

HOUSE BILL No. 1403

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-20-11; IC 6-3-3-14.

Synopsis: First time home buyer savings program. Establishes the first time home buyer savings program (program) for the purpose of assisting first time home buyers who seek to open a first time home buyer savings account (account) at a financial institution to save money for the purchase of a single family residence. Requires the Indiana housing and community development authority to administer the program, to prepare and supervise the issuance of public information concerning the program, and to prescribe various forms for use by financial institutions that choose to offer accounts. Specifies that: (1) money in an account (including all earnings or interest on an account) is exempt from taxation in Indiana; and (2) withdrawals from an account used for a down payment and allowable closing costs for the purchase of a single family residence; are exempt from state adjusted gross income taxation. Creates a state adjusted gross income tax credit for contributions to an account (credit) in an amount equal to the lesser of: (1) 20% multiplied by the amount of the total contributions made to the account during a taxable year; or (2) \$5,000. Requires repayment of all or a part of the credit in a taxable year in which the taxpayer withdraws funds from an account for purposes other than payment of a down payment and allowable closing costs.

Effective: July 1, 2026; January 1, 2027.

Dant Chesser, Hamilton, Lawson

January 8, 2026, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1403

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-20-11 IS ADDED TO THE INDIANA CODE AS
- 2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2026]:
- 4 **Chapter 11. First Time Home Buyer Savings Program**
- 5 **Sec. 1. As used in this chapter, "account holder" means a first**
- 6 **time home buyer who establishes a first time home buyer savings**
- 7 **account.**
- 8 **Sec. 2. As used in this chapter, "authority" refers to the Indiana**
- 9 **housing and community development authority created by**
- 10 **IC 5-20-1-3.**
- 11 **Sec. 3. As used in this chapter, "eligible costs" means:**
- 12 **(1) the down payment; and**
- 13 **(2) any allowable closing costs listed as disbursements on a**
- 14 **settlement statement;**
- 15 **for the purchase of a single family residence by an account holder.**
- 16 **Sec. 4. As used in this chapter, "financial institution" means a**
- 17 **bank, savings association, credit union, or any other institution**



1 regulated under IC 28 or federal law that has a physical location
2 in Indiana.

3 Sec. 5. As used in this chapter, "first time home buyer" means
4 an individual who is an Indiana resident and has not owned or
5 purchased, either individually or jointly, a single family residence
6 during a period of three (3) years before the date of the purchase
7 of a single family residence.

8 Sec. 6. As used in this chapter, "first time home buyer savings
9 account" means an account established as a first time home buyer
10 savings account by written agreement between an account holder
11 and a financial institution and that the account holder designates
12 for the purpose of paying or reimbursing eligible costs for the
13 purchase of a single family residence in Indiana by the account
14 holder.

15 Sec. 7. As used in this chapter, "program" refers to the first
16 time home buyer savings program established by section 10 of this
17 chapter.

18 Sec. 8. As used in this chapter, "settlement statement" means
19 the statement of receipts and disbursements for a transaction
20 related to real estate, including a statement prescribed under the
21 federal Real Estate Settlement Procedures Act (12 U.S.C. 2601 et
22 seq.) and related regulations.

23 Sec. 9. As used in this chapter, "single family residence" means
24 any residence intended for occupation by a single family unit that
25 is owned and occupied by an account holder as the account
26 holder's principal residence.

27 Sec. 10. The first time home buyer savings program is
28 established for the purpose of assisting first time home buyers who
29 seek to open an account at a financial institution to save money for
30 the purchase of a single family residence. The authority shall
31 administer the program and prepare and supervise the issuance of
32 public information concerning the program, including information
33 pertaining to the availability of the tax credit provided by
34 IC 6-3-3-14.

35 Sec. 11. A financial institution may participate in the program
36 and offer first time home buyer savings accounts. However,
37 nothing in this chapter requires a financial institution to offer first
38 time home buyer savings accounts to customers of the financial
39 institution.

40 Sec. 12. Not later than January 1, 2027, the authority shall
41 prescribe an informational form that a financial institution may
42 use to provide to customers that summarizes the eligibility



requirements of the program, the eligible costs that may be paid from a first time home buyer savings account, and the availability of the tax credit for contributions provided by IC 6-3-3-14.

