

<DateSubmitted>

HOUSE OF REPRESENTATIVES  
CONFERENCE COMMITTEE REPORT

Mr. President:  
Mr. Speaker:

The Conference Committee, to which was referred

**HB1519**

By: Cockroft of the House and Smalley of the Senate

Title: Property; creating the Homebuyers Savings Account Act; effective date.

Together with Engrossed Senate Amendments thereto, beg leave to report that we have had the same under consideration and herewith return the same with the following recommendations:

1. That the House concurs in the Senate Amendment;
2. By adopting the following conference committee amendment to restore the title to read as follows:

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

Respectfully submitted,

House Action \_\_\_\_\_ Date \_\_\_\_\_ Senate Action \_\_\_\_\_ Date \_\_\_\_\_

**SENATE CONFEREES**

Allen \_\_\_\_\_  
Bass \_\_\_\_\_  
Bergstrom \_\_\_\_\_  
Bice \_\_\_\_\_  
Boggs \_\_\_\_\_  
Brecheen \_\_\_\_\_  
Brown \_\_\_\_\_  
Dahm \_\_\_\_\_  
Daniels \_\_\_\_\_  
David \_\_\_\_\_  
Dossett \_\_\_\_\_  
Dugger \_\_\_\_\_  
Fields \_\_\_\_\_  
Floyd \_\_\_\_\_  
Fry \_\_\_\_\_  
Griffin \_\_\_\_\_  
Holt \_\_\_\_\_  
Jech \_\_\_\_\_  
Kidd \_\_\_\_\_  
Leewright \_\_\_\_\_  
Marlatt \_\_\_\_\_  
Matthews \_\_\_\_\_  
McCortney \_\_\_\_\_  
Newberry \_\_\_\_\_

Newhouse \_\_\_\_\_  
Paxton \_\_\_\_\_  
Pederson \_\_\_\_\_  
Pemberton \_\_\_\_\_  
Pittman \_\_\_\_\_  
Pugh \_\_\_\_\_  
Quinn \_\_\_\_\_  
Rader \_\_\_\_\_  
Scott \_\_\_\_\_  
Sharp \_\_\_\_\_  
Shaw \_\_\_\_\_  
Silk \_\_\_\_\_  
Simpson \_\_\_\_\_  
Smalley \_\_\_\_\_  
Sparks \_\_\_\_\_  
Standridge \_\_\_\_\_  
Stanislawski \_\_\_\_\_  
Sykes \_\_\_\_\_  
Thompson \_\_\_\_\_  
Yen \_\_\_\_\_

House Action \_\_\_\_\_ Date \_\_\_\_\_

Senate Action \_\_\_\_\_ Date \_\_\_\_\_

1 ENGROSSED SENATE AMENDMENT  
TO  
2 ENGROSSED HOUSE  
BILL NO. 1519

By: Cockroft and Bennett (John)  
of the House

and

Smalley of the Senate

[ property - Oklahoma Homebuyers Savings Account  
Act - effective date ]

AMENDMENT NO. 1. Page 1, strike the stricken title, enacting clause  
and entire bill and insert

"[ property - Oklahoma Homebuyers Savings Account Act  
- codification - effective date ]

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

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

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

B. The Oklahoma Legislature recognizes that saving for a down  
payment and closing costs for the purchase of a home is very

1 challenging in today's economy. The Oklahoma Legislature declares  
2 that homebuyer savings accounts provide an opportunity for Oklahoma  
3 residents to save and grow funds for homeownership. The purpose of  
4 the Homebuyers Savings Account Program is to enable residents of  
5 Oklahoma to benefit from the tax incentive provided for qualified  
6 homebuyers and to provide residents with meaningful incentives to  
7 save for the purchase of a home within the state.

