



Support HB 195: *First-Time Homebuyer Savings Accounts*

Sponsored by Rep. Susan Witten

HB 195 creates a first-time homebuyer savings account program to help Kentuckians save money to purchase their first home. Funds deposited into the savings account can be deducted from the individual/couples income tax. The funds must be used for a down payment or closing costs on a single-family residence in Kentucky.

- Savings accounts may be opened at any financial institution defined in KRS 286.11-003 with a physical location in Kentucky (banks, credit unions, etc).
- Eligible for Kentuckians who have not owned a home in the last 10 years.
- The program is authorized for a period of 10 years to give Kentuckians time to save from January 1, 2026-January 1, 2036.
- There is no limit on how much Kentuckians can deposit in the account, but there are limits on how much can be deducted from income taxes each year.
 - Individuals may deduct up to \$5,000 per year/ \$25,000 total over the 10 year period
 - Couples/Joint Filers may deduct up to \$10,000 per year/ \$50,000 total over the 10 year period
- The KY Dept. of Revenue may request documentation to verify contribution amounts and that funds were withdrawn and used for eligible costs by a first-time homebuyer. If funds are withdrawn for something other than eligible costs (down payment or closing costs) the deduction shall be claimed as an addition to income.
- KY Department of Revenue shall submit a report to the legislature each year to evaluate the effectiveness of the program.

What has happened in other states?

- 14 other states have first-time homebuyer savings account programs.
- States have reported relatively small reductions in tax revenue; ranging from \$30,000 - \$2m per year.*
- Alabama and Oregon, states with population similar to Kentucky, reported 891 (AL) and 950 (OR) filers contributed to similar savings accounts in 2019.*

**Home ownership can provide significant benefits to the buyer as well as their communities.
Help more Kentuckians take the first step towards homeownership and VOTE YES on HB 195!**

*An Analysis of First and Second Chance Homebuyer Savings Accounts prepared by Center for Business and Economic Research, Gatton College of Business and Economics, University of Kentucky.