Tax Expenditure Review Commission Member Evaluation Summary
1.4.14 Interest on Contributions to a First Time Homebuyer Account

Name of Expenditure:	Interest on Contributions to a First Time Homebuyer
Estimate of Annual Revenue Lost:	Less Than $50,000*
Year of Adoption:	2017
Sunset Date:	None

Tax Type:

- ☒ Individual Income Tax
- ☐ Corporate Franchise Tax
- ☐ Estate Tax
- ☐ General Sales and Use Tax
- ☐ Motor Vehicle Sales Tax
- ☐ Highway Fuels Excise Tax
- ☐ Alcoholic Beverage Tax
- ☐ Cigarette and Tobacco Tax
- ☐ Mortgage Registry Tax
- ☐ Deed Transfer Tax
- ☐ Lawful Gambling Tax
- ☐ Insurance Premiums Tax
- ☐ Property Tax
- ☐ Motor Vehicle Registration Tax
- ☐ Aircraft Registry Tax
- ☐ Cannabis Gross Receipts Tax

This expenditure is the result of state conformity to the Federal Code:

- ☐ Yes
- ☒ No

Commission Approved Objective:

The objective of the Interest on Contributions to a First Time Homebuyer Account tax exemption is to support and encourage first time homebuyers to save for the purchase of a home.

Business (check all that apply):

- ☐ Job Creation & Maintenance
- ☒ Investment
- ☒ Competitiveness/Strategic
- ☐ Health/Environmental/Social Justice
- ☐ Other

Individual (check all that apply):

- ☒ Relief of Poverty
- ☒ Progressivity/Assistance to Low Earners
- ☒ Access to Opportunity
- ☐ Health/Environment/Social Justice
- ☐ Other

*The estimate is from the 2024 Tax Expenditure Budget published by the Department of Revenue for Fiscal Year 2027.

Measurement and Effectiveness Ratings Summary:

Statement	Strongly Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Strongly Agree	Total
We can measure the overall benefit towards achieving the objective(s).	0	1	1	2	1	5
The expenditure's benefit justifies its fiscal cost.	1	2	0	2	0	5
The expenditure is claimed by its intended beneficiaries.	3	0	0	2	0	5
The expenditure is claimed by a broad group of taxpayers.	4	1	0	0	0	5
The expenditure amount claimed per taxpayer is meaningful as an incentive/benefit.	3	1	1	0	0	5
The expenditure is relevant today.	3	1	0	1	0	5
Business Only: The expenditure is primarily beneficial to smaller businesses.	3	0	0	0	0	3
Individuals Only: The expenditure is primarily beneficial to lower income taxpayers.	1	2	0	1	0	4

This tax expenditure is flagged for legislative review:

Continue	Repeal	Modify	Total
1	4	0	5

Comments:

"The amount of incentive is virtually insignificant and claimed by an exceedingly small number of people. This expense is not meeting its objectives and should be repealed."

"Hardly anyone is claiming the credit, and the amount claimed is not meaningful to the cost of buying a home. With a limited number of claims and a limited return to potential homeowners a better incentive may be a fund that give direct payments to potential homeowners. Perhaps more could be done in down payment assistance or creating savings accounts specific for the future purchase of a home."