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

11 As used in the Oklahoma Homebuyers Savings Account Act:

12 1. "Accountholder" means an individual who establishes,  
13 individually or jointly with one or more other individuals, a  
14 homebuyer savings account;

15 2. "Allowable closing costs" means a disbursement listed on a  
16 settlement statement for the purchase of a single-family residence  
17 by a qualified beneficiary;

18 3. "Eligible costs" means the down payment and allowable  
19 closing costs for the purchase of a single-family residence by a  
20 qualified beneficiary;

21 4. "Financial institution" means any bank, trust company,  
22 savings institution, credit union or any benefit association, money  
23 market mutual fund or similar entity authorized to do business in  
24 this state;

1       5. "Homebuyer" means an individual who resides in this state  
2 and has not owned or purchased, either individually or jointly, a  
3 single-family residence during a period of five (5) years prior to  
4 the date of the purchase of a single-family residence;

5       6. "Homebuyer savings account" or "account" means an account  
6 with a financial institution that an accountholder designates as a  
7 homebuyer savings account on the accountholder's state income tax  
8 return for tax year 2019 or any tax year thereafter, pursuant to the  
9 Oklahoma Homebuyers Savings Account Act for the purpose of paying or  
10 reimbursing eligible costs for the purchase of a single-family  
11 residence in Oklahoma by a qualified beneficiary;

12       7. "Qualified beneficiary" means a homebuyer who is designated  
13 as the qualified beneficiary of an account designated by the  
14 accountholder as a homebuyer savings account;

15       8. "Settlement statement" means the statement of receipts and  
16 disbursements for a transaction related to real estate, including a  
17 statement prescribed pursuant to the Real Estate Settlement  
18 Procedures Act of 1974, 12 U.S.C., Section 2601 et seq., as amended,  
19 and regulations thereunder; and

20       9. "Single-family residence" means a single-family residence  
21 owned and occupied by a qualified beneficiary as the qualified  
22 beneficiary's principal residence, which may include a manufactured  
23 home, mobile home, condominium unit or cooperative.

1 SECTION 3. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 1203 of Title 60, unless there  
3 is created a duplication in numbering, reads as follows:

4 A. Beginning January 1, 2019, any individual may open an  
5 account with a financial institution and designate the account, in  
6 its entirety, as a homebuyer savings account to be used to pay or  
7 reimburse a qualified beneficiary's eligible costs for the purchase  
8 of a single-family residence in Oklahoma.

9 B. An individual may jointly own a homebuyer savings account  
10 with another person if the joint accountholders file a joint income  
11 tax return.

12 C. Only cash and marketable securities may be contributed to a  
13 homebuyer savings account. Subject to the limitations of subsection  
14 D of Section 6 of this act, persons other than the accountholder may  
15 contribute funds to a homebuyer savings account. The limitation on  
16 the amount of contributions that may be made to or retained in a  
17 homebuyer savings account is Twenty-five Thousand Dollars  
18 (\$25,000.00).

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

22 A. The accountholder shall:

23 1. Not hold more than one homebuyer savings account  
24 individually or jointly at one time;

1        2. Not use funds held in a homebuyer savings account to pay  
2 expenses of administering the account, except that a service fee may  
3 be deducted from the account by a financial institution in which the  
4 account is held;

5        3. Submit to the Oklahoma Tax Commission, with the  
6 accountholder's state income tax return:

7            a. on forms prepared by the Oklahoma Tax Commission,  
8            detailed information regarding the homebuyer savings  
9            account, including a list of transactions for the  
10           account during the tax year, and

11           b. the Form 1099 issued by the financial institution for  
12           the account; and

13        4. Submit to the Oklahoma Tax Commission, upon a withdrawal of  
14 funds from a homebuyer savings account, a detailed account of the  
15 eligible costs toward which the account funds were applied and a  
16 statement of the amount of funds remaining in the account, if any.

17        B. An accountholder may withdraw funds, in whole or in part,  
18 from a homebuyer savings account and deposit the funds in a new  
19 homebuyer savings account held by a different financial institution  
20 or the same financial institution.

