

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
82nd Oregon Legislative Assembly  
2024 Regular Session  
Legislative Revenue Office

**Bill Number:** SB 1527 - A  
**Revenue Area:** Personal Income Tax  
**Economist:** Kyle Easton  
**Date:** 2/12/2024

*Only Impacts on Original or Engrossed Versions are Considered Official*

**Measure Description:**

Modifies provisions governing first-time home buyer savings accounts. Allows funds to be withdrawn without penalty from a first-time home buyer savings account if funds are used for a qualified purpose by a designated qualified beneficiary. Defines terms. Eliminates requirement of financial institutions to provide account certificate beginning with 2025 calendar year. Specifies financial institutions are not required to designate accounts as first-time home buyer savings account. Applies to first-time home buyer savings accounts created on or after January 1, 2025.

**Revenue Impact (in \$Millions):**

	Biennium		
	2023-25	2025-27	2027-29
General Fund	\$0	-\$1.7	-\$0.2

**Impact Explanation:**

Oregon provides a personal income tax subtraction available to first-time home buyers utilizing a first-time home buyer savings account. Taxpayers may annually subtract from taxable income, cash contributions to a first-time home buyer savings account along with earnings on deposits in the account, up to \$5,000 (single filing taxpayers) or \$10,000 (joint). First-time home buyer is defined as an Oregon resident who has not owned or purchased a single-family residence within three years of purchasing the single-family residence to which the first-time home buyer’s savings account funds were used.

Changes provided in measure regarding first-time home buyer savings accounts are expected to increase the use of such accounts causing a corresponding increase in use of the accompanying tax subtraction. Including qualified beneficiaries allows taxpayers to utilize a first-time home buyer savings account and tax subtraction for amounts contributed for use by the qualifying beneficiary, allowing a greater use of such accounts by individuals that are not themselves first-time home buyers. Lessening administrative requirements of financial institutions relating to first-time home buyer savings accounts is expected to increase the availability of such accounts as their designation is made the responsibility of the individual.

Revenue estimate was made through an analysis of historic use of the tax subtraction in relation to home purchases by first-time home buyers in Oregon. Estimate reflects existing law sunset which requires first-time home buyer savings accounts to be opened before January 1, 2027. As most use of such accounts is for a single year, revenue impact is expected to decrease in the 2027-29 biennium.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No

The policy purpose of this measure is to encourage more Oregonians to take advantage of first-time home buyer savings accounts.