

Banking Committee JOINT FAVORABLE REPORT

Bill No.: HB-6876

AN ACT ESTABLISHING FIRST-TIME HOMEBUYER SAVINGS ACCOUNTS

Title: AND A RELATED TAX DEDUCTION AND CREDIT.

Vote Date: 3/6/2025

Vote Action: Joint Favorable Substitute

PH Date: 2/13/2025

File No.:

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SPONSORS OF BILL:

The Banking Committee

REASONS FOR BILL:

Rising housing costs have made homeownership less attainable for many individuals compared to previous generations. By allowing individuals to contribute to a dedicated savings account and providing a tax incentive for employer contributions, this legislation aims to facilitate homeownership and promote long-term financial stability for first-time buyers. The bill establishes a first-time homebuyer savings account and a related tax credit for individuals looking to purchase their first home.

SUBSTITUTE LANGUAGE:

This substitute language makes two changes to the bill. The first change expands eligibility to include residences with up to four families, which were previously excluded. Secondly, it removes section four, which required the Treasurer to make recommendations on marketable securities for first-time homebuyer accounts.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Erick Russell, Office of the State Treasurer, State Treasurer](#): He stated that the bill provides tax deductions and credits for contributions made to the account. He also noted that the bill would require his office to make a recommendation on the marketable securities of these accounts but clarified that the structure of these investments should be determined by the capacity and offerings of each individual financial institution, not by his office.

NATURE AND SOURCES OF SUPPORT:

Bruce Adams, President & CEO – Credit Union League of Connecticut: He explained the purpose of a credit union and how they are non-profit financial institutions owned and governed by their members. He stated that these establishments exist to promote financial independence and keep profits local and explained how this bill helps individuals by establishing a first-time homebuyer savings account, helping people achieve the American Dream. He also noted that this bill would allow employers to make contributions to their employees' savings accounts and receive tax credits for doing so, drawing comparisons to similar programs in other states that have proven successful.

Betsy Gara, Executive Director, Connecticut Council of Small Towns: She stated that encouraging individuals to save for a down payment on a home should be a key effort by the state to promote greater housing opportunities. She mentioned that the Office of Legislative Research (OLR) had written a report stating that similar accounts have been statutorily created in 14 other states.

Heckman, Jim, General Counsel-CT Realtors: He noted the significant costs homebuyers are facing when trying to purchase a home in the state of Connecticut and explained how this bill would provide employers with a tax credit benefit if they contribute to their employees' accounts. He praised the bill for encouraging individuals to save for a home, especially in a market currently experiencing high demand and low inventory.

Mendillo, Sara, Government Affairs-Middlesex County Chamber: She stated that this bill reduces barriers to homeownership and that it would not only help individuals achieve their dream of owning a home, but also stimulate local markets regarding real estate and contributing to the local economic growth of the towns these homes reside in.

Pete Myers, Senior Public Policy Associate, CBIA: He explained that the significant labor shortage and rising housing costs present major barriers for young professionals and families trying to establish themselves. He stated that this bill would help address these challenges and empower individuals to save for homeownership.

Francis Pickering, Executive Director, West COG: They expressed support for the bill but noted that cash due at signing can be a barrier for some individuals trying to purchase a home. They also pointed out that the bill applies only to individuals who have never previously owned a home in Connecticut. They explained that while this definition may help prevent misuse, it could create barriers for those with complex housing situations, such as individuals going through a divorce or those living in military households.

Garrett Sheehan, President-CE, GNHCC: He stated that this bill is a step toward making homeownership more attainable in the state of Connecticut. He mentioned that allowing employers to contribute to their employees' accounts provides a valuable opportunity for businesses to assist employees in achieving financial security, while also benefiting Connecticut's workforce and economy.

Bonnie Stewart, Executive Director, CEO, CTCPA: She elaborated on the severe shortage of starter homes and single-family homes in the state of Connecticut. She stated that this bill would assist companies in recruiting and retaining young talent in the state. She also

recommended that the committee expand the bill to include duplexes and allow these accounts to be used for new construction and renovations to existing homes.

Katie Agostino, President , CEO, Central CT Chambers of Commerce: She stated that this bill would help to foster a stable economic environment in CT and benefit first time homebuyers by making starter homes more accessible.

Samuel Gold, Executive Director, River COG: He explained that homeownership is the most effective means of building generational wealth in the United States. He also stated that a fixed mortgage does not change over time, which can help individuals achieve other financial goals such as building savings, paying bills, or setting aside money for retirement.

Thomas Mongellow, President - CEO-Connecticut Bankers Association: He explained that this bill encourages and rewards individuals who save money toward purchasing their first home. He also requested that the committee expand the bill to include one- to four-family homes and noted that there is precedent for tax-advantaged savings accounts, citing the Connecticut Higher Education Trust (CHET) Program.

NATURE AND SOURCES OF OPPOSITION:

None Expressed

Reported by: Thomas Togneri

Date: 03/13/2025