

1 HB171
2 216508-4
3 By Representative South
4 RFD: Ways and Means Education
5 First Read: 18-JAN-22

1 "a. Detailed information, in a form prescribed by
2 the Department of Revenue, regarding the first-time and second
3 chance home buyer savings account, including a list of
4 transactions for the account during the tax year.

5 "b. Form 1099 issued by the financial institution
6 for the account.

7 "(3) Submit to the department, upon a withdrawal of
8 funds from a first-time and second chance home buyer savings
9 account, a detailed account of the eligible costs toward which
10 the account funds were applied and a statement of the amount
11 of funds remaining in the account, if any. If upon withdrawal
12 of funds from the first-time and second chance home buyer
13 savings account, the account holder fails to provide the
14 department with the detailed account of the eligible costs
15 towards which the account funds were applied, the entire
16 account's funds, including the interest and other income on
17 principal, shall be subject to the penalties listed under
18 Section 24-11-8.

19 "(b) Failure to submit the documentation required
20 under subsection (a) on an annual basis with the filing of the
21 Alabama income tax return will result in the automatic denial
22 of the deduction and exclusion.

23 "§24-11-7.

24 "(a) Except as otherwise provided in this chapter
25 and subject to the limitations under this section, a
26 first-time and second chance home buyer savings account holder
27 shall be entitled to a state tax deduction, subject to the

1 limitations of this section, not to exceed five thousand
2 dollars (\$5,000) for an account holder who files an individual
3 tax return or ten thousand dollars (\$10,000) for joint account
4 holders who file a joint tax return, for contributions made by
5 the account holder to a first-time and second chance home
6 buyer savings account during the tax year in which the
7 deduction is claimed.

8 "(b) Except as otherwise provided in this chapter
9 and subject to the limitations under this section, earnings
10 from the first-time and second chance home buyer savings
11 account, including interest and other income on the principal,
12 shall be excluded from taxable income of an account holder for
13 Alabama income tax purposes during the tax year.

14 "(c) An account holder may claim the deduction and
15 exclusion under this section as follows:

16 "(1) For a period not to exceed ~~five~~ 10 years.

17 "(2) For an aggregate total amount of principal and
18 earnings not to exceed twenty-five thousand dollars (\$25,000)
19 for individual accounts and fifty thousand dollars (\$50,000)
20 for joint accounts during the ~~five-year~~ 10-year period.

21 "(3) Only if the principal and earnings of the
22 account remain in the account until a withdrawal is made for
23 eligible costs related to the purchase of a single-family
24 residence by a first-time and second chance home buyer.

25 "(d) A person other than the account holder who
26 deposits funds in a first-time and second chance home buyer

1 savings account shall not be entitled to the deduction and
2 exclusion provided under this chapter.

3 "(e) Any funds in a first-time and second chance
4 home buyer savings account not expended on eligible costs by
5 December 31 of the last year of the ~~five-year~~ 10-year period
6 beginning with January 1 of the tax year in which a deduction
7 was first claimed under subsection (a) shall thereafter be
8 included in the account holder's taxable income.

9 "(f) The deduction and exclusion from taxable income
10 provided by this chapter shall apply to any alternative basis
11 for calculating taxable income for Alabama income tax
12 purposes.

13 "(g) The funds in the first-time and second chance
14 home buyer savings account shall not be used to purchase a
15 single-family residence outside of this state.

16 "(h) ~~This section shall terminate five years from~~
17 ~~the effective date of this act December 31, 2028, for No~~
18 ~~first-time and second chance home buyer savings account~~
19 ~~holders not currently claiming the deduction and exclusion~~
20 shall be established under this section chapter after December
21 31, 2028, unless extended by an act of the Legislature.

22 "§24-11-10.

23 "The department shall report to the Fiscal Division
24 of the Legislative Services Agency on an annual basis the
25 total annual number of deductions claimed and total amount of
26 deposits deducted pursuant to this chapter, the number of
27 taxpayers who submitted an account to the department pursuant

1 to subdivision (a)(3) of Section 24-11-5, and the number of
2 taxpayers who claimed a first-time and second chance home
3 buyer deduction that did not expend the funds pursuant to
4 subsection (e) of Section 24-11-7, or were subjected to the
5 penalty provisions of Section 24-11-8."

6 Section 2. This act shall become effective
7 immediately following its passage and approval by the
8 Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on Ways and Means
Education..... 18-JAN-22

Read for the second time and placed
on the calendar 1 amendment 16-FEB-22

Read for the third time and passed
as amended..... 24-FEB-22

Yeas 95, Nays 0, Abstains 1

Jeff Woodard
Clerk