

110TH CONGRESS
2D SESSION

H. R. 5974

To amend the Internal Revenue Code of 1986 to provide a Federal income tax credit for certain home purchases.

IN THE HOUSE OF REPRESENTATIVES

MAY 6, 2008

Mr. TERRY (for himself, Mr. SESSIONS, Mr. CANTOR, Mr. FOSSELLA, Mr. WILSON of South Carolina, Mrs. CAPITO, Mr. MARCHANT, and Mr. BLUNT) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a Federal income tax credit for certain home purchases.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CREDIT FOR CERTAIN HOME PURCHASES.**

4 (a) ALLOWANCE OF CREDIT.—Subpart A of part IV
5 of subchapter A of chapter 1 of the Internal Revenue Code
6 of 1986 (relating to refundable credits) is amended by in-
7 serting after section 25D the following new section:

1 **“SEC. 25E. CREDIT FOR CERTAIN HOME PURCHASES.**

2 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
3 dividual who purchases a principal residence in the United
4 States during the 12-month period beginning on the date
5 of the enactment of this section, there shall be allowed
6 to the taxpayer as a credit against the tax imposed by
7 this chapter for the taxable year an amount equal to 10
8 percent of the purchase price of the residence.

9 “(b) LIMITATIONS.—

10 “(1) DOLLAR LIMITATION.—The credit allowed
11 under subsection (a) shall not exceed \$10,000.

12 “(2) DENIAL OF CREDIT FOR RESIDENCES AC-
13 QUIRED WITH NONCONFORMING LOANS.—No credit
14 shall be allowed under subsection (a) with respect to
15 the purchase of any residence if the aggregate acqui-
16 sition indebtedness (as defined in section
17 163(h)(3)(B)) with respect to such residence exceeds
18 the limitation on the maximum original principal ob-
19 ligation of a mortgage that may be purchased by the
20 Federal Home Loan Mortgage Corporation (as such
21 limitation is in effect at the time of such purchase).

22 “(3) LIMITATION BASED ON AMOUNT OF
23 TAX.—In the case of a taxable year to which section
24 26(a)(2) does not apply, the credit allowed under
25 subsection (a) for any taxable year shall not exceed
26 the excess of—

1 “(A) the sum of the regular tax liability
2 (as defined in section 26(b)) plus the tax im-
3 posed by section 55, over

4 “(B) the sum of the credits allowable
5 under this subpart (other than this section) for
6 the taxable year.

7 “(4) ONE-TIME ONLY.—

8 “(A) IN GENERAL.—If a credit is allowed
9 under this section in the case of any individual
10 (and such individual’s spouse, if married) with
11 respect to the purchase of any principal resi-
12 dence, no credit shall be allowed under this sec-
13 tion in any taxable year with respect to the pur-
14 chase of any other principal residence by such
15 individual or a spouse of such individual.

16 “(B) JOINT PURCHASE.—In the case of a
17 purchase of a principal residence by 2 or more
18 unmarried individuals or by 2 married individ-
19 uals filing separately, no credit shall be allowed
20 under this section if a credit under this section
21 has been allowed to any of such individuals in
22 any taxable year with respect to the purchase of
23 any other principal residence.

24 “(c) CARRYFORWARD OF UNUSED CREDIT.—

1 “(1) RULE FOR YEARS IN WHICH ALL PER-
2 SONAL CREDITS ALLOWED AGAINST REGULAR AND
3 ALTERNATIVE MINIMUM TAX.—In the case of a tax-
4 able year to which section 26(a)(2) applies, if the
5 credit allowable under subsection (a) exceeds the
6 limitation imposed by section 26(a)(2) for such tax-
7 able year reduced by the sum of the credits allowable
8 under this subpart (other than this section), such
9 excess shall be carried to the succeeding taxable year
10 and added to the credit allowable under subsection
11 (a) for such succeeding taxable year.

12 “(2) RULE FOR OTHER YEARS.—In the case of
13 a taxable year to which section 26(a)(2) does not
14 apply, if the credit allowable under subsection (a)
15 exceeds the limitation imposed by subsection (b)(3)
16 for such taxable year, such excess shall be carried to
17 the succeeding taxable year and added to the credit
18 allowable under subsection (a) for such succeeding
19 taxable year.

