

THE HOUSE OF REPRESENTATIVES  
Thursday, March 6, 2008

Committee Substitute for  
House Bill No. 3392

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 3392 - By: CARGILL, COOKSEY  
AND JORDAN of the House.

( revenue and taxation - American Dream Act - income tax deduction – first-  
time home ownership –  
effective date )

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

1 SECTION 1. NEW LAW A new section of law not to be codified in the  
2 Oklahoma Statutes reads as follows:

3 This act shall be known and may be cited as the “American Dream Act”.

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

7 A. As used in this section:

8 1. “Closing costs” means expenditures for prepaid interest, whether denominated  
9 as such or as “points”, surveying fees, inspection fees, fees for recordation of documents,  
10 credit history research, private mortgage insurance, real estate broker fees, or any other  
11 expense imposed upon the purchaser by the terms of the real estate purchase contract,  
12 the terms of the borrowing for the purchase money imposed by the lender of those funds,

1 or otherwise required to be paid by the person or persons who acquire title to the  
2 qualified single-family residence;

3 2. “Down payment” means a cash amount, unencumbered in any way, required by  
4 the seller or by the lender providing purchase money to a buyer, in order to acquire a  
5 single-family residential dwelling;

6 3. “Qualified home purchase savings account” means a special savings account  
7 created by an eligible financial institution organized under the laws of the state or  
8 authorized to do business in the state and created for the purpose of accumulating funds  
9 for the down payment amount, eligible closing costs or both such payment and costs for  
10 which the deduction authorized by this section is or may be available;

11 4. “Qualified savings amount” means those deposits or accumulations of interest  
12 upon deposits made to a qualified home purchase savings account pursuant to the  
13 requirements of this section;

14 5. “Qualified single-family residence” means improvements to real property,  
15 regardless of whether title to such property has been previously held by any other  
16 purchaser of the residence prior to the date as of which title is acquired by an eligible  
17 taxpayer, used as the principal dwelling of the eligible taxpayer and which constitutes  
18 the first such residence to which the deduction claimant has ever acquired title, either  
19 alone or jointly with any other owner; and

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

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

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

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

7 C. If an individual claims the deduction authorized by this section, and within  
8 seventy-two (72) months of the first deposit of a qualified savings amount does not  
9 become the owner, either alone or in joint tenancy, of a qualified single-family residence  
10 which ownership shall be documented by a valid conveyance consisting of a deed,  
11 warranty deed, special warranty deed, quitclaim deed, or any other conveyance by a  
12 grantor or a person acting with lawful authority with respect to the title to the real  
13 property described in the conveyance, the individual shall be required to add to their  
14 Oklahoma adjusted gross income the amount of any prior deduction claimed on an  
15 income tax return in an amount equal to each prior deduction for as many taxable years  
16 as a deduction was previously allowed. The amount added to Oklahoma adjusted gross  
17 income on the income tax return shall not be in excess of the deduction amount for any  
18 single prior tax year for which the deduction was previously allowed.

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

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

7 F. The taxpayer shall be required to provide adequate documentation to the  
8 Oklahoma Tax Commission that the qualified home purchase savings account balance,  
9 subject to the maximum prescribed by subsection E of this section, was used to make a  
10 required down payment or was used to pay for an eligible closing cost incurred by the  
11 taxpayer as a contractual or other requirement in connection with acquiring title to a  
12 qualified single-family residence.

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

18 SECTION 3. This act shall become effective January 1, 2009.  
19 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET,  
20 dated 03-05-08 - DO PASS, As Amended.

UNDERLINED language denotes Amendments to present Statutes.  
**BOLD FACE CAPITALIZED** language denotes Committee Amendments.  
~~Strike thru~~ language denotes deletion from present Statutes.