# SENATE . . . . . No. 3210

Senate, July 23, 2026 -- Text of amendment (180) (offered by Senator Fernandes) to the Ways and Means amendment (Senate, No. 3178) to the House Bill relative to economic development in the commonwealth.

## The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court**
**(2025-2026)**

by inserting at the end thereof the following two sections:-

"SECTION X. Chapter 62 of the General Laws is hereby amended by inserting after section 5C the following new section:- Section 5D. Definitions applicable to this section and section 5E.

The following words and phrases for the purposes of this section and the following section shall have the following meanings:

“Account holder” means an individual who establishes, individually or jointly with one or more other individuals, a first-time home buyer savings account.

“Allowable closing costs” means a disbursement listed on a settlement statement for the purchase of a single-family residence in Massachusetts by a qualified beneficiary.

“Eligible costs” means the down payment and allowable closing costs for the purchase of a single-family residence in Massachusetts by a qualified beneficiary.

“Financial institution” means any bank, trust company, savings institution, 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 Massachusetts.

"First-Time Home Buyer" means an individual who resides in Massachusetts and has not owned or purchased, either individually or jointly, a single-family residence during a period of three (3) years prior to the date of the purchase of a single-family residence.

"First-Time Home Buyer Savings Account" or "account" means an account with a financial institution that an account holder designates as a first-time home buyer savings account on the account holder's Massachusetts income tax return for tax year 2025 or any tax year thereafter, pursuant to this Chapter for the purpose of paying or reimbursing eligible costs for the purchase of a single-family residence in Massachusetts by a qualified beneficiary.

"Qualified Beneficiary" means a first-time home buyer who is designated as the qualified beneficiary of an account designated by the account holder as a first-time home buyer savings account.

"Settlement Statement" means the statement of receipts and disbursements for a transaction related to real estate, including a statement prescribed under the Real Estate Settlement Procedures Act of 1974, 12 U.S.C. 2601 et seq., as amended, and regulations thereunder.

"Single-Family Residence" means a single-family residence owned and occupied by a qualified beneficiary as the qualified beneficiary's principal residence, which may include a manufactured home, trailer, mobile home, condominium unit, or cooperative.

SECTION X+1. Chapter 62 is hereby amended by inserting after section 5D the following new section:-

Section 5E. Designation and Use of First-Time Home Buyer Savings Account.

(a) Beginning January 1, 2026, any individual may open an account with a financial institution and designate the account, in its entirety, as a first-time home buyer savings account to be used to pay or reimburse a qualified beneficiary's eligible costs for the purchase of a single-family residence in Massachusetts.

(b) An account holder must designate no later than April 15 of the year following the tax year during which the account is established, a first-time home buyer as the qualified beneficiary of the first-time home buyer savings account. The account holder may designate himself or herself as the qualified beneficiary and may change the designated qualified beneficiary at any time, but there may not be more than one qualified beneficiary at any one time.

(c) An individual may jointly own a first-time home buyer savings account with another person if the joint account holders file a joint income tax return.

(d) An individual may be the account holder of more than one first-time home buyer savings account. However, an account holder cannot have multiple accounts that designate the same qualified beneficiary.

(e) An individual may be designated as the qualified beneficiary on more than one first-time home buyer savings account.

(f) Only cash and marketable securities may be contributed to a first-time home buyer savings account. Subject to the limitations of this section, persons other than the account holder

may contribute funds to a first-time home buyer savings account. There is no limitation on the amount of contributions that may be made to or retained in a first-time home buyer savings account.

(g) The funds held in a first-time home buyer savings account shall not be used to pay expenses of administering the account, except that a service fee may be deducted from the account by a financial institution in which the account is held;

(h) The account holder shall submit the following to the department of revenue:

(1) detailed information regarding the first-time home buyer savings account, including a list of transactions for the account during the tax year and the Form 1099 issued by the financial institution for such account with the account holder's Massachusetts income tax return on forms prepared by the department of revenue; and

(2) a detailed account of the eligible costs toward which the account funds were applied, if there was a withdrawal from the account, and a statement of the amount of funds remaining in the account, if any.

(i) Under this section and section 5D of this chapter, a financial institution shall not be required to:

(1) Designate an account as a first-time home buyer savings account, or designate the qualified beneficiaries of an account, in the financial institution's account contracts or systems or in any other way;

(2) Track the use of funds withdrawn from a first-time home buyer savings account;

(3) Allocate funds in a first-time home buyer savings account among joint account holders or multiple qualified beneficiaries; or

(4) Report any information to the Department of Revenue or any other governmental agency that is not otherwise required by law.

(j) A financial institution is not responsible or liable for:

(1) Determining or ensuring that an account satisfies the requirements to be a first-time home buyer savings account;

(2) Determining or ensuring that funds in a first-time home buyer savings account are used for eligible costs; or

(3) Reporting or remitting taxes or penalties related to the use of a first-time home buyer savings account.

(k) Except as otherwise provided in this section and subject to the limitations under this subsection, there shall be deducted from taxable income of an account holder, for Massachusetts income tax purposes:

(1) the amount contributed to a first-time home buyer savings account during each tax year, not to exceed $5,000 for an account holder who files an individual tax return or $10,000 for joint account holders who file a joint tax return.

(2) the amount of earnings, including interest and other income on the principal, from the first-time home buyer savings account during the tax year.

(l) An account holder may claim the deduction and exclusion under subsection (k):

(1) For a period not to exceed 15 years;

(2) For an aggregate total amount of principal and earnings, not to exceed $50,000 during that 15-year period; and

(3) Only if the principal and earnings of the account remain in the account until a withdrawal is made for eligible costs related to the purchase of a single-family residence by a qualified beneficiary, except as otherwise provided in this section.

(m) Any funds in a first-time home buyer savings account not expended on eligible costs by December 31 of the last year of the 15-year period under Subsection 7(2)(a) of this Chapter shall thereafter be included in the account holder's taxable income.

(n) A person other than the account holder who deposits funds in a first-time home buyer savings account shall not be entitled to the deduction and exclusion provided for under this Chapter.

(o) The deduction and exclusion from taxable income provided for by this Section shall apply to any alternative bases for calculating taxable income for Massachusetts income tax purposes.

(p) Except as otherwise authorized in this section, if the account holder withdraws any funds from a first-time home buyer savings account for a purpose other than eligible costs for the purchase of a single-family residence:

(1) Those funds shall be included in the account holder's taxable income; and

(2) The account holder shall pay a penalty to the Department of Revenue equal to the tax that would have been collected had the withdrawn funds been subject to income tax. Such penalty shall not apply to funds withdrawn from an account that were:

(i) Withdrawn by reason of the account holder's death or disability;

(ii) A disbursement of assets of the account pursuant to a filing for protection under the United States Bankruptcy Code, 11 U.S.C. § 101 et seq.; or

(iii) A transfer of the funds from a first-time home buyer savings account to a new first-time home buyer savings account held by a different financial institution or the same financial institution.

(q) The Department of Revenue shall prepare forms:

(1) For the designation of an account with a financial institution to serve as a first-time home buyer savings account;

(2) For the designation of a qualified beneficiary of a first-time home buyer savings account; and

(3) For an account holder to annually submit to the Department of Revenue detailed information regarding the first-time home buyer savings account, including but not limited to a list of transactions for the account during the tax year, and identifying any supporting documentation that is required to be maintained by the account holder."