

House Bill 1607

By: Representatives Hilton of the 48th, Efstration of the 104th, Donatucci of the 105th, Silcox of the 53rd, Barrett of the 24th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 7 of the Official Code of Georgia Annotated, relating to banking and finance,
2 so as to provide for the creation of first-time homebuyer savings accounts; to provide for
3 contributions by account holders to accounts; to provide for transfer of beneficiaries; to
4 provide for annual reporting; to provide for certain exemptions from certain requirements for
5 financial institutions; to provide for tax deductions; to provide for tax deduction limits; to
6 provide for unqualified withdrawal penalties and exceptions; to permit the Department of
7 Revenue to impose penalties for fraudulent activity; to require the Department of Revenue
8 to create certain forms; to provide for a short title; to provide for purpose; to provide for
9 definitions; to provide for related matters; to provide for an effective date and applicability;
10 to repeal conflicting laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 **SECTION 1.**

13 Title 7 of the Official Code of Georgia Annotated, relating to banking and finance, is
14 amended by adding a new chapter to read as follows:

H. B. 1607

15 "CHAPTER 11

16 7-11-1.

17 This chapter shall be known and may be cited as the 'Georgia First-Time Homebuyer's
18 Savings Account Act.'

19 7-11-2.

20 The purpose of this Act is to encourage savings for homeownership by residents of this
21 state by providing tax incentives for contributions to dedicated savings accounts used
22 exclusively for qualified first-time home expenses, thereby promoting homeownership,
23 economic stability, and wealth-building opportunities for families of this state.

24 7-11-3.

25 As used in this chapter, the term:

26 (1) 'Account holder' means an individual who establishes, individually or jointly with
27 one or more individuals, a first-time homebuyer savings account.

28 (2) 'Beneficiary' means a first-time homebuyer who is designated as the qualified
29 beneficiary of an account designated as a first-time homebuyer savings account.

30 (3) 'Financial institution' means:

31 (A) A bank;

32 (B) A trust company;

33 (C) A credit union;

34 (D) A savings institution;

35 (E) An industrial loan association;

36 (F) A consumer finance company; or

37 (G) Any benefit association, insurance company, safe deposit company, money market
38 mutual fund, or similar entity authorized to do business in this state.

39 (4) 'First-time homebuyer' means an individual who resides in this state and has not
40 owned or purchased, either individually or jointly, a single-family residence during a
41 period of three years prior to the date of the purchase of a single-family residence.

42 (5) 'First-time homebuyer savings account' or 'account' means an account with a financial
43 institution that an account holder designates as a first-time homebuyer savings account.

44 (6) 'Qualified first-time home expense' means any expense related to the purchase of a
45 single-family residence in this state, including, but not limited to:

46 (A) Down payment;

47 (B) Closing costs;

48 (C) Fees for title insurance, appraisal, and inspection services;

49 (D) Loan origination fees;

50 (E) Recording and transfer;

51 (F) Attorney's fees related to the qualified home purchase;

52 (G) Mortgage insurance premiums paid at closing;

53 (H) Homeowner's insurance premiums paid at closing;

54 (I) Property survey costs; and

55 (J) Home warranty costs.

56 (7) 'Qualified withdrawal' means a withdrawal of funds from a first-time homebuyer
57 savings account.

58 (8) 'Single-family residence' means a:

59 (A) Detached single-family dwelling;

60 (B) Townhouse or condominium unit;

61 (C) Manufactured home or mobile home;

62 (D) Cooperative unit; or

63 (E) Multifamily dwelling with up to four units, provided that the beneficiary occupies
64 one unit as his or her primary residence.

65 (9) 'Unqualified withdrawal' means a withdrawal of funds from a first-time homebuyer
66 savings account used for any purpose other than a qualified first-time home expense.

67 7-11-4.

68 (a) An individual may open an account with a financial institution and designate such
69 account in its entirety as a first-time homebuyer savings account.

70 (b) No later than April 15 of the year following the tax year the account was established,
71 the account holder shall designate a beneficiary of the account. The account holder may
72 designate himself or herself as the beneficiary and may change the beneficiary at any time;
73 provided, however, that there shall be no more than one beneficiary at any time.

74 (c) An individual may jointly own an account with another person if the joint account
75 holders file a joint income tax return.

76 (d) An individual may be the account holder of more than one account; provided, however,
77 that an account holder shall not have multiple accounts that designate the same beneficiary.

78 (e) An individual may be designated as the beneficiary on more than one account.

