

**2019 DRAFTING REQUEST**

**Bill**

For: **Administration-Budget 6-1923** Drafter: **mshovers**  
 By: **Quinn** Secondary Drafters:  
 Date: **2/8/2019** May Contact:

Same as LRB:

Submit via email: **YES**  
 Requester's email:  
 Carbon copy (CC) to: **doasbostatlanguage@wisconsin.gov**  
**Erika.Lunder@legis.wisconsin.gov**

**Pre Topic:**

DOA:.....Quinn, BB0309 -

**Topic:**

Tax-advantaged first-time home buyer accounts

**Instructions:**

See attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 2/8/2019	wjackson 2/12/2019			
/P1	mshovers 2/13/2019		jmurphy 2/12/2019		State S&L Tax Exempt
/P2	mshovers 2/15/2019	wjackson 2/13/2019	mbarman 2/13/2019		State S&L Tax Exempt
/P3	jkreye	ccarmich	lparisi		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	2/22/2019	2/22/2019	2/18/2019		S&L Tax Exempt
/P4			dwalker 2/22/2019		State S&L Tax Exempt

FE Sent For:

**<END>**

**Shovers, Marc**

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**From:** Hanaman, Cathlene  
**Sent:** Friday, February 08, 2019 10:06 AM  
**To:** Lunder, Erika; Shovers, Marc; Kreye, Joseph  
**Subject:** FW: Statutory Language Drafting Request - 2019-21  
**Attachments:** FTHB Draft 2.8.2019.pdf

**From:** Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>  
**Sent:** Friday, February 08, 2019 10:01 AM  
**To:** Hanaman, Cathlene <Cathlene.Hanaman@legis.wisconsin.gov>  
**Cc:** Ziegler, Paul - DOA <Paul2.Ziegler@wisconsin.gov>; Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>  
**Subject:** Statutory Language Drafting Request - 2019-21

Biennial Budget: 2019-21

Topic: First-time Home Buyer Accounts

Tracking Code: BB0309

SBO Team: TLGED

SBO Analyst: Quinn, Brian D - DOA  
Phone: (608) 266-1923  
E-mail: [brian.quinn@wisconsin.gov](mailto:brian.quinn@wisconsin.gov)

Agency Acronym: 566

Agency Number: 566

Priority: Medium

Intent:

Include the attached draft.

Attachments: True

Please send completed drafts to [SBOStatlanguage@spsmail.enterprise.wisstate.us](mailto:SBOStatlanguage@spsmail.enterprise.wisstate.us)



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1898/P  
MES:...

*[Handwritten initials]*  
*[Handwritten signature]*

DOA:.....Quinn, BB0309 - Tax-advantaged first-time home buyer accounts

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

1 AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

2

*[Handwritten signature]*  
(END)





State of Wisconsin  
2017 - 2018 LEGISLATURE

LRB-1516/P2  
MES:klm&emw

-1898/P1  
*[Handwritten signature]*

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

1 **AN ACT to create** 71.05 (6) (a) 29., 71.05 (6) (b) <sup>5.4</sup> 53., 71.05 (6) (b) 54., 71.10 (4) (k),  
2 71.10 (10) and 71.83 (1) (ch) of the statutes; **relating to:** authorizing the  
3 creation of tax-advantaged accounts for first-time home buyers and creating  
4 an individual income tax deduction for contributions to such accounts.

**Analysis by the Legislative Reference Bureau**

This bill creates a tax-advantaged first-time home buyers savings account. Under the bill, an individual may establish a first-time home buyers savings account at a financial institution either individually or jointly with his or her spouse, and must designate a beneficiary of the account. The beneficiary is defined as a first-time home buyer. Under the bill, a first-time home buyer is defined as an individual who resides in this state and has not owned or purchased a single-family residence during the 36 months before the month in which the individual purchases such a residence in this state. ~~Under the bill, a first-time home buyer is defined as an individual who resides in this state and has not owned or purchased a single-family residence during the 36 months before the month in which the individual purchases such a residence in this state.~~ *NO*

The ~~account holder~~ *first-time home buyers savings* may designate himself or herself as the beneficiary, and may change the beneficiary at any time, but ~~the account~~ may not have more than one beneficiary at a time. An individual may be the beneficiary of more than one account, and an individual may be the account holder of more than one account. *NO*

An account holder may withdraw funds from the account to pay the down payment and eligible closing costs for the purchase of a single-family residence in this state by the beneficiary. ~~eligible costs~~ or to reimburse the beneficiary for eligible costs ~~the beneficiary has paid~~. The account holder may not use funds from the account to pay ~~any~~ expenses he or she incurs in administering the account, although the financial institution may deduct a service fee from the account.

Insert Analysis

is a first-time home buyer

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STEJ

Annually, an account holder may subtract from his or her federal adjusted gross income (FAGI) up to \$5,000, or \$10,000 if the account holder files a joint income tax return, of the amount he or she contributes to an account he or she establishes, as well as any gain that accrues to the account if the gain is redeposited into the account. An account holder may not claim a subtraction for more than a total of \$50,000 of deposits <sup>to an</sup> account for each beneficiary. Annually, the account holder must submit with his or tax return, on forms prepared by the Department of Revenue, detailed information regarding transactions and withdrawals from the account.

STET

An account ~~created under the bill must be dissolved~~ not later than 120 months after it is opened ~~by the account holder~~. If funds remain in the account at the time it must be dissolved, or if the account holder dies while funds remain in the account, the financial institution must distribute ~~such funds~~ <sup>the</sup> to the account holder or his or her estate. Generally, any amount that is distributed ~~to an account holder or his or her estate~~, or any amount that is withdrawn from an account for any reason other than payment of eligible costs, must be added to FAGI. The account holder or his or her estate must also pay a penalty equal to 10 percent of any amount that must be added to FAGI.

holder must dissolve an account

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

*g. For*  
**The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:**

*In the case of an account holder or an account holder's estate,*

- 1 SECTION 1. 71.05 (6) (a) 29. of the statutes is created to read:
- 2 71.05 (6) (a) 29. With regard to an account described under s. 71.10 (10), an
- 3 account holder or an account holder's estate shall add:
- 4 a. Any amount that is distributed to an account holder under s. 71.10 (10) (d)
- 5 3. or to an account holder's estate under s. 71.10 (10) (d) 4. ✓
- 6 b. Any amount that is withdrawn from the account for any reason other than
- 7 payment or reimbursement of eligible costs as defined under s. 71.10 (10) (a) 3., ✓
- 8 except that this subd. 29. b. does not apply to the transfer of funds to another account
- 9 as described under s. 71.10 (10) (c) 4. ✓ or funds that are disbursed pursuant to a filing
- 10 for bankruptcy protection under 11 USC 101 et seq.

