

FISCAL NOTE

August 29, 2018

Bill No:	HB 1981	Printer's No:	3323	Sponsor:	Bizzarro (D)
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COST / (SAVINGS)

Fund (s)	2018-19	2019-20
General Fund	See "FISCAL IMPACT"	See "FISCAL IMPACT"

SUMMARY: This bill creates the First-Time Home Buyer Savings Account (FHSA) and allows participating first-time home buyers to deduct contributions from their state income tax return.

ANALYSIS: HB 1981 defines a first-time home buyer as anyone who has not individually or jointly purchased or owned a home in the three years prior to the purchase of their residence. First-time home buyers must declare a beneficiary when they open an FHSA with a financial institution and must declare said beneficiary on their personal income tax (PIT) return. Account holders may contribute up to \$50,000 over a ten-year period and deduct up to \$5,000 annually for single filers, and up to \$10,000 annually for joint filers.

FISCAL IMPACT: The amount of lost revenue varies substantially depending on the number of participating taxpayers and the amount of the deductible contributions they make. If the number of participating home buyers is equal to the number of Pennsylvanians who contribute to 529 tuition savings accounts, and those home buyers contribute the maximum joint amount, the state would lose over \$6 million in annual revenue from PIT. Assuming half of all eligible first-time home buyers contribute the maximum joint amount, the state would lose over \$16 million in annual revenue from PIT. If 100% of all eligible home buyers contribute the maximum joint amount, the state would lose \$86 million in annual revenue from PIT.