www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research and Drafting

Legislative Budget Office

H.B. 517
135th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 517's Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Santucci and Lampton

Local Impact Statement Procedure Required: No

Ruhaiza Ridzwan, Senior Economist

Highlights

- The bill expands eligibility for an existing state income tax deduction regarding homeownership savings accounts. The state and local fiscal effect is likely minimal.

Detailed Analysis

The bill expands eligible participants in the existing Homeownership Savings Linked Deposit Program by allowing a member of the uniformed services, on active duty assignment, who is a resident of this state via a residency or domicile election to participate in the program.

Under the current program, eligible participants receive above-market interest rates on savings accounts with financial institutions participating in the program for the purpose of down payment and closing costs associated with the future purchase of a primary residence. In addition, under existing law, an individual who contributes to a homeownership savings account is authorized to claim a personal income tax (PIT) deduction for contributions to such account. The deduction is limited to $10,000 per year, per account for joint filers and $5,000 per year, per account for all other filers, with a lifetime maximum per contributor, per account of $25,000. If an account holder withdraws money from a homeownership savings account, but does not use the money to pay the closing costs on a home that will be the account holder's primary residence, that individual is required to pay income tax on the amount withdrawn.

Fiscal effect

The bill would increase potential revenue loss associated with the current PIT deduction associated with contributions to a homeownership savings linked deposit account. Any increase in PIT revenue is indeterminate, but likely minimal. Under current law, the existing deduction is estimated to reduce PIT revenues by less than $5 million in FY 2025.

FNHB0517IN-135/lb