

116TH CONGRESS  
1ST SESSION

# H. R. 3790

To amend the Internal Revenue Code of 1986 to provide for a credit against tax for homebuyers purchasing residences in residential recovery zones, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 17, 2019

Mr. DUNN introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to provide for a credit against tax for homebuyers purchasing residences in residential recovery zones, and for other purposes.

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. SHORT TITLE.**

4 This Act may be cited as the “Residential Recovery  
5 Zone Act”.

1 **SEC. 2. RESIDENTIAL RECOVERY ZONE HOMEBUYER CRED-**  
2 **IT.**

3 (a) IN GENERAL.—Subpart A of part IV of sub-  
4 chapter A of chapter 1 of the Internal Revenue Code of  
5 1986 is amended by inserting after section 25D the fol-  
6 lowing new section:

7 **“SEC. 25E. RESIDENTIAL RECOVERY ZONE HOMEBUYER**  
8 **CREDIT.**

9 “(a) ALLOWANCE OF CREDIT.—

10 “(1) IN GENERAL.—In the case of an individual  
11 who purchases a principal residence in a residential  
12 recovery zone during a taxable year, there shall be  
13 allowed as a credit against the tax imposed by this  
14 subtitle for such taxable year an amount equal to 10  
15 percent of the purchase price of the residence.

16 “(2) TIMING.—At the election of an individual,  
17 the credit allowed under subsection (a) for a taxable  
18 year may be allowed instead during any one on the  
19 subsequent 3 taxable years.

20 “(b) LIMITATIONS.—

21 “(1) DOLLAR LIMITATION.—

22 “(A) IN GENERAL.—Except as otherwise  
23 provided in this paragraph, the credit allowed  
24 under subsection (a) shall not exceed \$8,000.

25 “(B) MARRIED INDIVIDUALS FILING SEPA-  
26 RATELY.—In the case of a married individual

1 filing a separate return, subparagraph (A) shall  
2 be applied by substituting ‘\$4,000’ for ‘\$8,000’.

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

11 “(2) LIMITATION BASED ON PURCHASE  
12 PRICE.—No credit shall be allowed under subsection  
13 (a) for the purchase of any residence if the purchase  
14 price of such residence exceeds \$1,500,000.

15 “(c) DEFINITIONS.—For purposes of this section—

16 “(1) RESIDENTIAL RECOVERY ZONE DE-  
17 FINED.—

18 “(A) IN GENERAL.—The term ‘residential  
19 recovery zone’ means, with respect to a Feder-  
20 ally declared disaster, a population census tract  
21 that is—

22 “(i) in the disaster area related to  
23 such disaster, and

24 “(ii) designated under subparagraph  
25 (B).

1           “(B) DESIGNATION.—A population census  
2 tract is designated under this paragraph with  
3 respect to a Federally declared disaster if, dur-  
4 ing the period beginning on the earliest incident  
5 date specified in the declaration to which such  
6 area relates and ending on the date that is one  
7 year after such date—

8                   “(i) the chief executive officer of the  
9 State in which the tract is located—

10                           “(I) nominates the tract for des-  
11 igation as a residential recovery  
12 zone, and

13                           “(II) notifies the Secretary in  
14 writing of such nomination, and

15                           “(ii) the Secretary certifies such nomi-  
16 nation and designates such tract as a resi-  
17 dential recovery zone.

18           “(C) DURATION OF DESIGNATION.—A des-  
19 igation under subparagraph (B) shall termi-  
20 nate on the date that is 3 years after the date  
21 of the certification described in subparagraph  
22 (B)(ii).

23           “(D) STATE; FEDERALLY DECLARED DIS-  
24 ASTER; DISASTER AREA.—The term ‘State’ has  
25 the meaning given such terms in section

1           1400Z-1, and ‘Federally declared disaster’ and  
2           ‘disaster area’ have the meaning given such  
3           terms in section 165(i).

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

7           “(3) PURCHASE; PURCHASE PRICE.—The term  
8           ‘purchase’ and ‘purchase price’ have the meanings  
9           given such terms in section 36(c).

10          “(d) EXCEPTIONS.—No credit under subsection (a)  
11         shall be allowed to any taxpayer for any taxable year with  
12         respect to the purchase of a residence if—

13                 “(1) a deduction under section 151 with respect  
14                 to such taxpayer is allowable to another taxpayer for  
15                 such taxable year, or

16                 “(2) the taxpayer fails to attach to the return  
17                 of tax for such taxable year a properly executed copy  
18                 of the settlement statement used to complete such  
19                 purchase.

20          “(e) RECAPTURE OF CREDIT.—

21                 “(1) IN GENERAL.—If a residence with respect  
22                 to which a credit was allowed under subsection (a)  
23                 ceases to be the principal residence of the taxpayer  
24                 before the end of the 3-year period beginning on the  
25                 date of the purchase of such residence the tax im-

1 posed by this chapter for the taxable year of ces-  
2 sation shall be increased by the amount of the credit  
3 so allowed and claimed.