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SECTION 2. 71.05 (6) (b) ~~53~~<sup>54</sup> of the statutes is created to read:

71.05 (6) (b) ~~53~~<sup>54</sup>. For each account an account holder creates under s. 71.10 (10), and subject to s. 71.10 (10) (d), an account holder may subtract an amount of up to \$5,000, or an amount of up to \$10,000 for each such account if the account holder files a joint income tax return, that he or she deposits into such an account in the taxable year to which the subtraction relates, and any interest, dividends, or other gain that accrues in the account if the interest, dividends, or other gain is redeposited into the account.

am 13  
increase  
here

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SECTION 3. 71.05 (6) (b) ~~54~~<sup>55</sup> of the statutes is created to read:

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71.05 (6) (b) ~~54~~<sup>55</sup>. Any amount received by, or paid for the benefit of, a beneficiary, as defined under s. 71.10 (10) (a) 2., from an account under s. 71.10 (10), provided that any such amount is used to pay eligible costs, as defined under s. 71.10 (10) (a) 3. ✓

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SECTION 4. 71.10 (4) (k) of the statutes is created to read:

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71.10 (4) (k) Any amount of money or other assets computed under s. 71.83 (1) (ch) ✓

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SECTION 5. 71.10 (10) of the statutes is created to read:

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71.10 (10) FIRST-TIME HOME BUYERS SAVINGS ACCOUNTS. (a) Definitions. In this subsection:

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- 1. "Account holder" means an individual who establishes<sup>e creates</sup>, individually or jointly with his or her spouse, an account under this subsection.
- 2. "Beneficiary" means a first-time home buyer who is designated by an account holder as the beneficiary of an account under under this subsection.

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- 3. "Eligible costs" means the down payment and allowable closing costs for the purchase of a single-family residence in this state by a beneficiary.

1           4. "Financial institution" means any bank, trust company, savings institution,  
2 savings bank, savings and loan association, industrial loan association, consumer  
3 finance company, credit union, or any benefit association, insurance company, safe  
4 deposit company, money market mutual fund, or similar entity authorized to do  
5 business in this state.

6           5. "First-time home buyer" means an individual who resides in this state and  
7 has not owned or purchased, either individually or jointly, a single-family residence  
8 during the 36 months before the month in which the individual purchases a  
9 single-family residence in this state.

10          6. "Single-family residence" means a place of abode that is owned and occupied  
11 by a beneficiary as his or her principal residence.

12          (b) <sup>e Creation</sup> ~~Establishment~~ of account. 1. An individual may become an account holder  
13 by <sup>e creating</sup> ~~establishing~~ an account at a financial institution to pay or reimburse the eligible  
14 costs of a first-time home buyer.

15          2. Not later than April 15 of the year following the year in which an account  
16 holder <sup>e creates</sup> ~~establishes~~ an account, <sup>e the account holder</sup> ~~he or she~~ shall designate a beneficiary <sup>e</sup> ~~of the account~~.

17 The account holder may designate himself or herself as the beneficiary. An account  
18 holder may change the beneficiary at any time. No account <sup>e created</sup> ~~established~~ under this  
19 subsection may have more than one beneficiary at any one time.

20          3. An individual may jointly own an account created under this subsection with  
21 his or her spouse if the married couple files a joint tax return.

22          4. An individual may be the account holder of more than one account created  
23 under this subsection, but an account holder may not have more than one account  
24 <sup>e that</sup> ~~which~~ designates the same beneficiary.



1           5. An individual may be the beneficiary of more than one account created under  
2 this subsection.

3           6. Only cash and marketable securities may be contributed to an account under  
4 this subsection.

5           7. Persons other than an account holder may contribute to an account created  
6 under this subsection, but the subtraction under s. 71.05 (6) (b) ~~53~~<sup>54</sup> may be claimed  
7 only by an account holder.

8           (c) *Account holder rights and responsibilities.* 1. An account holder may  
9 withdraw funds from ~~the~~<sup>an</sup> account <sup>created under this subsection</sup> to pay eligible costs for the benefit of the  
10 beneficiary or to reimburse the beneficiary for eligible costs the beneficiary incurs  
11 and has paid.

12           2. An account holder may not use funds in an account created under this  
13 subsection to pay any expenses he or she incurs in administering the account,  
14 although a financial institution may deduct a service fee from the account.

15           3. Annually, an account holder shall submit to the department of revenue with  
16 his or her income tax return, on forms prepared by the department, detailed  
17 information regarding ~~the~~<sup>an</sup> account <sup>created under this subsection</sup>. The information submitted shall include all of  
18 the following:

19           a. A list of transactions in the account during the taxable year to which the  
20 account holder's return relates.

21           b. The 1099 form issued by the financial institution that relates to the <sup>✓</sup> account.

22           c. A list of eligible costs, and other costs, for which funds from the account <sup>✓</sup> were  
23 withdrawn during the taxable year to which the account holder's return relates.

24           d. The amount of funds left in the account <sup>✓</sup> at the end of the taxable year to which  
25 the account holder's return relates.

SECTION 5

1 4. An account holder may withdraw funds from <sup>e the</sup> an account created under this  
 2 subsection, with no penalty due under s. 71.83 (1) (ch) and no responsibility to make  
 3 an addition under s. 71.05 (6) (a) 29., if he or she immediately transfers the funds to  
 4 a different financial institution and deposits the funds into an account created under  
 5 this <sup>e Subsection</sup> section at that financial institution.

6 (d) *Limitations on accounts, dissolution.* 1. An account holder may not claim  
 7 a subtraction under s. 71.05 (6) (b) <sup>54</sup> ~~53~~ for more than a total of \$50,000 of deposits <sup>e into</sup> to  
 8 an account for each beneficiary.

9 STET 2. An account <sup>holder shall dissolve an account</sup> created under this subsection <sup>e</sup> must be dissolved not later than  
 10 120 months after it is <sup>e create</sup> opened by the account holder <sup>under this subsection</sup>.

