



**Senator Theresa Gavarone and Senator Bob Peterson**  
**Senate Bill 139**  
**Sponsor Testimony**  
**Senate Ways and Means Committee**  
**May 21, 2019**

Chairman Terhar, Vice-Chair Roegner, Ranking Member Williams and members of the Senate Ways and Means Committee, thank you for your attention as we testify on behalf of Senate Bill 139, the “First-Time Home Buyer Savings Act”.

As most of us know, saving enough money to make a down payment on a home can be difficult. However, it has proven to be even more challenging for our children and for future generations due to a variety of factors, including rising student loan debt and the price of rent.

Recent studies have shown that over the last quarter century, the average age of first-time home buyers has increased from the mid-20s to the mid-30s. This increase is due in large part to more than eight out of ten millennial renters having saved less than \$10,000 for a down payment on a house. Nearly half of all millennial renters have not even saved a dollar towards a down payment on a home.<sup>i</sup> Right now, purchasing a home seems like more of a dream than a realistic goal for many young Ohioans.

So what should we do about this? We have a bill before you that will help today’s young adults and future generations of home buyers achieve the goal of homeownership. Senate Bill 139 will allow for the creation of savings accounts at financial institutions in Ohio that future buyers can use as a means of purchasing a new home.

The account holder(s) will simply create a savings account as you would right now, and once opened, they can begin depositing funds. Contributions up to \$5,000 for single filers and \$10,000 for joint filers, plus accrued interest, are tax deductible each year.

This legislation has been modeled after current law in at least eight states, and the money in the savings account can only be used for the down payment or allowable closing costs associated with the purchase of a home. We worked very hard to ensure this account will only be attractive

people planning to purchase a home or others who are trying to help another person buy a house. In order to accomplish that, the bill includes a 10% penalty—with exceptions such as the death of the account holder—for money withdrawn for any reason besides the purchase of a home.

Ultimately, we want to encourage renters to purchase a home. Homeownership can provide many social and economic benefits, not just for the homeowner, but for the communities in which they live. However without changes, the reality is many young people are going to delay the purchasing of a home. We believe the “First-Time Home Buyer Savings Act” will be a useful tool for Ohioans, and we are excited to help people get on the right track to becoming homeowners.

Chairman Terhar, thank you for allowing us to testify today on Senate Bill 139. We would be happy to answer any questions the committee may have at this time.

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<sup>1</sup> <https://themortgagereports.com/46152/down-payment-disappointment-most-millennial-renters-just-arent-saving-enough/amp>