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

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

- 1           1. Designate an account as a homebuyer savings account or  
2 designate the qualified beneficiaries of an account in the financial  
3 institution's account contracts or systems or in any other way;
- 4           2. Track the use of money withdrawn from a homebuyer savings  
5 account;
- 6           3. Allocate funds in a homebuyer savings account among joint  
7 accountholders; or
- 8           4. Report any information to the Oklahoma Tax Commission or any  
9 other governmental agency that is not otherwise required by law.
- 10          B. A financial institution is not responsible or liable for:
- 11           1. Determining or ensuring that an account satisfies the  
12 requirements to be a homebuyer savings account;
- 13           2. Determining or ensuring that funds in a homebuyer savings  
14 account are used for eligible costs; or
- 15           3. Reporting or remitting taxes or penalties related to the use  
16 of a homebuyer savings account.
- 17          C. Upon being furnished proof of the death of the accountholder  
18 and such other information required by the contract governing the  
19 homebuyer savings account, a financial institution shall distribute  
20 the principal and accumulated interest or other income in the  
21 account in accordance with the terms of the contract governing the  
22 account.

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

4           A. Except as otherwise provided in this act and subject to the  
5 limitations pursuant to this section, there shall be excluded from  
6 taxable income of an accountholder for state income tax purposes the  
7 amount of earnings, including interest and other income on the  
8 principal, from the homebuyer savings account during the tax year.

9           B. An accountholder may claim the deduction and exclusion  
10 pursuant to this section:

- 11           1. For a period not to exceed ten (10) years;
- 12           2. For an aggregate total amount of earnings not to exceed Five  
13 Thousand Dollars (\$5,000.00) during that ten-year period; and
- 14           3. Only if the principal and earnings of the account remain in  
15 the account until a withdrawal is made for eligible costs related to  
16 the purchase of a single-family residence by a qualified  
17 beneficiary, except as otherwise provided in subsection B of Section  
18 4 of this act.

19           C. Any interest earned in a homebuyer savings account not  
20 expended on eligible costs by December 31 of the last year of the  
21 ten-year period pursuant to this section shall thereafter be  
22 included in the accountholder's taxable income.

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1 D. The deduction and exclusion from taxable income provided for  
2 by this act shall apply to any alternative basis for calculating  
3 taxable income for state income tax purposes.

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

7 Except as otherwise authorized by subsection B of Section 4 of  
8 the Oklahoma Homebuyers Savings Account Act, if the accountholder  
9 withdraws any funds from a homebuyer savings account for a purpose  
10 other than eligible costs for the purchase of a single-family  
11 residence:

12 1. The accumulated interest earned from those funds shall be  
13 included in the accountholder's taxable income for the year of the  
14 withdrawal; and

15 2. The accountholder shall pay a penalty to the Oklahoma Tax  
16 Commission equal to ten percent (10%) of the amount of the interest  
17 earned on the funds withdrawn. The penalty shall not apply to the  
18 interest earned of the funds withdrawn that were:

- 19 a. withdrawn by reason of the accountholder's death or  
20 disability,
- 21 b. a disbursement of assets of the account pursuant to a  
22 filing for protection pursuant to the United States  
23 Bankruptcy Code, 11 U.S.C., Section 101 et seq., or  
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1           c.     transferred from an account established pursuant to  
2                    this act into another account established pursuant to  
3                    this act in accordance with subsection B of Section 4  
4                    of this act.

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

8           The Oklahoma Tax Commission shall prepare forms:

- 9           1.   For the designation of an account with a financial  
10 institution to serve as a homebuyer savings account; and  
11           2.   For an accountholder to annually submit to the Oklahoma Tax  
12 Commission detailed information regarding the homebuyer savings  
13 account, including, but not limited to, a list of transactions for  
14 the account during the tax year, and identifying any supporting  
15 documentation that is required to be maintained by the  
16 accountholder.

17           SECTION 9.       NEW LAW       A new section of law to be codified  
18 in the Oklahoma Statutes as Section 1209 of Title 60, unless there  
19 is created a duplication in numbering, reads as follows:

20           The Oklahoma Tax Commission shall post information regarding the  
21 Oklahoma Homebuyers Savings Account Program on its website to  
22 publicize the availability of the program.

23           SECTION 10.   This act shall become effective November 1, 2017."  
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1 Passed the Senate the 25th day of April, 2017.

2  
3 \_\_\_\_\_  
4 Presiding Officer of the Senate

5 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
6 2017.