11 3. If funds remain in <sup>e an</sup> the account at the time at which it must be dissolved under  
 12 subd. 2., the financial institution shall distribute the proceeds <sup>e when</sup> in the account to the  
 13 account holder.

14 4. If <sup>e an</sup> the account holder dies while funds remain in <sup>e an</sup> the account, the proceeds  
 15 shall be distributed to the account holder's estate.

16 (e) *Department responsibilities.* The department shall:

17 1. Prepare and distribute any forms that an account holder is required to  
 18 submit under this subsection, and any other forms that the department believes are  
 19 necessary to enable it to administer this subsection and the adjustments to income  
 20 under s. 71.05 (6) (a) 29. and (b) <sup>54</sup> ~~53~~ and <sup>54, 55</sup> ~~54~~.

21 2. Prepare and distribute to financial institutions and potential home buyers  
 22 informational materials about the accounts described in this subsection.

23 **SECTION 6.** 71.83 (1) (ch) of the statutes is <sup>e</sup> created to read:

24 71.83 (1) (ch) *First-time home buyers savings account withdrawals.* If an  
 25 account holder, as defined under s. 71.10 (10) (a) 1., or an account holder's estate is

1 required to add any amount to federal adjusted gross income under s. 71.05 (6) (a)  
 2 29., the account holder or the account holder's estate shall also pay an amount equal  
 3 to 10 percent of the amount that was added to income under s. 71.05 (6) (a) 29. The  
 4 department of revenue shall assess, levy, and collect the penalty under this  
 5 paragraph as it assesses, levies, and collects taxes under this chapter. ✓

6 **SECTION 7. Initial applicability.** <sup>9337</sup> *Revenue*

7 (1) ~~This act~~ first applies to taxable years beginning on January 1, ~~2018~~ <sup>2019</sup>.

8 (END)

*The treatment of sections 71.05 (b) (a) 29. (b) 54. and 55., 71.10 (4) (k) and (10), and 71.83 (1) (ch) and*

2019-2020 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-1898/Plins  
MES:wlj

INSERT ANALYSIS

This bill creates a tax-advantaged first-time home buyers savings account. Under the bill, an individual may establish the account at a financial institution either individually or jointly with his or her spouse, and must designate a beneficiary of the account. The beneficiary must be an individual who is a first-time home buyer, resides in this state, and has not owned or purchased a single-family residence during the 36 months before the month in which the individual purchases the residence in this state.

The account holder may designate himself or herself as the beneficiary, and may change the beneficiary at any time, but may not designate more than one beneficiary at a time. An individual may be the beneficiary of more than one account, and an individual may be the account holder of more than one account.

An account holder may withdraw funds from the account to pay the down payment and eligible closing costs for the purchase of a single-family residence in this state by the beneficiary or to reimburse the beneficiary for eligible costs. The account holder may not use funds from the account to pay expenses he or she incurs in administering the account, although the financial institution may deduct a service fee from the account.

Annually, an account holder may subtract from his or her federal adjusted gross income (FAGI) up to \$5,000, or \$10,000 if the account holder files a joint income tax return, of the amount he or she contributes to an account he or she establishes, as well as any gain that accrues to the account if the gain is redeposited into the account. An account holder may not claim a subtraction for more than a total of \$50,000 of deposits into an account for each beneficiary. Annually, the account holder must submit with his or tax return, on forms prepared by the Department of Revenue, detailed information regarding transactions and withdrawals from the account.

An account holder must dissolve an account not later than 120 months after it is opened. If funds remain in the account at the time it must be dissolved, or if the account holder dies while funds remain in the account, the financial institution must distribute the funds to the account holder or his or her estate. Generally, any amount that is so distributed or that is withdrawn from an account for any reason other than payment of eligible costs must be added to FAGI. The account holder or his or her estate must also pay a penalty equal to 10 percent of any amount that must be added to FAGI.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

I'm not sure  
this note  
is accurate

do you  
want  
NOFF  
here?

create

an account

NOFF

creates

**Shovers, Marc**

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**From:** Quinn, Brian D - DOA  
**Sent:** Wednesday, February 13, 2019 10:19 AM  
**To:** Shovers, Marc  
**Subject:** First-Time Homebuyer Account Draft - 1898/P1

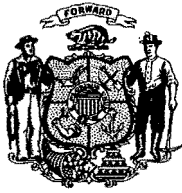
Marc,

On this one, I think that the only revision that needs to be made is to shift the effective date to Tax Year 2020.

Thanks.

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Brian Quinn  
Executive Policy and Budget Analyst - Advanced  
Wisconsin Department of Administration  
Division of Executive Budget and Finance  
(608)-266-1923



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1898/PI  
MES:wj

*fmk*

DOA:.....Quinn, BB0309 - Tax-advantaged first-time home buyer accounts

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

*Ed. - only changes are p. 1 and p. 7*

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

This bill creates a tax-advantaged first-time home buyers savings account. Under the bill, an individual may create the account at a financial institution either individually or jointly with his or her spouse, and must designate a beneficiary of the account. The beneficiary must be an individual who is a first-time home buyer, resides in this state, and has not owned or purchased a single-family residence during the 36 months before the month in which the individual purchases the residence in this state. *the bill first applies to taxable year 2020.*

The account holder may designate himself or herself as the beneficiary, and may change the beneficiary at any time, but an account may not have more than one beneficiary at a time. An individual may be the beneficiary of more than one account, and an individual may be the account holder of more than one account. An account holder may withdraw funds from the account to pay the down payment and eligible closing costs for the purchase of a single-family residence in this state by the beneficiary or to reimburse the beneficiary for eligible costs. The account holder may not use funds from the account to pay any expenses he or she incurs in administering the account, although the financial institution may deduct a service fee from the account.

Annually, an account holder may subtract from his or her federal adjusted gross income (FAGI) up to \$5,000, or \$10,000 if the account holder files a joint income tax

return, of the amount he or she contributes to an account he or she creates, as well as any gain that accrues to the account if the gain is redeposited into the account. An account holder may not claim a subtraction for more than a total of \$50,000 of deposits into an account for each beneficiary. Annually, the account holder must submit with his or tax return, on forms prepared by the Department of Revenue, detailed information regarding transactions and withdrawals from the account.