79 (f) Only cash and marketable securities may be contributed to an account. Persons other
80 than the account holder may contribute funds to an account. There is no limitation on the
81 amount of contributions that may be made or retained in an account.

82 (g) Funds held in an account shall not be used to pay the expenses of administering such
83 account; provided, however that a service fee may be deducted from the account by a
84 financial institution in which the account is held.

85 7-11-5.

86 An account holder shall submit the following information annually to the Department of
87 Revenue:

88 (1) Detailed information regarding the account, including, but not limited to, a list of
89 transactions for the account during the tax year and the Form 1099 issued by the financial

90 institution for such account with the account holder's state income tax return on forms
91 prepared by the Department of Revenue; and

92 (2) A detailed account, including receipts, of the qualified first-time home expenses
93 toward which the account funds were applied, if there was a withdrawal from the account,
94 and a statement of the amount of funds remaining in the account, if any.

95 7-11-6.

96 (a) A financial institution shall not be required to:

97 (1) Designate an account as a first-time homebuyer savings account or designate the
98 beneficiaries of an account;

99 (2) Track the use of funds withdrawn from an account;

100 (3) Allocate funds in an account among joint-account holders; or

101 (4) Report any information to the Department of Revenue or any other governmental
102 agency that is not otherwise required by law.

103 (b) A financial institution shall not be liable for:

104 (1) Determining that an account satisfies the requirements of this chapter;

105 (2) Determining that account funds are used for qualified first-time home expenses; or

106 (3) Reporting or remitting taxes or penalties related to the use of an account.

107 7-11-7.

108 (a) Account holders may deduct contributions made to an account during the taxable year
109 from their state taxable income, subject to the following limitations:

110 (1) Up to \$6,000.00 for single filers or married individuals filing separately; or

111 (2) Up to \$12,000.00 for married couples filing jointly.

112 (b) The total amount of contributions that may be deducted over the life of an account held
113 by an account holder shall not exceed:

- 114 (1) Up to \$60,000.00 per beneficiary for single filers or married individuals filing
115 separately; or
- 116 (2) Up to \$120,000.00 per beneficiary for married couples filing jointly.
- 117 (c) Interest, dividends, and other earnings generated by funds deposited in an account shall
118 not be subject to state income tax, provided such earnings are used for qualified
119 withdrawals.
- 120 (d) The deduction provided for in this Code section shall be claimed as an adjustment to
121 adjusted gross income on the account holder's state income tax return.
- 122 (e) An account holder may claim the deduction provided for in this Code section for a
123 period not to exceed 15 years.
- 124 (f) Any funds in an account not expended on qualified first-time home expenses shall not
125 be entitled to the deduction provided for in this Code section.

126 7-11-8.

127 (a) Any unqualified withdrawal shall result in:

128 (1) The account holder adding to his or her taxable state income an amount equal to the
129 lesser of:

130 (A) The amount of the unqualified withdrawal; or

131 (B) The amount of deductions previously claimed for contributions to the account;

132 (2) The account holder paying a penalty equal to 10 percent of the amount added to his
133 or her state taxable income pursuant to paragraph (1) of this subsection; or

134 (3) Interest and earnings attributable to the unqualified withdrawal shall be subject to
135 state income tax.

136 (b) Subsection (a) of this Code section shall not apply to unqualified withdrawals made
137 due to:

138 (1) The death or disability of the beneficiary; or

139 (2) The beneficiary ceasing to be a resident of this state due to military orders.

140 (c) An account holder may transfer funds from one account to a new account without tax
141 consequence. Only one such transfer shall be permitted within any 12 month period.

142 7-11-9.

143 The Department of Revenue may disallow deductions or impose penalties for accounts
144 established or used in a manner inconsistent with this chapter, including, but not limited
145 to:

146 (1) Accounts used primarily for tax avoidance;

147 (2) False or fraudulent designations; and

148 (3) Misrepresentation of qualified withdrawals.

149 7-11-10.

150 The Department of Revenue shall prepare forms for:

151 (1) The designation of an account with a financial institution to serve as a first-time
152 homebuyer savings account;

153 (2) The designation of a beneficiary of an account; and

154 (3) An annual submission to the Department of Revenue by the account holder that
155 provides detailed information regarding the account, including, but not limited to, a list
156 of transactions for the account during the tax year, and identifying any supporting
157 documentation required to be maintained by the account holder."

158 **SECTION 2.**

159 This Act shall become effective on January 1, 2027, and shall apply to all taxable years
160 beginning on or after such date.

161 **SECTION 3.**

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