<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 Senate recede from its amendment; and
2. That the attached Conference Committee Substitute be adopted.

Respectfully submitted,

House Action ________________ Date _________ Senate Action ________________ Date _________

HB1519 CCR B

SENATE CONFEREES

Allen		Newhouse	
Bass		Paxton	
Bergstrom		Pederson	
Bice		Pemberton	
Boggs		Pittman	
Brecheen		Pugh	
Brown		Quinn	
Dahm		Rader	
Daniels		Scott	
David		Sharp	
Dossett		Shaw	
Dugger		Silk	
Fields		Simpson	
Floyd		Smalley	
Fry		Sparks	
Griffin		Standridge	
Holt		Stanislawski	
Jech		Sykes	
Kidd		Thompson	
Leewright		Yen	
Marlatt			
Matthews			
McCortney			
Newberry			

House Action ____________________ Date __________ Senate Action ____________________ Date __________

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

CONFERENCE COMMITTEE SUBSTITUTE FOR ENGROSSED HOUSE BILL NO. 1519

By: Cockroft and Bennett (John) of the House

and

Smalley of the Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to property; creating the Oklahoma Homebuyers Savings Account Act; stating legislative intent; defining terms; establishing the Homebuyers Savings Account Program; providing for accountholder 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.

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 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 the Homebuyers Savings Account Program is to enable residents of Oklahoma to benefit from the tax incentive provided for qualified homebuyers and to provide residents with meaningful incentives to save for the purchase of a home within the state.

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

As used in the Oklahoma Homebuyers Savings Account Act:

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

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

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

4. "Financial institution" means any bank, trust company, savings institution, credit union or any benefit association or similar entity authorized to do business in this state;

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

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

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

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

9. "Single-family residence" means a single-family residence owned and occupied by a qualified beneficiary as the qualified

beneficiary's principal residence, which may include a manufactured home, mobile home, condominium unit or cooperative.

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

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

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

C. Only cash and marketable securities may be contributed to a homebuyer savings account. Subject to the limitations of subsection D of Section 6 of this act, persons other than the accountholder may contribute funds to a homebuyer savings account. The limitation on the amount of contributions that may be made to or retained in a homebuyer savings account is Twenty-five Thousand Dollars ($25,000.00); however, the total amount retained in a homebuyer savings account may include the total contributions plus the accrued earnings from the contribution.

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

A. The accountholder shall:

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

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

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

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

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

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

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

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

A. A financial institution shall not be required to:

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

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

3. Allocate funds in a homebuyer savings account among joint accountholders; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Oklahoma Tax Commission shall prepare forms:

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

2. For an accountholder to annually submit to the Oklahoma Tax Commission detailed information regarding the homebuyer savings account, including, but not limited to, a list of transactions for the account during the tax year, and identifying any supporting documentation that is required to be maintained by the accountholder.

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

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

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

56-1-7898 LRB 05/10/17