20 “(3) LIMITATION.—No credit may be carried
21 forward under this subsection to any taxable year
22 following the first taxable year after the taxable year
23 in which the credit arose.

24 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
25 poses of this section—

1 “(1) ALLOCATION OF DOLLAR LIMIT.—

2 “(A) MARRIED INDIVIDUALS FILING SEPA-
3 RATELY.—In the case of a married individual
4 filing a separate return, subsection (b)(1) shall
5 be applied by substituting ‘\$5,000’ for
6 ‘\$10,000’.

7 “(B) OTHER INDIVIDUALS.—If two or
8 more individuals who are not married purchase
9 a principal residence, the amount of the credit
10 allowed under subsection (a) shall be allocated
11 among such individuals in such manner as the
12 Secretary may prescribe, except that the total
13 amount of the credits allowed to all such indi-
14 viduals shall not exceed \$10,000.

15 “(2) PRINCIPAL RESIDENCE.—The term ‘prin-
16 cipal residence’ has the same meaning as when used
17 in section 121.

18 “(3) PURCHASE.—

19 “(A) IN GENERAL.—The term ‘purchase’
20 means any acquisition, but only if—

21 “(i) the property is not acquired from
22 a person related to the person acquiring it,
23 and

1 “(ii) the basis of the property in the
2 hands of the person acquiring it is not de-
3 termined—

4 “(I) in whole or in part by ref-
5 erence to the adjusted basis of such
6 property in the hands of the person
7 from whom acquired, or

8 “(II) under section 1014(a) (re-
9 lating to property acquired from a de-
10 cedent).

11 “(B) CONSTRUCTION.—A residence which
12 is constructed by the taxpayer shall be treated
13 as purchased by the taxpayer on the date the
14 taxpayer first occupies such residence.

15 “(4) PURCHASE PRICE.—The term ‘purchase
16 price’ means the adjusted basis of the principal resi-
17 dence on the date such residence is purchased.

18 “(5) RELATED PERSONS.—A person shall be
19 treated as related to another person if the relation-
20 ship between such persons would result in the dis-
21 allowance of losses under section 267 or 707(b) (but,
22 in applying section 267(b) and (c) for purposes of
23 this section, paragraph (4) of section 267(c) shall be
24 treated as providing that the family of an individual

1 shall include only his spouse, ancestors, and lineal
2 descendants).

3 “(e) EXCEPTIONS.—No credit under subsection (a)
4 shall be allowed to any taxpayer for any taxable year with
5 respect to the purchase of a residence if—

6 “(1) a credit under section 1400C (relating to
7 first-time homebuyer in the District of Columbia) is
8 allowable to the taxpayer (or the taxpayer’s spouse)
9 for such taxable year or any prior taxable year,

10 “(2) the taxpayer is a nonresident alien, or

11 “(3) the taxpayer disposes of such residence (or
12 such residence ceases to be the principal residence of
13 the taxpayer (and, if married, the taxpayer’s
14 spouse)) before the close of such taxable year.

15 “(f) REPORTING REQUIREMENT.—Rules similar to
16 the rules of section 1400C(f) (as so in effect) shall apply.

17 “(g) BASIS ADJUSTMENT.—For purposes of this sub-
18 title, if a credit is allowed under this section with respect
19 to the purchase of any residence, the basis of such resi-
20 dence shall be reduced by the amount of the credit so al-
21 lowed.

22 “(h) APPLICATION.—This section shall not apply to
23 any taxable year beginning after December 31, 2009.”.

24 (b) CONFORMING AMENDMENTS.—

1 (1) Section 23(c)(1) of such Code is amended
2 by striking “25D and 1400C” and inserting “25D,
3 25E, and 1400C”.

4 (2) Section 25D(c)(2) of such Code is amended
5 by striking “and 25B” and inserting “25B, and
6 25E”.

7 (3) Section 1400C(d)(1) of such Code is
8 amended by striking “section 25D” and inserting
9 “sections 25D and 25E”.

10 (c) CLERICAL AMENDMENT.—The table of sections
11 for subpart A of part IV of subchapter A of chapter 1
12 of the Internal Revenue Code of 1986 is amended by in-
13 serting after the item relating to section 25D the following
14 new item:

 “Sec. 25E. Credit for certain home purchases.”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply with respect to residences pur-
17 chased after the date of the enactment of this Act in tax-
18 able years ending after such date.

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