



OHIO MORTGAGE BANKERS ASSOCIATION

Chairman Terhar, Ranking Member Williams and members of the committee, my name is Ed Hensley, and I am the President of the Ohio Mortgage Bankers Association. The association represents more than 100 independent mortgage banking companies, banks, credit unions and other industry partners; employing thousands of individuals throughout the State of Ohio.

Homeownership delivers a sense of community, provides security, and builds wealth. It means putting down roots and promotes pride of ownership. It is a path to emotional and financial stability. According to the Government Sponsored Enterprise, Freddie Mac, the housing market is a driving force in our economy, with the Bureau of Economic Analysis estimating that it accounted for approximately 12.3% of our gross domestic product in 2017. It's the thread that runs through all aspects of our local and national economies, from construction to manufacturing. Homeowners also tend to buy more goods and use more services in their communities, further benefiting the economy.

It is a known fact that the biggest obstacle that first-time homebuyers have in their path to homeownership is down payment. It is our belief that S.B.139 is a vehicle that can assist in overcoming that obstacle. Many states (including Iowa, Virginia, Oregon, Minnesota and New York, to name a few) have passed similar legislation.

The legislation allows an account holder to deduct deposits to a first-time homebuyer's savings account from their income for purposes of payment of Ohio state income tax for a designated beneficiary. The funds must be used for down payment and/or closing costs in the purchase of a single-family residence by the beneficiary of the savings account. The legislation incorporates safeguards to ensure that the funds are used for the intended purpose, such as:

- a 10% penalty, in addition to payment of tax due, if funds are withdrawn for purposes other than the designated beneficiary home purchase transaction, and
- taxes due if the funds are not used within 14 years

The account holder may have more than one account for more than one beneficiary, for instance in the case of a parent who has opened accounts to benefit each of their children. However, regardless of the number of accounts, deposits are capped at \$10,000 per year for spouses filing a joint state income tax return, or \$5,000 for all other account holders. Total deposits for the 14-year period may not exceed \$100,000 for spouses filing jointly, or \$50,000 for all others.

June is National Homeownership month, and I can't think of a better way to celebrate it than by passing S.B. 139 out of committee and on to the floor.

I thank you for the opportunity to voice our support of this legislation.