

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 COMMITTEE SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 3392

6 By: Cargill, Cooksey and Jordan

7 COMMITTEE SUBSTITUTE

8 (Revenue and taxation - American Dream Act - income
9 tax deduction - first-time home ownership -
10 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 not to be
15 codified in the Oklahoma Statutes reads as follows:

16 This act shall be known and may be cited as the "American Dream
17 Act".

18 SECTION 2. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 2358.8 of Title 68, unless there
20 is created a duplication in numbering, reads as follows:

21 A. As used in this section:

22 1. "Closing costs" means expenditures for prepaid interest,
23 whether denominated as such or as "points", surveying fees,
24 inspection fees, fees for recordation of documents, credit history

1 research, private mortgage insurance, real estate broker fees, or
2 any other expense imposed upon the purchaser by the terms of the
3 real estate purchase contract, the terms of the borrowing for the
4 purchase money imposed by the lender of those funds, or otherwise
5 required to be paid by the person or persons who acquire title to
6 the qualified single-family residence;

7 2. "Down payment" means a cash amount, unencumbered in any way,
8 required by the seller or by the lender providing purchase money to
9 a buyer, in order to acquire a single-family residential dwelling;

10 3. "Qualified home purchase savings account" means a special
11 savings account created by an eligible financial institution
12 organized under the laws of the state or authorized to do business
13 in the state and created for the purpose of accumulating funds for
14 the down payment amount, eligible closing costs or both such payment
15 and costs for which the deduction authorized by this section is or
16 may be available;

17 4. "Qualified savings amount" means those deposits or
18 accumulations of interest upon deposits made to a qualified home
19 purchase savings account pursuant to the requirements of this
20 section;

21 5. "Qualified single-family residence" means improvements to
22 real property, regardless of whether title to such property has been
23 previously held by any other purchaser of the residence prior to the
24 date as of which title is acquired by an eligible taxpayer, used as

1 the principal dwelling of the eligible taxpayer and which
2 constitutes the first such residence to which the deduction claimant
3 has ever acquired title, either alone or jointly with any other
4 owner; and

5 6. "Single-family residential dwelling" means improvements to
6 real property suitable for occupancy as the primary residence, but
7 shall not include an apartment, duplex, town home or any other
8 structure that is leased by an owner to a tenant.

9 B. For taxable years beginning after December 31, 2008, a
10 resident individual may deduct from Oklahoma adjusted gross income
11 an amount equal to the following qualified savings amounts:

12 1. Two Thousand Five Hundred Dollars (\$2,500.00) per year for a
13 person whose filing status is single, married filing separate return
14 or head of household; or

15 2. Five Thousand Dollars (\$5,000.00) for married persons filing
16 a joint return.

17 C. If an individual claims the deduction authorized by this
18 section, and within seventy-two (72) months of the first deposit of
19 a qualified savings amount does not become the owner, either alone
20 or in joint tenancy, of a qualified single-family residence which
21 ownership shall be documented by a valid conveyance consisting of a
22 deed, warranty deed, special warranty deed, quitclaim deed, or any
23 other conveyance by a grantor or a person acting with lawful
24 authority with respect to the title to the real property described

1 in the conveyance, the individual shall be required to add to their
2 Oklahoma adjusted gross income the amount of any prior deduction
3 claimed on an income tax return in an amount equal to each prior
4 deduction for as many taxable years as a deduction was previously
5 allowed. The amount added to Oklahoma adjusted gross income on the
6 income tax return shall not be in excess of the deduction amount for
7 any single prior tax year for which the deduction was previously
8 allowed.

9 D. The maximum period of time that a taxpayer may accumulate
10 funds in a qualified home purchase savings account shall be five (5)
11 years ending on December 31 of the fifth calendar year following the
12 date of the opening of the account, inclusive of the calendar year
13 during which the account is first established.

14 E. The maximum qualified home purchase savings account balance
15 for which any deduction authorized by this section may be claimed
16 shall not exceed Twelve Thousand Five Hundred Dollars (\$12,500.00)
17 for a person whose filing status is single, married filing separate
18 return or head of household or Twenty-five Thousand Dollars
19 (\$25,000.00) for married persons filing a joint return. Both of
20 these amounts include any accumulated interest paid.

21 F. The taxpayer shall be required to provide adequate
22 documentation to the Oklahoma Tax Commission that the qualified home
23 purchase savings account balance, subject to the maximum prescribed
24 by subsection E of this section, was used to make a required down

1 payment or was used to pay for an eligible closing cost incurred by
2 the taxpayer as a contractual or other requirement in connection
3 with acquiring title to a qualified single-family residence.

4 G. The deduction authorized by this section shall be available
5 to a taxpayer who has acquired title to a single-family residential
6 dwelling located in this state for the first time, regardless of the
7 terms of the financing to acquire the eligible home. The deduction
8 authorized by this section shall be available even if the purchaser
9 is borrowing one hundred percent (100%) of the purchase money for
10 the single-family residential dwelling.

11 SECTION 3. This act shall become effective January 1, 2009.

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