

Tax-free savings accounts can help with home purchases



A state tax-free savings plan can help first-time homebuyers make the down payment and cover other costs.
PHOTO BY TRINITY NGUYEN VIA UNSPLASH

BY KATHRYN MCNUTT
The Journal Record

Twenty years ago, Oklahoma launched a program to help families save money for their children's future college expenses tax-free. Now the same model is available to save toward the purchase of a house.

The only problem is getting the word out, said Carolyn Sims, a member of the Oklahoma City Metropolitan Association of Realtors' government affairs committee.

The law authorizing the tax deduction was passed in 2019, making 2020 the initial year Oklahomans could claim tax savings for placing money in a homebuyer savings account. HBSAs are in place or under consideration in about half of the states.

State Rep. Tammy West, who authored the bill with then-Sen. Jason Smalley, said allowing tax-free savings for home purchases not only helps would-be homeowners but also benefits the community because "homeownership strengthens our neighborhoods and our economy."

Sims said HBSAs offer big financial benefits for first-time homebuyers, who often struggle to come up with down payment and closing costs, especially if they are burdened with student loan debt.

"A lot of people know about 529 savings accounts for higher education," West said. "HBSAs are like that. Individuals can put up to \$5,000 a year away without paying state taxes, and couples can save up to

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Federal funding is available to bring broadband and economic development to rural Oklahoma – but the process requires quite a bit of prep, planning and specificity, said members of a panel discussion hosted by the Oklahoma Department of Commerce on Tuesday.
PHOTO BY TROY MORTIER VIA UNSPLASH

Communities can get broadband, development aid

BY JANICE FRANCIS-SMITH
The Journal Record

OKLAHOMA CITY – Federal funding is available to bring broadband and economic development to rural Oklahoma – but the process requires quite a bit of prep, planning and specificity, said members of a panel discussion hosted by the Oklahoma Department of Commerce on Tuesday.

The Informative Session about Federal Programs Related to Community Infrastructure Improvements was held online, and included representatives from the Federal Emergency Management Agency, the U.S. Department of Agriculture and the U.S. Economic Development Administration.

"The purpose of this call is to let communities know about grants and funding available for local projects," said Jennifer Springer, director of international trade and foreign investment at the Oklahoma Department of Commerce.

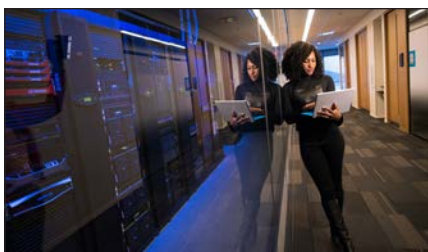
Springer encouraged those with a need to visit the department's economic development portal, which has a link to an infrastructure site survey.

"We're asking communities to fill this out if you have a site that has infrastructure challenges that hamper your ability to compete in attracting businesses or it inhibits a current company from expanding," Springer said, as the Commerce Department seeks to gain a better understanding of where there might be challenges or "bottlenecks" within the state.

The Commerce Department is mounting a "full-court press" to identify shovel-ready sites in the states, as well as sites that need a bit of help to get them ready. Marshall Vogts, who directs the Community Development Division at Commerce, said the office gets the most requests for water and wastewater treatment projects in rural areas, as well as a lot of road projects.

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OKC, Tulsa rank among top cities for tech talent growth Aerospace and other technology-driven industries are having more of an economic impact in Oklahoma, as indicated in a new report that reflects the rising status of Oklahoma City and Tulsa as tech hubs.

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CRUDE OIL	NATURAL GAS	GASOLINE
 2.12	 .036	 .0248
Aug \$73.13	Aug \$3.660	Aug \$2.2935

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\$10,000 a year.”

The money can be used for a down payment, escrow, inspections or other costs involved in buying a home.

“Owning a home is the best way for someone to build stability and wealth,” Sims said. “This is a hugely beneficial program because the tax savings really add up, and we wish more people knew about it.”

Sims said she polled banks this week and several told her they didn’t know about the program.

The Oklahoma Tax Commission said 2020 tax returns are still being processed, but preliminary data indicate 60 Okla-

homa resident tax returns claimed the deduction in the amount of \$510,974.

The Oklahoma 529 College Saving Plan, introduced in 2000, has helped 30,546 students pay nearly \$715 million in college expenses since its inception, said Tim Allen, deputy state treasurer for communications and program administration.

As with 529 plans, family and friends can set up HBSA accounts to benefit someone else. Parents or grandparents can set up an account, designate a child as the beneficiary and put money in for up to 15 years to help that child purchase a home.

Sims said this allows parents and grandparents with limited incomes to make a significant contribution over

time.

The account holder can put up to \$5,000 for a single person or \$10,000 for a couple per year and deduct that amount from their Oklahoma taxable income. The money grows tax-free up to \$50,000.

After 15 years, if the money hasn’t been used to purchase a house, the account holder will owe the taxes. A 10% penalty will be charged if money is withdrawn for another use.

The HBSA is available for any state resident who is a first-time homebuyer in Oklahoma, even if they previously owned a home in another state. It can benefit someone who comes to work or train in Oklahoma and then decides they want to stay, Sims said.

The National Association of Realtors reports one-third of home sales in Oklahoma go to first-time buyers. Polling shows close to 70% said affordability was their biggest obstacle, including ability to save for a down payment.

