

House Bill 530

By: Representative Williamson of the 115th

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to
2 financial institutions, so as to provide for definitions; to provide for the establishment of
3 first-time homebuyer savings accounts; to provide for restrictions of use and requirements
4 for maintaining such accounts; to authorize the charging of service fees for such accounts;
5 to provide for penalties for providing false information; to provide for rule-making authority;
6 to amend Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to
7 computation of taxable net income for Georgia income tax purposes, so as to provide for
8 income tax exemptions; to provide for penalties for unauthorized withdrawals; to provide for
9 definitions; to provide for related matters; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Chapter 1 of Title 7 of the Official Code of Georgia Annotated, relating to financial
13 institutions, is amended by adding a new article to read as follows:

14 "ARTICLE 8A

15 7-1-830.

16 As used in this article, the term:

17 (1) 'Eligible expenses' means the down payment and closing costs associated with the
18 purchase of a principal residence in this state by a first-time homebuyer.

19 (2) 'First-time homebuyer' means a resident of this state who has not previously, either
20 individually or jointly, owned a single-family residence in Georgia or any other state.

21 (3) 'First-time homebuyer savings account' means an account established by a first-time
22 homebuyer with a state or federally chartered bank, savings and loan association, credit
23 union, or trust company in this state to finance the purchase of a single-family residence
24 in this state.

25 (4) 'Single-family residence' means a single-family structure that is occupied for
26 residential purposes by a single family, including a condominium unit as defined by Code
27 Section 44-3-71 and a manufactured home which has become real property pursuant to
28 Part 4 of Article 2 of Chapter 2 of Title 8 or similar laws of other states.

29 7-1-831.

30 (a) A first-time homebuyer may establish, either individually or jointly with a spouse who
31 is also a first-time homebuyer, a first-time homebuyer savings account which shall be an
32 interest-bearing savings account. Married taxpayers electing to file separate returns or
33 separately on a joint return shall not establish or maintain a joint first-time homebuyer
34 savings account.

35 (b) The owner and administrator of a first-time homebuyer savings account shall be the
36 individual who establishes the account. A financial institution shall not be responsible for
37 the use or application of funds within a first-time homebuyer savings account solely
38 because the account is held at that financial institution.

39 7-1-832.

40 (a) The funds accumulated in a first-time homebuyer savings account shall be used for
41 eligible expenses within ten years of the date upon which the account was established. Any
42 funds not used for eligible expenses within ten years of the establishment of a first-time
43 homebuyer savings account shall revert to a standard interest-bearing savings account, the
44 tax exemption status of the account provided for in paragraph (11.2) of subsection (a) of
45 Code Section 48-7-27 shall be deemed expired, and a penalty of 10 percent of the funds in
46 the account shall be assessed to the account holder to be paid to the Department of
47 Revenue.

48 (b) The holder of a first-time homebuyer savings account shall maintain documentation
49 demonstrating withdrawals from the account were used for eligible expenses. The burden
50 of proof that withdrawals were used for eligible expenses is upon the holder of a first-time
51 homebuyer savings account. A penalty of 10 percent of the amount withdrawn from a
52 first-time homebuyer savings account shall be assessed to the account holder and paid to
53 the Department of Revenue when no evidence can be produced that such funds were used
54 for eligible expenses.

55 (c) Except for as provided in subsection (a) of this Code section, no limit shall be placed
56 on the amount of contributions that may be made to or retained in a first-time homebuyer
57 savings account.

58 (d) The financial institution holding a first-time homebuyer savings account may charge
59 a service fee for such account.

60 (e) Upon the death of an individual first-time homebuyer savings account holder, the
 61 financial institution holding such account shall issue any funds in the account to the estate
 62 of the account holder or to a properly designated pay on death beneficiary within 30 days
 63 of receipt of proof of death.

64 7-1-833.

65 It shall be a misdemeanor for a person to knowingly prepare or cause to be prepared a false
 66 claim, statement, or billing of eligible expenses to justify the withdrawal of money from
 67 a first-time homebuyer savings account.

68 7-1-834.

69 The department shall have the authority to promulgate rules and regulations to effectuate
 70 the objectives or provisions of this article."

71 **SECTION 2.**

72 Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to computation of
 73 taxable net income for Georgia income tax purposes, is amended by adding a new paragraph
 74 to subsection (a) to read as follows:

75 "(11.2) For taxable years beginning on or after January 1, 2016:

76 (A) The amount of contributions made by an account holder to a first-time homebuyer
 77 savings account, but not exceeding \$3,000.00 for any account holder who files an
 78 individual return, along with any interest and earnings received from such savings
 79 account, provided that such deductions shall be available only for ten taxable years
 80 following the opening of such savings account or until a withdrawal is made for eligible
 81 expenses, whichever comes first;

82 (B) The amount of contributions made to a first-time homebuyer savings account, but
 83 not exceeding \$6,000.00 for a married couple who are joint account holders and file a
 84 joint return, along with any interest and earnings received from such savings account,
 85 provided that such deductions shall be available only for ten taxable years following the
 86 opening of such savings account or until a withdrawal is made for eligible expenses,
 87 whichever comes first;

88 (C) For purposes of this paragraph, the amount of contributions made in a taxable year
 89 in excess of the amounts specified in subparagraphs (A) and (B) of this paragraph may
 90 be carried over to a subsequent tax year, provided that the maximum amounts of such
 91 subparagraphs are not exceeded for any one year;

92 (D) If a withdrawal from a first-time homebuyer savings account is used for purposes
 93 other than eligible expenses as set forth in Article 8A of Chapter 1 of Title 7, a penalty

94 shall be imposed of 10 percent of the amount withdrawn as an estimation of interest and
 95 earnings of the account. Such penalty shall not apply to:
 96 (i) Withdrawals made due to death of the account holder;
 97 (ii) Transfers between different first-time homebuyer savings accounts of the same
 98 account holder by a person other than the account holder; or
 99 (iii) Withdrawals or transfers from a first-time homebuyer savings account pursuant
 100 to an order of bankruptcy court of competent jurisdiction; and
 101 (E) As used in this paragraph, the term:
 102 (i) 'Eligible expenses' means the down payment and closing costs associated with the
 103 purchase of a principal residence in this state by a first-time homebuyer.
 104 (ii) 'First-time homebuyer' means a resident of this state who has not previously,
 105 either individually or jointly, owned a single-family residence in Georgia or any other
 106 state.
 107 (iii) 'First-time homebuyer savings account' means an account established by a
 108 first-time homebuyer with a state or federally chartered bank, savings and loan
 109 association, credit union, or trust company in this state to finance the purchase of a
 110 single-family residence in this state.
 111 (iv) 'Single-family residence' means a single-family structure that is occupied for
 112 residential purposes by a single family, including a condominium unit as defined by
 113 Code Section 44-3-71 and a manufactured home which has become real property
 114 pursuant to Part 4 of Article 2 of Chapter 2 of Title 8 or similar laws of other states;"

115 **SECTION 3.**

116 All laws and parts of laws in conflict with this Act are repealed.