

BILL SUMMARY
1st Session of the 56th Legislature

Bill No.:	HB 1519
Version:	CCR A
Request Number:	NA
Author:	Rep. Cockroft
Date:	5/10/2017
Impact:	Tax Commission:
	Minimal Revenue Decrease in FY-18

Research Analysis

Please see previous summary of this measure.

Prepared By: Marcia Goff

Fiscal Analysis

From the Tax Commission:

The conference committee report for HB 1519 proposes to enact the Oklahoma Homebuyers Savings Account Act , creating a new Oklahoma income tax deduction, which would allow Oklahoma residents to deduct from Oklahoma taxable income the amount of earnings, including interest and other income on the principal in a homebuyer savings account.

Beginning January 1, 2017, Oklahoma residents may establish homebuyer savings accounts which would allow Oklahoma residents to deduct from Oklahoma taxable income the amount of earnings, including interest and other income on the principal in a homebuyer savings account. Only account holders are eligible for the deduction and funds from these accounts must be used for eligible costs. Eligible costs are defined as the down payment and allowable closing costs for the purchase of a single-family residence by a qualified beneficiary. If the funds in a homebuyer savings account are used for non-eligible expenses, then those amounts must be added back to taxable income and there is an additional 10% penalty.

The Tax Commission is directed to prepare a variety of forms to implement this deduction as well as prepare informational materials on the Oklahoma Homebuyer Savings Account program and post that information on the Tax Commission's website.

This measure has minimal negative impact on income tax collections, beginning with tax year 2017. No changes to withholding or estimated tax are anticipated so the impact should all occur in FY18 when the 2017 income tax returns are filed.

¹ This proposed measure is contained in Title 60 (Property), and not in Title 68 (Revenue and Taxation) of the Oklahoma Statutes.

¹ Accounts may be held jointly.

¹ Single-family residence is defined as a single-family residence owned and occupied by a qualified beneficiary as the qualified beneficiary's principal residence, which may include a manufactured home, trailer, mobile home, condominium unit or cooperative. There is no requirement the residence be in Oklahoma.

¹ Data from the Oklahoma Association of Realtors indicates that, as of December 2016, 3,727 single family homes were sold per month – this equates to 44,724 annually. *RESTATS Navigator; Oklahoma Association of Realtors December 2016.*

Prepared By: Mark Tygret

Other Considerations

None.

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