INDIVIDUAL PERSONAL INCOME TAX
9 FILERS AND \$100,000 FOR JOINT PERSONAL INCOME TAX FILERS
10 WITHIN 10 YEARS.

11 (3) IF THE PRINCIPAL AND EARNINGS OF AN ACCOUNT REMAIN
12 IN THE ACCOUNT UNTIL A WITHDRAWAL IS MADE FOR THE ELIGIBLE
13 COSTS RELATING TO THE PURCHASE OF A SINGLE-FAMILY RESIDENCE
14 BY A QUALIFIED BENEFICIARY.

15 (D) NONACCOUNT HOLDERS.--AN INDIVIDUAL OTHER THAN THE
16 ACCOUNT HOLDER WHO DEPOSITS MONEY INTO AN ACCOUNT UNDER SECTION
17 6(F) IS NOT ENTITLED TO THE DEDUCTION AND EXCLUSION PROVIDED FOR
18 UNDER THIS SECTION.

19 (E) REMAINING MONEY.--MONEY IN AN ACCOUNT NOT EXPENDED ON
20 ELIGIBLE COSTS BEFORE EXPIRATION OF THE 10-YEAR PERIOD UNDER
21 SUBSECTION (C) (1) SHALL BE INCLUDED IN THE ACCOUNT HOLDER'S
22 TAXABLE INCOME UNDER ARTICLE III OF THE TAX REFORM CODE OF 1971.

23 (F) APPLICATION TO ALTERNATIVE BASIS TAXATION.--THE
24 DEDUCTION AND EXCLUSION FROM TAXABLE INCOME SHALL APPLY TO ANY
25 ALTERNATIVE BASIS FOR CALCULATING TAXABLE INCOME UNDER ARTICLE
26 III OF THE TAX REFORM CODE OF 1971.

27 SECTION 8. DISTRIBUTION OF MONEY.

28 UPON PROOF OF DEATH OF AN ACCOUNT HOLDER, A FINANCIAL
29 INSTITUTION SHALL DISTRIBUTE THE ACCOUNT IN ACCORDANCE WITH THE
30 CONTRACT TERMS GOVERNING THE ACCOUNT.

1 SECTION 9. WITHDRAWAL FOR PURPOSE OTHER THAN ELIGIBLE COSTS.

2 IF AN ACCOUNT HOLDER OR QUALIFIED BENEFICIARY WITHDRAWS ANY
3 AMOUNT FROM AN ACCOUNT AND USES THE WITHDRAWAL FOR A PURPOSE
4 OTHER THAN ELIGIBLE COSTS:

5 (1) THE ENTIRE AMOUNT WITHDRAWN SHALL BE INCLUDED IN THE
6 ACCOUNT HOLDER'S TAXABLE INCOME AS INTEREST INCOME UNDER
7 ARTICLE III OF THE TAX REFORM CODE OF 1971 FOR THE TAX YEAR
8 THE WITHDRAWAL WAS MADE.

9 (2) THE ACCOUNT HOLDER OR QUALIFIED BENEFICIARY SHALL
10 PAY TO THE DEPARTMENT OF REVENUE A PENALTY EQUAL TO 10% OF
11 THE AMOUNT WITHDRAWN. THE PENALTY MAY NOT APPLY TO MONEY
12 WITHDRAWN FROM AN ACCOUNT THAT WAS:

13 (I) WITHDRAWN BY REASON OF THE ACCOUNT HOLDER'S OR
14 THE QUALIFIED BENEFICIARY'S DEATH OR DISABILITY; OR

15 (II) A DISBURSEMENT OF ASSETS OF THE ACCOUNT
16 PURSUANT TO A FILING FOR PROTECTION UNDER 11 U.S.C.

17 (RELATING TO BANKRUPTCY).

18 SECTION 10. EFFECTIVE DATE.

19 THIS ACT SHALL TAKE EFFECT IN ONE YEAR.