An account holder must be dissolve an account not later than 120 months after it is opened. If funds remain in the account at the time it must be dissolved, or if the account holder dies while funds remain in the account, the financial institution must distribute the funds to the account holder or his or her estate. Generally, any amount that is so distributed or that is withdrawn from an account for any reason other than payment of eligible costs must be added to FAGI. The account holder or his or her estate must also pay a penalty equal to 10 percent of any amount that must be added to FAGI.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 71.05 (6) (a) 29. of the statutes is created to read:

2           71.05 (6) (a) 29. For an account holder or an account holder's estate, with regard  
3 to an account described under s. 71.10 (10):

4           a. Any amount that is distributed to an account holder under s. 71.10 (10) (d)

5           3. or to an account holder's estate under s. 71.10 (10) (d) 4.

6           b. Any amount that is withdrawn from the account for any reason other than  
7 payment or reimbursement of eligible costs as defined under s. 71.10 (10) (a) 3.,

8           except that this subd. 29. b. does not apply to the transfer of funds to another account  
9 as described under s. 71.10 (10) (c) 4. or funds that are disbursed pursuant to a filing

10           for bankruptcy protection under 11 USC 101 et seq.

11           **SECTION 2.** 71.05 (6) (b) 54. of the statutes is created to read:

1           71.05 (6) (b) 54. For each account an account holder creates under s. 71.10 (10),  
2           and subject to s. 71.10 (10) (d), an account holder may subtract an amount of up to  
3           \$5,000, or an amount of up to \$10,000 for each such account if the account holder files  
4           a joint income tax return, that the account holder deposits into such an account in  
5           the taxable year to which the subtraction relates, and any interest, dividends, or  
6           other gain that accrues in the account if the interest, dividends, or other gain is  
7           redeposited into the account.

8           **SECTION 3.** 71.05 (6) (b) 55. of the statutes is created to read:

9           71.05 (6) (b) 55. Any amount received by, or paid for the benefit of, a beneficiary,  
10           as defined under s. 71.10 (10) (a) 2., from an account under s. 71.10 (10), provided that  
11           any such amount is used to pay eligible costs, as defined under s. 71.10 (10) (a) 3.

12           **SECTION 4.** 71.10 (4) (k) of the statutes is created to read:

13           71.10 (4) (k) Any amount of money or other assets computed under s. 71.83 (1)  
14           (ch).

15           **SECTION 5.** 71.10 (10) of the statutes is created to read:

16           71.10 (10) **FIRST-TIME HOME BUYERS SAVINGS ACCOUNTS.** (a) *Definitions.* In this  
17           subsection:

18           1. "Account holder" means an individual who creates, individually or jointly  
19           with his or her spouse, an account under this subsection.

20           2. "Beneficiary" means a first-time home buyer who is designated by an  
21           account holder as the beneficiary of an account under this subsection.

22           3. "Eligible costs" means the down payment and allowable closing costs for the  
23           purchase of a single-family residence in this state by a beneficiary.

24           4. "Financial institution" means any bank, trust company, savings institution,  
25           savings bank, savings and loan association, industrial loan association, consumer



1 finance company, credit union, or any benefit association, insurance company, safe  
2 deposit company, money market mutual fund, or similar entity authorized to do  
3 business in this state.

4 5. "First-time home buyer" means an individual who resides in this state and  
5 has not owned or purchased, either individually or jointly, a single-family residence  
6 during the 36 months before the month in which the individual purchases a  
7 single-family residence in this state.

8 6. "Single-family residence" means a place of abode that is owned and occupied  
9 by a beneficiary as his or her principal residence.

10 (b) *Creation of account.* 1. An individual may become an account holder by  
11 creating an account at a financial institution to pay or reimburse the eligible costs  
12 of a first-time home buyer.

13 2. Not later than April 15 of the year following the year in which an account  
14 holder creates an account, the account holder shall designate a beneficiary. The  
15 account holder may designate himself or herself as the beneficiary. An account  
16 holder may change the beneficiary at any time. No account created under this  
17 subsection may have more than one beneficiary at any one time.

18 3. An individual may jointly own an account created under this subsection with  
19 his or her spouse if the married couple files a joint tax return.

20 4. An individual may be the account holder of more than one account created  
21 under this subsection, but an account holder may not have more than one account  
22 that designates the same beneficiary.

23 5. An individual may be the beneficiary of more than one account created under  
24 this subsection.

1           6. Only cash and marketable securities may be contributed to an account under  
2 this subsection.

3           7. Persons other than an account holder may contribute to an account created  
4 under this subsection, but the subtraction under s. 71.05 (6) (b) 54. may be claimed  
5 only by an account holder.

6           (c) *Account holder rights and responsibilities.* 1. An account holder may  
7 withdraw funds from an account created under this subsection to pay eligible costs  
8 for the benefit of the beneficiary or to reimburse the beneficiary for eligible costs the  
9 beneficiary incurs and has paid.

10           2. An account holder may not use funds in an account created under this  
11 subsection to pay any expenses he or she incurs in administering the account,  
12 although a financial institution may deduct a service fee from the account.

13           3. Annually, an account holder shall submit to the department of revenue with  
14 his or her income tax return, on forms prepared by the department, detailed  
15 information regarding the account. The information submitted shall include all of  
16 the following:

17           a. A list of transactions in the account during the taxable year to which the  
18 account holder's return relates.

19           b. The 1099 form issued by the financial institution that relates to the account.

20           c. A list of eligible costs, and other costs, for which funds from the account were  
21 withdrawn during the taxable year to which the account holder's return relates.

22           d. The amount of funds left in the account at the end of the taxable year to which  
23 the account holder's return relates.

24           4. An account holder may withdraw funds from the account with no penalty due  
25 under s. 71.83 (1) (ch) and no responsibility to make an addition under s. 71.05 (6)

1 (a) 29., if he or she immediately transfers the funds to a different financial institution  
2 and deposits the funds into an account created under this subsection at that financial  
3 institution.

4 (d) *Limitations on accounts, dissolution.* 1. An account holder may not claim  
5 a subtraction under s. 71.05 (6) (b) 54. for more than a total of \$50,000 of deposits into  
6 an account for each beneficiary.

7 2. An account holder shall dissolve an account created under this subsection  
8 not later than 120 months after it is created by the account holder.

9 3. If funds remain in an account when it must be dissolved under subd. 2., the  
10 financial institution shall distribute the proceeds in the account to the account  
11 holder.

