
DIGEST

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HB 383 Engrossed

2018 Regular Session

Davis

Abstract: Establishes a rebate for the eligible costs a first-time home buyer expends from a first-time home owner savings account for the purchase of a single-family residence.

Proposed law establishes a rebate beginning July 1, 2019, and ending June 30, 2022, for eligible costs a first-time home buyer expends from a first-time home owner savings account for the purchase of a single-family residence in this state. The amount of the rebate shall be equal to the amount of first-time home buyer savings account funds used to pay the eligible costs of a first-time home buyer not to exceed \$7,500.

Proposed law further provides that the total amount of rebates issued is capped at \$15 million per fiscal year; however, in any fiscal year in which the amount of rebates awarded is at least 90% of the current year annual cap, the annual cap for the next fiscal year shall be increased by 10%. Proposed law requires the Dept. of Revenue (DOR) to approve rebates on a first-come, first-served basis until the maximum amount of rebates have been issued for a fiscal year. Further requires rebates to be accounted for and to relate to the fiscal year in which the Act of Sale on the single-family residence is executed.

Proposed law defines "eligible costs" as the down payment and allowable closing costs for the purchase of a single-family residence in La. by a first-time home buyer. Further defines a "first-time home buyer" as an individual who has resided in La. and has filed a state tax return for no less than four calendar years and who has never owned or purchased a single-family residence.

Proposed law requires DOR to pay rebates out of current income tax collections.

Proposed law requires DOR to develop an affidavit to be completed by the first-time home buyer at the time of closing. The affidavit shall include information such as the full legal name and last four digits of the social security number of the first-time home buyer, the address of the single-family residence purchased by the first-time home buyer, a statement that the first-time home buyer has not previously purchased a single-family residence prior to the date of the purchase of the single-family residence that is the subject of the sale, and a statement attesting that the first-time home buyer has lived in this state and has filed a state income tax return for no less than four calendar years prior to the date of purchase of the single-family residence.

Proposed law requires an applicant to electronically submit the following information when applying for the rebate:

- (1) Detailed information regarding the first-time home buyer savings account on a form designated by the department.
- (2) Any Form 1099 issued by the financial institution for the account.
- (3) A copy of the statement attesting that the first-time home buyer has lived in this state and has filed a state income tax return for no less than four calendar years prior to the date of purchase of the single-family residence and supporting documentation providing evidence of this claim.
- (4) A certified copy of the affidavit required by proposed law indicating that the first-time home buyer applied for a homestead exemption.
- (5) A copy of the first-time home buyer's homestead exemption or application for a homestead exemption for the single-family residence.

Proposed law prohibits a rebate from being issued until the first-time home buyer submits a copy of the homestead exemption receipt, registration, or other document issued by the assessor's office of the parish in which the single-family residence is situated evidencing approval of the homestead exemption.

Proposed law authorizes DOR to promulgate rules and regulations as are necessary to implement the provisions of proposed law.

Proposed law authorizes the establishment of first-time home buyer savings accounts with a financial institution to be used to pay or reimburse a first-time home buyer's eligible costs for the purchase of a single-family residence. Further provides for the types of funds that may be deposited into these savings accounts and for account holder responsibilities and rights.

Proposed law prohibits a person or entity involved in the purchase and sale of the single-family residence, including the seller, the title company, or, in the case of new construction, the developer or builder of the single-family residence, from contributing funds to a first-time home buyer savings account.

Proposed law provides that a financial institution shall not be responsible or liable for determining or ensuring that an account satisfies the requirements of a first-time home buyer savings account or that funds in the savings account are used for eligible costs.

Proposed law requires the title company that completes the closing for the first-time home buyer to provide the buyer with the affidavit in a form developed by DOR as required by proposed law and the first-time home buyer shall record the executed affidavit in the mortgage records of the parish where the purchased homestead is situated.

Proposed law provides that the penalty for a first-time home buyer who submits a certified copy of an affidavit or a statement regarding residency and the filing of tax returns to DOR who does not

meet the qualifications for a first-time home buyer rebate shall be a false swearing pursuant to present law and the party shall be required to remit the amount of the rebate received, plus judicial interest, back to DOR.

Proposed law authorizes DOR to recover and recapture a rebate issued to a first-time home buyer who sells, leases, or otherwise relinquishes ownership of the single-family residence within four calendar years from the date of execution of the Act of Sale on the residence. Further authorizes DOR to use any collection remedy authorized in present law to recover and recapture the rebate; however, the proceeding to recover and recapture the rebate shall be initiated within three years from Dec. 31st of the year in which ownership of the single-family residence was relinquished by the first-time home buyer.

Proposed law prohibits DOR from issuing a rebate for any single-family residence purchased that has an Act of Sale executed after June 30, 2022.

Effective July 1, 2018.

(Adds R.S. 47:6361 through 6367)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Modify the definition of "first-time home buyer" to require that the individual reside in La. and file a state tax return for no less than four calendar years.
2. Change the ending date of the rebate program from July 1, 2022, to June 30, 2022.
3. Change the date in which the rebate shall be applied for from the fiscal year in which the single-family residence is purchased to within 30 days from the date the single-family residence is purchased.
4. Require all rebate applications and supporting documentation to be electronically submitted to DOR.
5. Require rebates to be accounted for and to relate to the fiscal year in which the Act of Sale on the single-family residence is executed.
6. Require the affidavit developed by DOR to include a statement by the first-time home buyer attesting that he has lived in this state and has filed a state income tax return for no less than four calendar years prior to the date of purchase of the single-family residence.
7. Require submission of the homestead exemption application to DOR within 30 days of

the purchase of the single-family residence.

8. Add authorization for the remittance of a rebate to DOR if a statement regarding residency and the filing of tax returns is submitted by a first-time home buyer who is not eligible for the rebate.
9. Add authorization for the recovery and recapture of rebates if the first-time home buyer sells or relinquishes ownership of the single-family residence within four calendar years from the date of execution of the Act of Sale on the single-family residence.
10. Clarify that DOR is prohibited from issuing rebates for any single-family residence purchased that has an Act of Sale executed after June 30, 2022.