

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 HOUSE BILL 1519

By: Cockroft

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6 AS INTRODUCED

7 An Act relating to property; creating the Oklahoma
8 Homebuyers Savings Account Act; stating legislative
9 intent; defining terms; establishing the Home Buyers
10 Savings Account; providing for account holder
11 responsibilities; prohibiting certain actions by
12 financial institutions; providing for certain
13 deductions and exclusions; providing penalty for
14 certain withdrawal; requiring Oklahoma Tax Commission
15 to prepare forms and distribute material; providing
16 for codification; and providing an effective date.

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

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

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

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

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

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

8 1. "Account holder" 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
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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 account holder designates as a
5 homebuyer savings account on the account holder's state income tax
6 return for tax year 2017 or any tax year thereafter, pursuant to the
7 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 account
12 holder 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.

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 January 1, 2017, any individual may open an
2 account with a financial institution and designate the account, in
3 its 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 account holder shall designate a homebuyer as the
7 qualified beneficiary of the homebuyer savings account no later than
8 April 15 of the year following the tax year during which the account
9 is established. The account holder may designate himself or herself
10 as the qualified beneficiary and may change the designated qualified
11 beneficiary at any time, but there shall not be more than one
12 qualified beneficiary at any one time.

13 C. An individual may jointly own a homebuyer savings account
14 with another person if the joint account holders file a joint income
15 tax return.

16 D. An individual may be the account holder of more than one
17 homebuyer savings account. However, an account holder cannot have
18 multiple accounts that designate the same qualified beneficiary.

19 E. An individual may be designated as the qualified beneficiary
20 on more than one homebuyer savings account.

21 F. Only cash and marketable securities may be contributed to a
22 homebuyer savings account. Subject to the limitations of subsection
23 D of Section 6 of this act, persons other than the account holder
24 may contribute funds to a homebuyer savings account. There is no

1 limitation on the amount of contributions that may be made to or
2 retained in a homebuyer savings account.

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

6 A. The account holder:

7 1. Shall not use funds held in a homebuyer savings account to
8 pay expenses of administering the account, except that a service fee
9 may be deducted from the account by a financial institution in which
10 the account is held;

11 2. Shall submit to the Oklahoma Tax Commission, with the
12 account holder's state income tax return:

13 a. on forms prepared by the Oklahoma Tax Commission,
14 detailed information regarding the homebuyer savings
15 account, including a list of transactions for the
16 account during the tax year, and

17 b. the Form 1099 issued by the financial institution for
18 the account; and

19 3. Shall submit to the Oklahoma Tax Commission, upon a
20 withdrawal of funds from a homebuyer savings account, a detailed
21 account of the eligible costs toward which the account funds were
22 applied and a statement of the amount of funds remaining in the
23 account, if any.

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1 B. An account holder may withdraw funds, in whole or in part,
2 from a homebuyer savings account and deposit the funds in a new
3 homebuyer savings account held by a different financial institution
4 or the same financial institution.

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

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

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

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

14 3. Allocate funds in a homebuyer savings account among joint
15 account holders or multiple qualified beneficiaries; or

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

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

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

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

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

1 C. Upon being furnished proof of the death of the account
2 holder and such other information required by the contract governing
3 the homebuyer savings account, a financial institution shall
4 distribute the principal and accumulated interest or other income in
5 the account in accordance with the terms of the contract governing
6 the account.

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

10 A. Except as otherwise provided in the Oklahoma Homebuyers
11 Savings Account Act and subject to the limitations pursuant to this
12 section, there shall be deducted from taxable income of an account
13 holder for state income tax purposes the amount contributed to a
14 homebuyer savings account during each tax year, not to exceed Five
15 Thousand Dollars (\$5,000.00) for an account holder who files an
16 individual tax return or Ten Thousand Dollars (\$10,000.00) for joint
17 account holders who file a joint tax return.

18 B. Except as otherwise provided in this act and subject to the
19 limitations pursuant to this Section, there shall be excluded from
20 taxable income of an account holder for state income tax purposes
21 the amount of earnings, including interest and other income on the
22 principal, from the homebuyer savings account during the tax year.

23 C. An account holder may claim the deduction and exclusion
24 pursuant to this section:

1 1. For a period not to exceed ten (10) to fifteen (15) years;

2 2. For an aggregate total amount of principal and earnings not
3 to exceed Fifty Thousand Dollars (\$50,000.00) during that ten-to-
4 fifteen-year period;

5 3. Only if the principal and earnings of the account remain in
6 the account until a withdrawal is made for eligible costs related to
7 the purchase of a single-family residence by a qualified
8 beneficiary, except as otherwise provided in subsection B of Section
9 4 of this act.

10 D. A person other than the account holder who deposits funds in
11 a homebuyer savings account shall not be entitled to the deduction
12 and exclusion provided for in this act.

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

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

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

23 Except as otherwise authorized by subsection B of Section 4 of
24 the Oklahoma Homebuyers Savings Account Act, if the account holder

1 withdraws any funds from a homebuyer savings account for a purpose
2 other than eligible costs for the purchase of a single-family
3 residence:

4 1. Those funds shall be included in the account holder's
5 taxable income; and

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

9 a. withdrawn by reason of the account holder's death or
10 disability,

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

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

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

21 The Oklahoma Tax Commission shall prepare forms for:

22 1. The designation of an account with a financial institution
23 to serve as a homebuyer savings account;

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1 2. The designation of a qualified beneficiary of a homebuyer
2 savings account; and

3 3. For an account holder 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 the
6 account during the tax year, and identifying any supporting
7 documentation that is required to be maintained by the account
8 holder.

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 prepare and distribute
13 informational materials on the Oklahoma Homebuyer Savings Account
14 program to financial institutions and potential homebuyers to
15 publicize the availability of the program.

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

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