12 4. If an account holder dies while funds remain in the account, the proceeds  
13 shall be distributed to the account holder's estate.

14 (e) *Department responsibilities.* The department shall:

15 1. Prepare and distribute any forms that an account holder is required to  
16 submit under this subsection, and any other forms that the department believes are  
17 necessary to enable it to administer this subsection and the adjustments to income  
18 under s. 71.05 (6) (a) 29. and (b) 54. and 55.

19 2. Prepare and distribute to financial institutions and potential home buyers  
20 informational materials about the accounts described in this subsection.

21 **SECTION 6.** 71.83 (1) (ch) of the statutes is created to read:

22 71.83 (1) (ch) *First-time home buyers savings account withdrawals.* If an  
23 account holder, as defined under s. 71.10 (10) (a) 1., or an account holder's estate is  
24 required to add any amount to federal adjusted gross income under s. 71.05 (6) (a)  
25 29., the account holder or the account holder's estate shall also pay an amount equal

1 to 10 percent of the amount that was added to income under s. 71.05 (6) (a) 29. The  
2 department of revenue shall assess, levy, and collect the penalty under this  
3 paragraph as it assesses, levies, and collects taxes under this chapter.

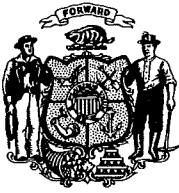
4 **SECTION 9337. Initial applicability; Revenue.**

5 (1) The treatment of ss. 71.05 (6) (a) 29. and (b) 54. and 55., 71.10 (4) (k) and  
6 (10), and 71.83 (1) (ch) first applies to taxable years beginning on January 1, ~~2019~~.

7

(END)

2020



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1898/P2  
MES:wlj

P3

DOA:.....Quinn, BB0309 - Tax-advantaged first-time home buyer accounts

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

1. Tax-advantaged first-time home buyer accounts

**TAXATION**

**INCOME TAXATION**

which is defined as someone who

This bill creates a tax-advantaged first-time home buyers savings account. Under the bill, an individual may create the account at a financial institution either individually or jointly with his or her spouse, and must designate a beneficiary of the account. The beneficiary must be an individual who is a first-time home buyer, resides in this state, and has not owned or purchased a single-family residence during the 36 months before the month in which the individual purchases the residence in this state. The bill first applies to taxable year 2020.

which may be the account holder

The account holder may designate himself or herself as the beneficiary, and may change the beneficiary at any time, but an account may not have more than one beneficiary at a time. An individual may be the beneficiary of more than one account, and an individual may be the account holder of more than one account. An account holder may withdraw funds from the account to pay the down payment and eligible closing costs for the purchase of a single-family residence in this state by the beneficiary or to reimburse the beneficiary for eligible costs. The account holder may not use funds from the account to pay any expenses he or she incurs in administering the account, although the financial institution may deduct a service fee from the account.

Annually, an account holder may subtract from his or her federal adjusted gross income (FAGI) up to \$5,000, or \$10,000 if the account holder files a joint income tax

Beginning in taxable year 2020,

return, of the amount he or she contributes to an account ~~he or she creates~~, as well as any gain that ~~accrues to the account if the gain is redeposited into the account.~~ An account holder may not claim a subtraction for more than a total of \$50,000 of deposits into an account for each beneficiary. ~~Annually, the account holder must submit with his or tax return, on forms prepared by the Department of Revenue,~~ detailed information regarding transactions and withdrawals from the account.

An account holder must be dissolve an account not later than 120 months after it is opened. If funds remain in the account at the time it must be dissolved, or if the account holder dies while funds remain in the account, the financial institution must distribute the funds to the account holder or his or her estate. Generally, any amount that is so distributed or that is withdrawn from an account for any reason other than payment of eligible costs must be added to FAGI. The account holder or his or her estate must also pay a penalty equal to 10 percent of any amount that must be added to FAGI.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

---

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 71.05 (6) (a) 29. of the statutes is created to read:

2           71.05 (6) (a) 29. For an account holder or an account holder's estate, with regard  
3 to an account described under s. 71.10 (10):

4           a. Any amount that is distributed to an account holder under s. 71.10 (10) (d)  
5 3. or to an account holder's estate under s. 71.10 (10) (d) 4.

6           b. Any amount that is withdrawn from the account for any reason other than  
7 payment or reimbursement of eligible costs as defined under s. 71.10 (10) (a) 3.,  
8 except that this subd. 29. b. does not apply to the transfer of funds to another account  
9 as described under s. 71.10 (10) (c) 4. or funds that are disbursed pursuant to a filing  
10 for bankruptcy protection under 11 USC 101 et seq.

11           **SECTION 2.** 71.05 (6) (b) 54. of the statutes is created to read:

1           71.05 (6) (b) 54. For each account an account holder creates under s. 71.10 (10),  
2           and subject to s. 71.10 (10) (d), an account holder may subtract an amount of up to  
3           \$5,000, or an amount of up to \$10,000 for each such account if the account holder files  
4           a joint income tax return, that the account holder deposits into such an account in  
5           the taxable year to which the subtraction relates, and any interest, dividends, or  
6           other gain that accrues in the account if the interest, dividends, or other gain is  
7           redeposited into the account.

8           **SECTION 3.** 71.05 (6) (b) 55. of the statutes is created to read:

9           71.05 (6) (b) 55. Any amount received by, or paid for the benefit of, a beneficiary,  
10          as defined under s. 71.10 (10) (a) 2., from an account under s. 71.10 (10), provided that  
11          any such amount is used to pay eligible costs, as defined under s. 71.10 (10) (a) 3.

12          **SECTION 4.** 71.10 (4) (k) of the statutes is created to read:

13          71.10 (4) (k) Any amount of money or other assets computed under s. 71.83 (1)  
14          (ch).

15          **SECTION 5.** 71.10 (10) of the statutes is created to read:

16          71.10 (10) FIRST-TIME HOME BUYERS SAVINGS ACCOUNTS. (a) *Definitions.* In this  
17          subsection:

18           1. "Account holder" means an individual who creates, individually or jointly  
19           with his or her spouse, an account under this subsection.

20           2. "Beneficiary" means a first-time home buyer who is designated by an  
21           account holder as the beneficiary of an account under this subsection.

22           3. "Eligible costs" means the down payment and allowable closing costs for the  
23           purchase of a single-family residence in this state by a beneficiary.