7  
8 \_\_\_\_\_  
9 Presiding Officer of the House  
10 of Representatives

1 ENGROSSED HOUSE  
2 BILL NO. 1519

By: Cockroft and Bennett (John)  
of the House

3 and

4 Smalley of the Senate

5  
6  
7 [ property - Oklahoma Homebuyers Savings Account  
8 Act - effective date ]  
9  
10

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

12 SECTION 11. NEW LAW A new section of law to be codified  
13 in the Oklahoma Statutes as Section 1201 of Title 60, unless there  
14 is created a duplication in numbering, reads as follows:

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

17 B. The Oklahoma Legislature recognizes that saving for a down  
18 payment and closing costs for the purchase of a home is very  
19 challenging in today's economy. The Oklahoma Legislature declares  
20 that homebuyer savings accounts provide an opportunity for Oklahoma  
21 residents to save and grow funds for homeownership. The purpose of  
22 the Homebuyers Savings Account Program is to enable residents of  
23 Oklahoma to benefit from the tax incentive provided for qualified  
24

1 homebuyers and to provide residents with meaningful incentives to  
2 save for the purchase of a home within the state.

3 SECTION 12. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 1202 of Title 60, unless there  
5 is created a duplication in numbering, reads as follows:

6 As used in the Oklahoma Homebuyers Savings Account Act:

7 1. "Accountholder" means an individual who establishes,  
8 individually or jointly with one or more other individuals, a  
9 homebuyer savings account;

10 2. "Allowable closing costs" means a disbursement listed on a  
11 settlement statement for the purchase of a single-family residence  
12 by a qualified beneficiary;

13 3. "Eligible costs" means the down payment and allowable  
14 closing costs for the purchase of a single-family residence by a  
15 qualified beneficiary;

16 4. "Financial institution" means any bank, trust company,  
17 savings institution, industrial loan association, consumer finance  
18 company, credit union or any benefit association, insurance company,  
19 safe deposit company, money market mutual fund or similar entity  
20 authorized to do business in this state;

21 5. "Homebuyer" means an individual who resides in this state  
22 and has not owned or purchased, either individually or jointly, a  
23 single-family residence during a period of three (3) years prior to  
24 the date of the purchase of a single-family residence;

1           6. "Homebuyer savings account" or "account" means an account  
2 with a financial institution that an accountholder designates as a  
3 homebuyer savings account on the accountholder's state income tax  
4 return for tax year 2017 or any tax year thereafter, pursuant to the  
5 Oklahoma Homebuyers Savings Account Act for the purpose of paying or  
6 reimbursing eligible costs for the purchase of a single-family  
7 residence in Oklahoma by a qualified beneficiary;

8           7. "Qualified beneficiary" means a homebuyer who is designated  
9 as the qualified beneficiary of an account designated by the  
10 accountholder as a homebuyer savings account;

11           8. "Settlement statement" means the statement of receipts and  
12 disbursements for a transaction related to real estate, including a  
13 statement prescribed pursuant to the Real Estate Settlement  
14 Procedures Act of 1974, 12 U.S.C., Section 2601 et seq., as amended,  
15 and regulations thereunder; and

16           9. "Single-family residence" means a single-family residence  
17 owned and occupied by a qualified beneficiary as the qualified  
18 beneficiary's principal residence, which may include a manufactured  
19 home, trailer, mobile home, condominium unit or cooperative.

20           SECTION 13.       NEW LAW       A new section of law to be codified  
21 in the Oklahoma Statutes as Section 1203 of Title 60, unless there  
22 is created a duplication in numbering, reads as follows:

23           A. Beginning January 1, 2017, any individual may open an  
24 account with a financial institution and designate the account, in

1 its entirety, as a homebuyer savings account to be used to pay or  
2 reimburse a qualified beneficiary's eligible costs for the purchase  
3 of a single-family residence in Oklahoma.

4 B. An individual may jointly own a homebuyer savings account  
5 with another person if the joint accountholders file a joint income  
6 tax return.

7 C. Only cash and marketable securities may be contributed to a  
8 homebuyer savings account. Subject to the limitations of subsection  
9 D of Section 6 of this act, persons other than the accountholder may  
10 contribute funds to a homebuyer savings account. The limitation on  
11 the amount of contributions that may be made to or retained in a  
12 homebuyer savings account is Twenty-five Thousand Dollars  
13 (\$25,000.00).

