

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 589

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO FIRST-TIME HOME BUYERS; AMENDING CHAPTER 30, TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-3022V, IDAHO CODE, TO DEFINE TERMS AND TO PROVIDE FOR FIRST-TIME HOME BUYER SAVINGS ACCOUNTS; AND DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Chapter 30, Title 63, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 63-3022V, Idaho Code, and to read as follows:

63-3022V. DEDUCTION FOR FIRST-TIME HOME BUYERS. (1) As used in this section:

(a) "Account holder" means an individual who resides in Idaho, who has filed an income tax return in Idaho for the most recent taxable year, who is a first-time home buyer, and who establishes, individually or jointly, a first-time home buyer savings account. A married individual living in Idaho who is also a first-time home buyer, filing separately, may be an account holder if the account is established separately from the person's spouse. Married individuals filing jointly are considered the account holder if they both reside in Idaho, if at least one (1) of them has filed an income tax return in Idaho for the most recent taxable year, and if at least one (1) of them is a first-time home buyer.

(b) "Commission" means the Idaho state tax commission.

(c) "Depository" means a state or national bank, a savings and loan association, a credit union, or a trust company authorized to act as a fiduciary, authorized to do business in Idaho.

(d) (i) "Eligible home costs" means:

1. The down payment for the purchase of a single-family residence in Idaho; or

2. A cost, fee, tax, or payment incurred by, charged to, or assigned to an account holder for the purchase of a single-family residence in Idaho and listed on the statement of receipts and disbursements for the sale, including any statement prescribed by 12 CFR 1026.38, as amended.

(ii) "Eligible home costs" also includes any United States veterans administration funding fee incurred by, charged to, or assigned to a designated beneficiary in connection with a veterans administration home loan guaranty program.

(e) "First-time home buyer" means an individual who resides in Idaho, who has filed an income tax return in Idaho for the most recent taxable year, and who does not own, either individually or jointly, a single-family or multifamily residence and who has never owned or purchased,

1 either individually or jointly, a single-family residence in any loca-
2 tion.

3 (f) "First-time home buyer savings account" means an account estab-
4 lished in Idaho with a depository to pay the eligible home costs of the
5 account holder or to reimburse the account holder's eligible home costs
6 in connection with a qualified home purchase.

7 (g) "Qualified home purchase" means, with respect to a first-time home
8 buyer savings account, the purchase of a single-family residence in
9 Idaho by the account holder on the date or after the date the account
10 holder opened a first-time home buyer savings account.

11 (h) "Single-family residence" means a residential dwelling owned and
12 occupied, or under contract to be constructed, by an account holder as
13 the account holder's principal residence, including but not limited to
14 a manufactured home, mobile home, condominium unit, or townhome.

15 (2) For taxable years commencing on and after January 1, 2020, annual
16 contributions and interest earned on a first-time home buyer savings account
17 may be deducted from the taxable income of the account holder. Annual de-
18 ductions shall not exceed fifteen thousand dollars (\$15,000) per year for an
19 individual or thirty thousand dollars (\$30,000) per year for a married cou-
20 ple filing jointly. Annual contributions to a first-time home buyer savings
21 account shall not exceed the amount deductible under this section. Interest
22 earned on the account shall be tax deferred provided such funds are used for a
23 qualified home purchase subject to this section.

24 (3) The account holder shall be the beneficiary of the first-time home
25 buyer savings account. The designation shall be made on forms provided by
26 the commission during the year following the date on which the account is es-
27 tablished.

28 (4) No withdrawals may be made from a first-time home buyer savings ac-
29 count within the first thirty (30) days from the establishment of the ac-
30 count. Thereafter, funds held in a first-time home buyer savings account
31 may be withdrawn by the account holder at any time. Deposits into a first-
32 time home buyer savings account shall not exceed one hundred thousand dol-
33 lars (\$100,000) for the lifetime of the account. Withdrawals for the pur-
34 pose of paying eligible home costs shall not be subject to the tax imposed in
35 this chapter. The burden of proving that a withdrawal from a first-time home
36 buyer savings account was made for an eligible home cost is solely upon the
37 account holder. Other withdrawals shall be subject to the following:

38 (a) The withdrawal of funds by the account holder for purposes other
39 than the payment of eligible home costs shall be subject to taxes other-
40 wise due.

41 (b) The direct transfer of funds from a first-time home buyer savings
42 account to another first-time home buyer savings account at a differ-
43 ent depository shall not be considered a withdrawal for purposes of this
44 section. Charges relating to the administration and maintenance of the
45 account by the depository are not withdrawals for purposes of this sec-
46 tion.

47 (c) Funds deposited in a first-time home buyer savings account that
48 are deposited in error or unintentionally and that are withdrawn within
49 fifteen (15) days of being deposited shall be treated as if the amounts
50 had not been deposited in the first-time home buyer savings account.

1 (d) Funds withdrawn from a first-time home buyer savings account that
2 are redeposited into a first-time home buyer savings account within
3 fifteen (15) days of being withdrawn shall be treated as if the amounts
4 had not been withdrawn from the first-time home buyer savings account.

5 (e) Upon the death of an account holder, the account principal, as
6 well as any interest accumulated thereon, shall be distributed without
7 penalty to a beneficiary or beneficiaries designated by the account
8 holder. Any taxes that are owing on the funds shall be paid by the bene-
9 ficiary or beneficiaries.

10 (5) In the case of first-time home buyer savings accounts, account
11 holders shall provide to the state tax commission, in the routine fashion
12 used for all interest-bearing accounts, the same information that is pro-
13 vided for any interest-bearing bank account and shall also include an attes-
14 tation under the penalty of perjury that the account holder is a first-time
15 home buyer as defined in this section. To minimize the burden of reporting,
16 the information shall be provided in the format in which information is
17 provided for any interest-bearing bank account to the state tax commission.
18 Depositories shall report withdrawals within ninety (90) days on a form pro-
19 vided by the commission. Account holders shall provide on any state income
20 tax form in which they take a deduction for a first-time home buyer savings
21 account the account number of their first-time home buyer savings account
22 and the depository at which the account is held.

23 (6) First-time home buyer savings accounts shall be nontransferable to
24 any person who is not the account holder.

25 (7) The commission shall promulgate rules to administer the provisions
26 of this section.

27 SECTION 2. An emergency existing therefor, which emergency is hereby
28 declared to exist, this act shall be in full force and effect on and after its
29 passage and approval, and retroactively to January 1, 2020.