24           4. "Financial institution" means any bank, trust company, savings institution,  
25           savings bank, savings and loan association, industrial loan association, consumer

1 finance company, credit union, or any benefit association, insurance company, safe  
2 deposit company, money market mutual fund, or similar entity authorized to do  
3 business in this state.

4 5. "First-time home buyer" means an individual who resides in this state and  
5 has not owned or purchased, either individually or jointly, a single-family residence  
6 during the 36 months before the month in which the individual purchases a  
7 single-family residence in this state.

8 6. "Single-family residence" means a place of abode that is owned and occupied  
9 by a beneficiary as his or her principal residence.

10 (b) *Creation of account.* 1. An individual may become an account holder by  
11 creating an account at a financial institution to pay or reimburse the eligible costs  
12 of a first-time home buyer.

13 2. Not later than April 15 of the year following the year in which an account  
14 holder creates an account, the account holder shall designate a beneficiary. The  
15 account holder may designate himself or herself as the beneficiary. An account  
16 holder may change the beneficiary at any time. No account created under this  
17 subsection may have more than one beneficiary at any one time.

18 3. An individual may jointly own an account created under this subsection with  
19 his or her spouse if the married couple files a joint tax return.

20 4. An individual may be the account holder of more than one account created  
21 under this subsection, but an account holder may not have more than one account  
22 that designates the same beneficiary.

23 5. An individual may be the beneficiary of more than one account created under  
24 this subsection.



1           6. Only cash and marketable securities may be contributed to an account under  
2 this subsection.

3           7. Persons other than an account holder may contribute to an account created  
4 under this subsection, but the subtraction under s. 71.05 (6) (b) 54. may be claimed  
5 only by an account holder.

6           (c) *Account holder rights and responsibilities.* 1. An account holder may  
7 withdraw funds from an account created under this subsection to pay eligible costs  
8 for the benefit of the beneficiary or to reimburse the beneficiary for eligible costs the  
9 beneficiary incurs and has paid.

10           2. An account holder may not use funds in an account created under this  
11 subsection to pay any expenses he or she incurs in administering the account,  
12 although a financial institution may deduct a service fee from the account.

13           3. Annually, an account holder shall submit to the department of revenue with  
14 his or her income tax return, on forms prepared by the department, detailed  
15 information regarding the account. The information submitted shall include all of  
16 the following:

17           a. A list of transactions in the account during the taxable year to which the  
18 account holder's return relates.

19           b. The 1099 form issued by the financial institution that relates to the account.

20           c. A list of eligible costs, and other costs, for which funds from the account were  
21 withdrawn during the taxable year to which the account holder's return relates.

22           d. The amount of funds left in the account at the end of the taxable year to which  
23 the account holder's return relates.

24           4. An account holder may withdraw funds from the account with no penalty due  
25 under s. 71.83 (1) (ch) and no responsibility to make an addition under s. 71.05 (6)

1 (a) 29., if he or she immediately transfers the funds to a different financial institution  
2 and deposits the funds into an account created under this subsection at that financial  
3 institution.

4 (d) *Limitations on accounts, dissolution.* 1. An account holder may not claim  
5 a subtraction under s. 71.05 (6) (b) 54. for more than a total of \$50,000 of deposits into  
6 an account for each beneficiary.

7 2. An account holder shall dissolve an account created under this subsection  
8 not later than 120 months after it is created by the account holder.

9 3. If funds remain in an account when it must be dissolved under subd. 2., the  
10 financial institution shall distribute the proceeds in the account to the account  
11 holder.

12 4. If an account holder dies while funds remain in the account, the proceeds  
13 shall be distributed to the account holder's estate.

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16 submit under this subsection, and any other forms that the department believes are  
17 necessary to enable it to administer this subsection and the adjustments to income  
18 under s. 71.05 (6) (a) 29. and (b) 54. and 55.

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20 informational materials about the accounts described in this subsection.

21 **SECTION 6.** 71.83 (1) (ch) of the statutes is created to read:

22 71.83 (1) (ch) *First-time home buyers savings account withdrawals.* If an  
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24 required to add any amount to federal adjusted gross income under s. 71.05 (6) (a)  
25 29., the account holder or the account holder's estate shall also pay an amount equal

1 to 10 percent of the amount that was added to income under s. 71.05 (6) (a) 29. The  
2 department of revenue shall assess, levy, and collect the penalty under this  
3 paragraph as it assesses, levies, and collects taxes under this chapter.

4 **SECTION 9337. Initial applicability; Revenue.**

5 (1) The treatment of ss. 71.05 (6) (a) 29. and (b) 54. and 55., 71.10 (4) (k) and  
6 (10), and 71.83 (1) (ch) first applies to taxable years beginning on January 1, 2020.

7 (END)



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1898/P3  
MES:wlj

DOA:.....Quinn, BB0309 - Tax-advantaged first-time home buyer accounts

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

1 AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

***1. Tax-advantaged first-time home buyer accounts***

This bill creates a tax-advantaged first-time home buyers savings account. Under the bill, an individual may create the account and must designate a beneficiary of the account, which may be the account holder. The beneficiary must be an individual who is a first-time home buyer, which is defined as someone who resides in this state and has not owned or purchased a single-family residence during the 36 months before the month in which the individual purchases the residence in this state. An account holder may withdraw funds from the account to pay the down payment and eligible closing costs for the purchase of a single-family residence in this state by the beneficiary or to reimburse the beneficiary for eligible costs. The account holder may not use funds from the account to pay any expenses he or she incurs in administering the account, although the financial institution may deduct a service fee from the account.

Beginning in taxable year 2020, annually, an account holder may subtract from his or her federal adjusted gross income (FAGI) up to \$5,000, or \$10,000 if the account holder files a joint income tax return, of the amount he or she contributes to an account, as well as any gain that is redeposited into the account. An account holder

may not claim a subtraction for more than a total of \$50,000 of deposits into an account for each beneficiary.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

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3 to an account described under s. 71.10 (10):

4           a. Any amount that is distributed to an account holder under s. 71.10 (10) (d)  
5 3. or to an account holder's estate under s. 71.10 (10) (d) 4.

