

REVISED

STATEMENT OF PURPOSE

RS27634 / H0483

The purpose of this legislation is to establish First-time Homebuyer Savings Accounts. Similar to existing Idaho tax-advantaged savings accounts for healthcare and educational purposes, Idaho's First-time Homebuyer Savings Accounts would encourage individuals to save for their first home, including down-payment on a home, or other eligible home costs associated with closing on their first home in Idaho. The allowable tax deduction for an individual account holder is \$15,000 per year, while the allowable tax deduction for a married couple is \$30,000 per year. The proposed legislation mirrors existing Idaho code for reporting and depository related matters for other tax-advantaged savings accounts in Idaho.

FISCAL NOTE

Assumptions: IHFA determined there to be about 13,200 non-repeating first-time homebuyers in Idaho in 2019. We, (IR, DFM), expect 10 percent (1,320) of that universe to open a FTHBSA in the first year with a 60/40 split favoring married couples. Individuals are taxed on 6.02% of their income for state taxes, while married couples are taxed at a rate of 6.19%.

Calculation: There are a total of 792 married, 528 individual FTHBSA in our applicable universe.

If the joint accounts save a total of \$30,000 per year, they would be saving \$1,857 in taxes, costing the state \$1,470,744 in revenue.

If the individual accounts each save a total of \$15,000 per year, they would be saving \$903 in taxes, costing the state \$476,784 in revenue.

Therefore, our bill has a Fiscal Note of \$1,947,528.

Contact:

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).