14 SECTION 14. NEW LAW A new section of law to be codified  
15 in the Oklahoma Statutes as Section 1204 of Title 60, unless there  
16 is created a duplication in numbering, reads as follows:

17 A. The accountholder shall:

18 1. Not use funds held in a homebuyer savings account to pay  
19 expenses of administering the account, except that a service fee may  
20 be deducted from the account by a financial institution in which the  
21 account is held;

22 2. Submit to the Oklahoma Tax Commission, with the  
23 accountholder's state income tax return:

24

1 a. on forms prepared by the Oklahoma Tax Commission,  
2 detailed information regarding the homebuyer savings  
3 account, including a list of transactions for the  
4 account during the tax year, and

5 b. the Form 1099 issued by the financial institution for  
6 the account; and

7 3. Submit to the Oklahoma Tax Commission, upon a withdrawal of  
8 funds from a homebuyer savings account, a detailed account of the  
9 eligible costs toward which the account funds were applied and a  
10 statement of the amount of funds remaining in the account, if any.

11 B. An accountholder may withdraw funds, in whole or in part,  
12 from a homebuyer savings account and deposit the funds in a new  
13 homebuyer savings account held by a different financial institution  
14 or the same financial institution.

15 SECTION 15. NEW LAW A new section of law to be codified  
16 in the Oklahoma Statutes as Section 1205 of Title 60, unless there  
17 is created a duplication in numbering, reads as follows:

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

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

22 2. Track the use of money withdrawn from a homebuyer savings  
23 account;

1           3. Allocate funds in a homebuyer savings account among joint  
2           accontholders; or

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

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

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

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

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

12          C. Upon being furnished proof of the death of the accountholder  
13          and such other information required by the contract governing the  
14          homebuyer savings account, a financial institution shall distribute  
15          the principal and accumulated interest or other income in the  
16          account in accordance with the terms of the contract governing the  
17          account.

18          SECTION 16.        NEW LAW        A new section of law to be codified  
19          in the Oklahoma Statutes as Section 1206 of Title 60, unless there  
20          is created a duplication in numbering, reads as follows:

21          A. Except as otherwise provided in this act and subject to the  
22          limitations pursuant to this section, there shall be excluded from  
23          taxable income of an accountholder for state income tax purposes the  
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1 amount of earnings, including interest and other income on the  
2 principal, from the homebuyer savings account during the tax year.

3 B. An accountholder may claim the deduction and exclusion  
4 pursuant to this section:

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

6 2. For an aggregate total amount of principal and earnings not  
7 to exceed Five Thousand Dollars (\$5,000.00) during that ten-to-  
8 fifteen-year period; and

9 3. Only if the principal and earnings of the account remain in  
10 the account until a withdrawal is made for eligible costs related to  
11 the purchase of a single-family residence by a qualified  
12 beneficiary, except as otherwise provided in subsection B of Section  
13 4 of this act.

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

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

21 SECTION 17. NEW LAW A new section of law to be codified  
22 in the Oklahoma Statutes as Section 1207 of Title 60, unless there  
23 is created a duplication in numbering, reads as follows:

24

1 Except as otherwise authorized by subsection B of Section 4 of  
2 the Oklahoma Homebuyers Savings Account Act, if the accountholder  
3 withdraws any funds from a homebuyer savings account for a purpose  
4 other than eligible costs for the purchase of a single-family  
5 residence:

6 1. Those funds shall be included in the accountholder's taxable  
7 income; and

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

11 a. withdrawn by reason of the accountholder's death or  
12 disability,

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

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

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

23 The Oklahoma Tax Commission shall prepare forms:  
24

1           1. For the designation of an account with a financial  
2 institution to serve as a homebuyer savings account; and

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

9           SECTION 19.       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 post information regarding the  
13 Oklahoma Homebuyers Savings Account Program on its website to  
14 publicize the availability of the program.

15           SECTION 20. This act shall become effective November 1, 2017.

16           Passed the House of Representatives the 7th day of March, 2017.

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\_\_\_\_\_  
Presiding Officer of the House  
of Representatives

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Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2017.

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Presiding Officer of the Senate

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