6           b. Any amount that is withdrawn from the account for any reason other than  
7 payment or reimbursement of eligible costs as defined under s. 71.10 (10) (a) 3.,  
8 except that this subd. 29. b. does not apply to the transfer of funds to another account  
9 as described under s. 71.10 (10) (c) 4. or funds that are disbursed pursuant to a filing  
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13 and subject to s. 71.10 (10) (d), an account holder may subtract an amount of up to  
14 \$5,000, or an amount of up to \$10,000 for each such account if the account holder files  
15 a joint income tax return, that the account holder deposits into such an account in  
16 the taxable year to which the subtraction relates, and any interest, dividends, or  
17 other gain that accrues in the account if the interest, dividends, or other gain is  
18 redeposited into the account.

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71.10 (4) (k) Any amount of money or other assets computed under s. 71.83 (1) (ch).

**SECTION 5.** 71.10 (10) of the statutes is created to read:

**71.10 (10) FIRST-TIME HOME BUYERS SAVINGS ACCOUNTS.** (a) *Definitions.* In this subsection:

Amend  
3-12

1. "Account holder" means an individual who creates, individually or jointly with his or her spouse, an account under this subsection.

2. "Beneficiary" means a first-time home buyer who is designated by an account holder as the beneficiary of an account under this subsection.

3. "Eligible costs" means the down payment and allowable closing costs for the purchase of a single-family residence in this state by a beneficiary.

4. "Financial institution" means any bank, trust company, savings institution, savings bank, savings and loan association, industrial loan association, consumer finance company, credit union, or any benefit association, insurance company, safe deposit company, money market mutual fund, or similar entity authorized to do business in this state.

5. "First-time home buyer" means an individual who resides in this state and has not owned or purchased, either individually or jointly, a single-family residence during the 36 months before the month in which the individual purchases a single-family residence in this state.

Insert 4-1

Insert 4-2

1 6. "Single-family residence" means a place of abode that is owned and occupied  
2 by a beneficiary as his or her principal residence.

3 (b) *Creation of account.* 1. An individual may become an account holder by  
4 creating an account at a financial institution to pay or reimburse the eligible costs  
5 of a first-time home buyer.

when the account is created

6 2. Not later than April 15 of the year following the year in which an account  
7 holder creates an account, the account holder shall designate a beneficiary. The  
8 account holder may designate himself or herself as the beneficiary. An account  
9 holder may change the beneficiary at any time. No account created under this  
10 subsection may have more than one beneficiary at any one time.

11 3. An individual may jointly own an account created under this subsection with  
12 his or her spouse if the married couple files a joint tax return.

13 4. An individual may be the account holder of more than one account created  
14 under this subsection, but an account holder may not have more than one account  
15 that designates the same beneficiary.

16 5. An individual may be the beneficiary of more than one account created under  
17 this subsection.

18 6. Only cash and marketable securities may be contributed to an account under  
19 this subsection.

20 7. Persons other than an account holder may contribute to an account created  
21 under this subsection, but the subtraction under s. 71.05 (6) (b) 54. may be claimed  
22 only by an account holder.

23 (c) *Account holder rights and responsibilities.* 1. An account holder may  
24 withdraw funds from an account created under this subsection to pay eligible costs

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2 beneficiary incurs and has paid.

3 2. An account holder may not use funds in an account created under this  
4 subsection to pay any expenses he or she incurs in administering the account,  
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6 3. Annually, an account holder shall submit to the department of revenue with  
7 his or her income tax return, on forms prepared by the department, detailed  
8 information regarding the account. The information submitted shall include all of  
9 the following:

- 10 a. A list of transactions in the account during the taxable year to which the  
11 account holder's return relates, *including the beginning and ending*  
*balance of the account*
- 12 b. The 1099 form issued by the financial institution that relates to the account.
- 13 c. A list of eligible costs, and other costs, for which funds from the account were  
14 withdrawn during the taxable year to which the account holder's return relates.
- 15 d. The amount of funds left in the account at the end of the taxable year to which  
16 the account holder's return relates.

17 4. An account holder may withdraw funds from the account with no penalty due  
18 under s. 71.83 (1) (ch) and no responsibility to make an addition under s. 71.05 (6)  
19 (a) 29., if he or she immediately transfers the funds to a different financial institution  
20 and deposits the funds into an account created under this subsection at that financial  
21 institution.

22 (d) *Limitations on accounts, dissolution.* 1. An account holder may not claim  
23 a subtraction under s. 71.05 (6) (b) 54. for more than a total of \$50,000 of deposits into  
24 an account for each beneficiary.



1           2. An account holder shall dissolve an account created under this subsection  
2 not later than 120 months after it is created by the account holder.

3           3. If funds remain in an account when it must be dissolved under subd. 2., the  
4 financial institution shall distribute the proceeds in the account to the account  
5 holder.

6           4. If an account holder dies while funds remain in the account, the proceeds  
7 shall be distributed to the account holder's estate.

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10 submit under this subsection, and any other forms that the department believes are  
11 necessary to enable it to administer this subsection and the adjustments to income  
12 under s. 71.05 (6) (a) 29. and (b) 54. and 55.

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21 department of revenue shall assess, levy, and collect the penalty under this  
22 paragraph as it assesses, levies, and collects taxes under this chapter.

23           **SECTION 9337. Initial applicability; Revenue.**



**2019-2020 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1898/P3ins  
MES:wj

**Insert 3 - 12**

1           2. "Allowable closing costs" means disbursements listed in a settlement  
2 statement for the purchase of a single-family residence by an account holder.

**Insert 4 - 1**

3           residence intended for occupation by a single family unit

**Insert 4 - 12**

4           , including a manufactured home, residential trailer, mobile home,  
5 condominium unit, or cooperative



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1898/P4  
MES:wj&cde

DOA:.....Quinn, BB0309 - Tax-advantaged first-time home buyer accounts

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

1 AN ACT ...; relating to: the budget.

---

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

***1. Tax-advantaged first-time home buyer accounts***

This bill creates a tax-advantaged first-time home buyers savings account. Under the bill, an individual may create the account and must designate a beneficiary of the account, which may be the account holder. The beneficiary must be an individual who is a first-time home buyer, which is defined as someone who resides in this state and has not owned or purchased a single-family residence during the 36 months before the month in which the individual purchases the residence in this state. An account holder may withdraw funds from the account to pay the down payment and eligible closing costs for the purchase of a single-family residence in this state by the beneficiary or to reimburse the beneficiary for eligible costs. The account holder may not use funds from the account to pay any expenses he or she incurs in administering the account, although the financial institution may deduct a service fee from the account.