4 “(2) EXCEPTIONS.—

5 “(A) DEATH OF TAXPAYER.—Paragraph  
6 (1) shall not apply if the cessation is attrib-  
7 utable to the taxpayer’s death.

8 “(B) INVOLUNTARY CONVERSION.—Para-  
9 graph (1) shall not apply if the cessation is at-  
10 tributable to a compulsorily or involuntarily  
11 conversion (within the meaning of section  
12 1033(a)) and the taxpayer acquires a new prin-  
13 cipal residence during the 2-year period begin-  
14 ning on the date of such cessation.

15 “(C) SPECIAL RULE FOR MEMBERS OF  
16 THE ARMED FORCES, ETC.—

17 “(i) IN GENERAL.—Paragraph (1)  
18 shall not apply if the cessation is attrib-  
19 utable to Government orders received by  
20 such individual, or such individual’s  
21 spouse, for service on qualified official ex-  
22 tended duty as—

23 “(I) a member of the uniformed  
24 services,

1                   “(II) a member of the Foreign  
2                   Service of the United States, or

3                   “(III) an employee of the intel-  
4                   ligence community.

5                   “(ii) DEFINITIONS.—Any term used  
6                   in this subparagraph which is also used in  
7                   section 121(d)(9) shall have the same  
8                   meaning as when used in such para-  
9                   graph.”.

10           (b) 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. Residential recovery zone homebuyer credit.”.

15           (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply with respect to purchases in tax-  
17 able years beginning after the date that is 1 year before  
18 the date of the enactment of this Act.

19 **SEC. 3. TREATMENT AS OPPORTUNITY ZONES.**

20           (a) IN GENERAL.—Section 1400Z–1 of the Internal  
21 Revenue Code of 1986 is amended by adding at the end  
22 the following new subsection:

23           “(g) CERTAIN DISASTER ZONES.—

24                   “(1) DESIGNATION.—With respect to a Feder-  
25 ally declared disaster, the chief executive officer of

1 a State may designate under this paragraph not  
2 more than 5 percent of the applicable disaster tracts  
3 in such State with respect to such disaster.

4 “(2) NO EFFECT ON LIMITATION ON NUMBER  
5 OF DESIGNATIONS.—An applicable disaster tract  
6 designated under paragraph (1) shall not be taken  
7 into account in determining the limitation under  
8 subsection (d).

9 “(3) APPLICABLE DISASTER TRACT.—The term  
10 ‘applicable disaster tract’ means, with respect to a  
11 Federally declared disaster, a population census  
12 tract in the disaster area related to such disaster.

13 “(4) FEDERALLY DECLARED DISASTER; DIS-  
14 ASTER AREA.—In this subsection, the term ‘Feder-  
15 ally declared disaster’ and the term ‘disaster area’  
16 have the meaning given such terms in section 165(i).

17 “(5) APPLICABLE START DATE.—

18 “(A) QUALIFIED OPPORTUNITY FUND  
19 BUSINESSES AND PROPERTY.—In the case of an  
20 applicable disaster tract designated under para-  
21 graph (1), subparagraphs (B)(i)(I), (C)(i), and  
22 (D)(i)(I) of section 1400Z–2(d)(2) shall each be  
23 applied by substituting ‘the applicable start  
24 date’ for ‘December 31, 2017’.



1 “(B) **EXTENSION OF DETERMINATION PE-**  
2 **RIOD.**—In the case of an applicable disaster  
3 tract designated under paragraph (1), section  
4 (c)(2)(B) shall be applied by substituting ‘the  
5 applicable start date’ for ‘the date of the enact-  
6 ment of the Tax Cuts and Jobs Act’.

7 “(C) **APPLICABLE START DATE.**—The term  
8 ‘applicable start date’ means, with respect to a  
9 disaster area, the earliest incident date specified  
10 in the declaration to which such area relates.”.

11 (b) **EFFECTIVE DATE.**—The amendments made by  
12 this section shall apply with respect to Federally declared  
13 disasters declared after the date of the enactment of this  
14 Act.

15 **SEC. 4. CREDIT UNDER THE COMMUNITY REINVESTMENT**  
16 **ACT OF 1977 FOR LENDING IN A RESIDENTIAL**  
17 **RECOVERY ZONE.**

18 Section 804 of the Community Reinvestment Act of  
19 1977 (12 U.S.C. 2903) is amended by adding at the end  
20 the following:

21 “(e) **RESIDENTIAL RECOVERY ZONE LOANS.**—In as-  
22 sessing and taking into account, under subsection (a), the  
23 record of a financial institution, the appropriate Federal  
24 financial supervisory agency shall consider as a factor  
25 lending activities to individuals and businesses that are lo-

1 cated in a residential recovery zone (as defined under sec-  
2 tion 36A(c) of the Internal Revenue Code of 1986).”.

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