NAR data show the median existing-home price in March was \$329,100, up 17.2% from March 2020, as prices increased in every region. March’s national price jump marked 109 straight months of year-over-year gains.

Sims said the cost of housing in Oklahoma may level out, but potential buyers should not expect it to go down.

“There are all kinds of programs to help people get into a home,” she said. “My goal is to get people to know about this one (HBSA).”

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The biggest challenge to municipalities seeking funding for their projects is a lack of specificity. Identifying a known company that has pledged to create a specific number of jobs, or identifying a low- to moderate-income community that would benefit from the project, is a “deal breaker or deal maker” when it comes to securing funding for a public infrastructure project, Vogts said.

“We can build infrastructure for public use that just happens to benefit private businesses, and that’s the economic development aspect,” Vogts said.

“We won’t enter into a contract with the actual employer. What we need is for the city, town or county to say the employer would expand or the employer would relocate if not for this one last piece of public infrastructure, such as a water or wastewater line or treatment facility.

“The unit of government comes to us, we fund the publicly owned infrastructure, and the private business benefits indirectly and they create the jobs by being able to expand,” Vogts said.

Oklahoma has done very well securing federal funding for internet and communications projects, said Shekinah Pepper with USDA Rural Development. But again, the key is to be very specific

in the planning project about what the community needs.

“This is not just like building out an electric grid; there’s a lot of different levels of broadband,” Pepper said. “You can build out a wireless system, you can build a fiber system, you could build a hybrid system.

Too often people say ‘Oh, we just want to have internet,’ but what’s the long-term viability of what you’re looking to put in your community? If you’re looking to bring in businesses, then a wireless solution may not be able to be robust enough to be valid in four or five years.”

A company that does a lot of video

streaming may have specific needs, as well as a manufacturing or agricultural firm.

“If you don’t have fiber, some of the big dairy farmers are not going to look at your area,” Pepper said, noting the specifications required to run today’s smart agriculture systems. “Having an idea of what you want for your community and how that all ties together I think is very important.”

Current rules allow entities other than internet service providers to apply for funding, Pepper said. In anticipation of making application, Pepper recommended a plan that addresses long-term financial feasibility.

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amid charges that it used excessive force.

Adams beat more-liberal candi-

dates, but his lifetime of speaking out against police misconduct and his blunt, working-class style make it difficult to pigeonhole him. He spoke frequently on the campaign trail of being beaten by police officers as a teenager and joining the force to reform it from within. And Adams, who appears to face only token Republican opposition this fall, was a founder of a group called 100 Blacks in Law Enforcement Who Care that fought against racial profiling and advocated for the hiring of more officers of color.

“My request of the president was number one, to make sure that we use the money that has been allocated to deal with underlying causes,” said Adams after Monday’s meeting. “But he must have a plan that’s prevention and intervention.”

Adams, the current Brooklyn Borough president, said, “Other communities are waking up to an alarm clock” while minority communities are “waking up to gunshots, and this president said ‘This is not good.’”

Biden recently announced new efforts to stem the tide of violence, but the federal government is limited in what it can do to help localities reduce the spike. His plan focuses on providing funding to cities that need more police, offering community support and cracking down on gun violence and illegal firearms.

But much of Biden’s effort is voluntary – centered on encouraging cities to invest some of their COVID-19 relief funds into policing and pushing alternative crime reduction steps such as increased community support and summer jobs for teenagers, who are often both targets and perpetrators of violence.

Having already issued a series of executive actions but powerless to do

much more on his own, Biden again on Monday called for Congress to pass gun legislation. But there are no signs of movement on Capitol Hill.

Federal statistics show significant increases in murder nationwide, though spikes in crime are common in the summer months. The federal government has been trying to step up its efforts, launching strike forces in Chicago, New York, Los Angeles, San Francisco and Washington, D.C., to help address illegal gun trafficking.

And while crime is rising, violent crime overall remains lower than it was a decade ago or even five years ago. And most violent crimes plummeted during the first six months of the pandemic, as people stayed indoors and away from others.

In fact, the spike in crime defies easy explanation. Experts point to a number of potential causes: the pandemic that has killed more than 600,000 people in the U.S., worries about the economy, large gatherings after months of stay-at-home orders, intense stress and even the weather.

Police leaders nationwide have said they are struggling with the increase in shootings and homicides. They’re grappling with retirements and fewer staff and a difficulty in recruiting officers to help push back.

In the cities, “disparities exist everywhere; we’re talking education, health care, criminal justice system,” Portland Oregon Chief Chuck Lovell said recently at a forum on crime.

“We’re solely focused on law enforcement at the moment. My hope is that throughout this time we can do some things that really benefit people in general, but we really need to think globally.”

JR now

OKLAHOMA JOURNAL RECORD NEWS NOW

EXCLUSIVE ONE ON ONE WITH DR. KAYSE SHRUM, PRESIDENT, OKLAHOMA STATE UNIVERSITY

Friday, July 16 AT 11:00 A.M.

Dr. Kayse Shrum, the new president of Oklahoma State University, sits down with a special one-on-one interview with JR Interim Editor Joe Dowd on the future of education in the post-pandemic world and her vision for her tenure at OSU.



Dr. Kayse Shrum



Joe Dowd
Moderator

Registration is Free.
bit.ly/3uNAfNx