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2           71.05 (6) (a) 29. For an account holder or an account holder's estate, with regard  
3 to an account described under s. 71.10 (10):

4           a. Any amount that is distributed to an account holder under s. 71.10 (10) (d)  
5 3. or to an account holder's estate under s. 71.10 (10) (d) 4.

6           b. Any amount that is withdrawn from the account for any reason other than  
7 payment or reimbursement of eligible costs as defined under s. 71.10 (10) (a) 3.,  
8 except that this subd. 29. b. does not apply to the transfer of funds to another account  
9 as described under s. 71.10 (10) (c) 4. or funds that are disbursed pursuant to a filing  
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13 and subject to s. 71.10 (10) (d), an account holder may subtract an amount of up to  
14 \$5,000, or an amount of up to \$10,000 if the account holder files a joint income tax  
15 return, for each such account that the account holder deposits into such an account  
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17 other gain that accrues in the account if the interest, dividends, or other gain is  
18 redeposited into the account.

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5 subsection:

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7 with his or her spouse, an account under this subsection.

8           2. "Allowable closing costs" means disbursements listed in a settlement  
9 statement for the purchase of a single-family residence by an account holder.

10           3. "Beneficiary" means a first-time home buyer who is designated by an  
11 account holder as the beneficiary of an account under this subsection.

12           4. "Eligible costs" means the down payment and allowable closing costs for the  
13 purchase of a single-family residence in this state by a beneficiary.

14           5. "Financial institution" means any bank, trust company, savings institution,  
15 savings bank, savings and loan association, industrial loan association, consumer  
16 finance company, credit union, or any benefit association, insurance company, safe  
17 deposit company, money market mutual fund, or similar entity authorized to do  
18 business in this state.

19           6. "First-time home buyer" means an individual who resides in this state and  
20 has not owned or purchased, either individually or jointly, a single-family residence  
21 during the 36 months before the month in which the individual purchases a  
22 single-family residence in this state.

23           7. "Single-family residence" means a residence intended for occupation by a  
24 single family unit that is owned and occupied by a beneficiary as his or her principal

1 residence, including a manufactured home, residential trailer, mobile home,  
2 condominium unit, or cooperative.

3 (b) *Creation of account.* 1. An individual may become an account holder by  
4 creating an account at a financial institution to pay or reimburse the eligible costs  
5 of a first-time home buyer.

6 2. The account holder shall designate a beneficiary when the account is created.  
7 The account holder may designate himself or herself as the beneficiary. An account  
8 holder may change the beneficiary at any time. No account created under this  
9 subsection may have more than one beneficiary at any one time.

10 3. An individual may jointly own an account created under this subsection with  
11 his or her spouse.

12 4. An individual may be the account holder of more than one account created  
13 under this subsection, but an account holder may not have more than one account  
14 that designates the same beneficiary.

15 5. An individual may be the beneficiary of more than one account created under  
16 this subsection.

17 6. Only cash and marketable securities may be contributed to an account under  
18 this subsection.

19 7. Persons other than an account holder may contribute to an account created  
20 under this subsection, but the subtraction under s. 71.05 (6) (b) 54. may be claimed  
21 only by an account holder.

22 (c) *Account holder rights and responsibilities.* 1. An account holder may  
23 withdraw funds from an account created under this subsection to pay eligible costs  
24 for the benefit of the beneficiary or to reimburse the beneficiary for eligible costs the  
25 beneficiary incurs and has paid.

1           2. An account holder may not use funds in an account created under this  
2 subsection to pay any expenses he or she incurs in administering the account,  
3 although a financial institution may deduct a service fee from the account.

4           3. Annually, an account holder shall submit to the department of revenue with  
5 his or her income tax return, on forms prepared by the department, detailed  
6 information regarding the account. The information submitted shall include all of  
7 the following:

8           a. A list of transactions in the account during the taxable year to which the  
9 account holder's return relates, including the beginning and ending balance of the  
10 account.

11           b. The 1099 form issued by the financial institution that relates to the account.

12           c. A list of eligible costs, and other costs, for which funds from the account were  
13 withdrawn during the taxable year to which the account holder's return relates.

14           4. An account holder may withdraw funds from the account with no penalty due  
15 under s. 71.83 (1) (ch) and no responsibility to make an addition under s. 71.05 (6)  
16 (a) 29., if he or she immediately transfers the funds to a different financial institution  
17 and deposits the funds into an account created under this subsection at that financial  
18 institution.

19           (d) *Limitations on accounts, dissolution.* 1. An account holder may not claim  
20 a subtraction under s. 71.05 (6) (b) 54. for more than a total of \$50,000 of deposits into  
21 an account for each beneficiary.

22           2. An account holder shall dissolve an account created under this subsection  
23 not later than 120 months after it is created by the account holder.



1           3. If funds remain in an account when it must be dissolved under subd. 2., the  
2 financial institution shall distribute the proceeds in the account to the account  
3 holder.

4           4. If an account holder dies while funds remain in the account, the proceeds  
5 shall be distributed to the account holder's estate.

6           (e) *Department responsibilities.* The department shall:

7           1. Prepare and distribute any forms that an account holder is required to  
8 submit under this subsection, and any other forms that the department believes are  
9 necessary to enable it to administer this subsection and the adjustments to income  
10 under s. 71.05 (6) (a) 29. and (b) 54.

11           2. Prepare and distribute to financial institutions and potential home buyers  
12 informational materials about the accounts described in this subsection.

13           **SECTION 5.** 71.83 (1) (ch) of the statutes is created to read:

14           71.83 (1) (ch) *First-time home buyers savings account withdrawals.* If an  
15 account holder, as defined under s. 71.10 (10) (a) 1., or an account holder's estate is  
16 required to add any amount to federal adjusted gross income under s. 71.05 (6) (a)  
17 29., the account holder or the account holder's estate shall also pay an amount equal  
18 to 10 percent of the amount that was added to income under s. 71.05 (6) (a) 29. The  
19 department of revenue shall assess, levy, and collect the penalty under this  
20 paragraph as it assesses, levies, and collects taxes under this chapter.

21           **SECTION 9337. Initial applicability; Revenue.**

22           (1) The treatment of ss. 71.05 (6) (a) 29. and (b) 54. and 55., 71.10 (4) (k) and  
23 (10), and 71.83 (1) (ch) first applies to taxable years beginning on January 1, 2020.

24           **(END)**