



May 5, 2026

The Honorable Louis DiPalma, Chairperson  
Senate Finance Committee  
82 Smith Street  
Providence, Rhode Island 02903

## **RE: S2367- FIRST-TIME HOMEBUYERS SAVINGS ACCOUNT ACT**

Dear Chairperson Bissaillon and Committee Members:

On behalf of the Rhode Island Association of REALTORS® (RIAR), we respectfully submit this testimony in support of S2367. RIAR represents more than 5,900 licensed real estate professionals who list, sell, lease, manage, and appraise residential and commercial real estate to make Rhode Island a better place to call home.

S2367 establishes a dedicated savings account program that allows individuals to set aside funds for the purchase of a first home in Rhode Island, with associated state income tax benefits. Specifically, the bill permits contributions to be deducted from taxable income, excludes account earnings from taxation, and restricts use of funds to eligible home purchase costs such as down payments and closing expenses. The program includes defined contribution limits, a ten-year savings window, and accountability measures to ensure funds are used for their intended purpose.

### **Lowering the Barrier to Entry**

S2367 directly targets the upfront cost hurdle that keeps qualified buyers out of the market.

- Offsets initial costs by allowing dedicated, tax-advantaged savings for down payments and closing expenses.
- Builds purchasing readiness through structured, goal-oriented accounts.
- Opens the door for buyers without access to family financial support.

By reducing entry costs, the bill converts renters with purchasing potential into viable homeowners.

### **Delivering Targeted, Disciplined Tax Relief**

The bill uses tax policy with precision, rewarding savings without creating open-ended exposure.

- Provides defined deductions capped at \$15,000 annually for individuals and \$30,000 for joint filers.
- Shelters account growth from taxation when used for eligible home purchase costs.
- Constrains program scope through clear limits on duration and total contributions.

This approach incentivizes action while maintaining fiscal guardrails.

### **Reinforcing Market Stability and Growth**

A stronger pipeline of prepared buyers benefits the entire housing ecosystem.

- Activates demand by helping renters transition into ownership.
- Stabilizes transactions with buyers who are financially prepared at the outset.
- Supports communities through increased owner occupancy and long-term residency.

Expanded access to homeownership strengthens both local markets and municipal tax bases.

### **Protecting Program Integrity**

S2367 pairs flexibility with accountability to ensure funds are used as intended.

- Mandates reporting through tax filings and account documentation.
- Deters misuse with taxation and a 10% penalty on non-qualified withdrawals.
- Imposes clear timelines to prevent indefinite tax sheltering.

These safeguards keep the program focused, transparent, and enforceable.

### **Leveraging a Proven Policy Framework**

This legislation follows a model already tested and implemented in multiple states.

- Adopts established best practices from comparable savings programs
- Utilizes existing infrastructure through Rhode Island Housing and financial institutions
- Positions Rhode Island competitively in attracting and retaining first-time buyers.

The state is not experimenting here, it is implementing a strategy with a track record.

### **Conclusion**

S2367 is a focused, fiscally responsible measure that addresses a well-defined barrier to homeownership. By aligning tax incentives with disciplined savings and clear accountability, the bill creates a practical pathway for Rhode Islanders to enter the housing market.

For these reasons, the Rhode Island Association of REALTORS® respectfully urges favorable consideration of S2367.

Thank you for your time and consideration.

Respectfully submitted,



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Rhode Island Association of REALTORS®