Sec. 13. The authority shall also prescribe a form for use by a financial institution at which an account holder has created a first time home buyer savings account that contains the following information:

- (1) The date when the account was created.
- (2) The name of the account holder.
- (3) The amount of funds contributed to the account during the taxable year.
- (4) The amount of funds withdrawn from the account during the taxable year.
- (5) Any other information the authority considers necessary.

A financial institution that offers first time home buyer savings accounts must annually provide the information contained on the form to an account holder before January 31 of each year.

Sec. 14. An individual may jointly own a first time home buyer savings account with another person if the joint account holders are both first time home buyers and file a joint income tax return. However, an individual may not be the account holder of more than one (1) first time home buyer savings account.

Sec. 15. An account holder may not use funds held in a first time home buyer savings account to pay expenses of administering the account, except that the financial institution that administers the account may deduct a service fee from the account.

Sec. 16. An account holder may withdraw all or part of the funds from a first time home buyer savings account and deposit the funds in a new first time home buyer savings account held by a different financial institution or the same financial institution.

Sec. 17. A financial institution is not required to track the use of funds withdrawn from a first time home buyer savings account, and 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 related to the use of a first time home buyer savings account.

Sec. 18. A first time home buyer savings account and all earnings or interest on an account are exempt from taxation in Indiana. In addition, withdrawals from an account used to pay



1 eligible costs are exempt from the adjusted gross income tax
2 imposed by IC 6-3-1 through IC 6-3-7.

3 **Sec. 19.** The authority may adopt policies, procedures, or other
4 guidelines that it considers necessary for the implementation of the
5 program.

6 SECTION 2. IC 6-3-3-14 IS ADDED TO THE INDIANA CODE
7 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
8 JANUARY 1, 2027]: **Sec. 14. (a)** The following definitions apply
9 throughout this section:

10 (1) "Account holder" has the meaning set forth in
11 IC 5-20-11-1.

12 (2) "Contribution" means the amount of money directly
13 provided to a first time home buyer savings account by a
14 taxpayer.

15 (3) "Eligible costs" has the meaning set forth in IC 5-20-11-3.

16 (4) "First time home buyer savings account" has the meaning
17 set forth in IC 5-20-11-6.

18 (5) "Taxpayer" means:

19 (A) an individual filing a single return;

20 (B) a married couple filing a joint return; or

21 (C) a married individual filing a separate return.

22 (b) A taxpayer is entitled to a credit against the taxpayer's
23 adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7
24 for a taxable year equal to the lesser of:

25 (1) twenty percent (20%) multiplied by the amount of the
26 total contributions that are made by the taxpayer to the
27 taxpayer's first time home buyer savings account during the
28 taxable year; or

29 (2) five thousand dollars (\$5,000).

30 (c) A taxpayer is not entitled to a carryback, carryover, or
31 refund of an unused credit.

32 (d) A taxpayer may not sell, assign, convey, or otherwise
33 transfer the tax credit provided by this section.

34 (e) To receive the credit provided by this section, a taxpayer
35 must claim the credit on the taxpayer's annual state tax return or
36 returns in the manner prescribed by the department. The taxpayer
37 shall submit to the department all information that the department
38 determines is necessary for the calculation of the credit provided
39 by this section.

40 (f) An account holder must repay all or a part of the credit in a
41 taxable year in which the taxpayer withdraws funds from a first
42 time home buyer savings account if the funds were:



- 1 (1) used for a purpose other than an eligible cost;
2 (2) claimed as a credit in the taxable year or a prior taxable
3 year; and
4 (3) not deposited into another first time home buyer savings
5 account held by the taxpayer.

6 (g) Any required repayment under subsection (f) shall be
7 reported by the account holder on the account holder's annual
8 state income tax return for any taxable year in which an account
9 holder withdraws funds for a purpose other than the payment of
10 eligible costs.

11 (h) A person other than the account holder who deposits funds
12 in a first time home buyer savings account is not entitled to the
13 credit provided by this section.

14 SECTION 3. [EFFECTIVE JANUARY 1, 2027] (a) IC 6-3-3-14,
15 as added by this act, applies to taxable years beginning after
16 December 31, 2026.

17 (b) This SECTION expires December 31, 2029.

