

111TH CONGRESS  
1ST SESSION

# S. 1230

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

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## IN THE SENATE OF THE UNITED STATES

JUNE 10, 2009

Mr. ISAKSON (for himself, Mr. LIEBERMAN, Mr. DODD, Mr. CHAMBLISS, Mr. ALEXANDER, Mr. RISCH, Mr. ENSIGN, Mr. BUNNING, Ms. MURKOWSKI, and Mr. VITTER) introduced the following bill; which was read twice and referred to the Committee on Finance

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## 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. SHORT TITLE.**

4 This Act may be cited as the “Home Buyer Tax  
5 Credit Act of 2009”.

6 **SEC. 2. CREDIT FOR CERTAIN HOME PURCHASES.**

7 (a) ALLOWANCE OF CREDIT.—Subpart A of part IV  
8 of subchapter A of chapter 1 of the Internal Revenue Code

1 of 1986 is amended by inserting after section 25D the fol-  
2 lowing new section:

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

4 “(a) ALLOWANCE OF CREDIT.—

5 “(1) IN GENERAL.—In the case of an individual  
6 who is a purchaser of a principal residence during  
7 the taxable year, there shall be allowed as a credit  
8 against the tax imposed by this chapter an amount  
9 equal to 10 percent of the purchase price of the resi-  
10 dence.

11 “(2) DOLLAR LIMITATION.—The amount of the  
12 credit allowed under paragraph (1) shall not exceed  
13 \$15,000.

14 “(3) ALLOCATION OF CREDIT AMOUNT.—At the  
15 election of the taxpayer, the amount of the credit al-  
16 lowed under paragraph (1) (after application of  
17 paragraph (2)) may be equally divided among the 2  
18 taxable years beginning with the taxable year in  
19 which the purchase of the principal residence is  
20 made.

21 “(b) LIMITATIONS.—

22 “(1) DATE OF PURCHASE.—The credit allowed  
23 under subsection (a) shall be allowed only with re-  
24 spect to purchases made—

1           “(A) after the date of the enactment of the  
2 Home Buyer Tax Credit Act of 2009, and

3           “(B) on or before the date that is 1 year  
4 after such date of enactment.

5           “(2) LIMITATION BASED ON AMOUNT OF  
6 TAX.—In the case of a taxable year to which section  
7 26(a)(2) does not apply, the credit allowed under  
8 subsection (a) for any taxable year shall not exceed  
9 the excess of—

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

13           “(B) the sum of the credits allowable  
14 under this subpart (other than this section) for  
15 the taxable year.

16           “(3) ONE-TIME ONLY.—

17           “(A) IN GENERAL.—If a credit is allowed  
18 under this section in the case of any individual  
19 (and such individual’s spouse, if married) with  
20 respect to the purchase of any principal resi-  
21 dence, no credit shall be allowed under this sec-  
22 tion in any taxable year with respect to the pur-  
23 chase of any other principal residence by such  
24 individual or a spouse of such individual.

1           “(B) JOINT PURCHASE.—In the case of a  
2           purchase of a principal residence by 2 or more  
3           unmarried individuals or by 2 married individ-  
4           uals filing separately, no credit shall be allowed  
5           under this section if a credit under this section  
6           has been allowed to any of such individuals in  
7           any taxable year with respect to the purchase of  
8           any other principal residence.

9           “(c) PRINCIPAL RESIDENCE.—For purposes of this  
10          section, the term ‘principal residence’ has the same mean-  
11          ing as when used in section 121.

12          “(d) DENIAL OF DOUBLE BENEFIT.—No credit shall  
13          be allowed under this section for any purchase for which  
14          a credit is allowed under section 36 or section 1400C.

15          “(e) SPECIAL RULES.—

16                 “(1) JOINT PURCHASE.—

17                         “(A) MARRIED INDIVIDUALS FILING SEPA-  
18                         RATELY.—In the case of 2 married individuals  
19                         filing separately, subsection (a) shall be applied  
20                         to each such individual by substituting ‘\$7,500’  
21                         for ‘\$15,000’ in subsection (a)(1).

22                         “(B) UNMARRIED INDIVIDUALS.—If 2 or  
23                         more individuals who are not married purchase  
24                         a principal residence, the amount of the credit  
25                         allowed under subsection (a) shall be allocated

1 among such individuals in such manner as the  
2 Secretary may prescribe, except that the total  
3 amount of the credits allowed to all such indi-  
4 viduals shall not exceed \$15,000.

5 “(2) PURCHASE.—In defining the purchase of a  
6 principal residence, rules similar to the rules of  
7 paragraphs (2) and (3) of section 1400C(e) (as in  
8 effect on the date of the enactment of this section)  
9 shall apply.

10 “(3) REPORTING REQUIREMENT.—Rules similar  
11 to the rules of section 1400C(f) (as so in effect)  
12 shall apply.

13 “(f) RECAPTURE OF CREDIT IN THE CASE OF CER-  
14 TAIN DISPOSITIONS.—

15 “(1) IN GENERAL.—In the event that a tax-  
16 payer—

17 “(A) disposes of the principal residence  
18 with respect to which a credit was allowed  
19 under subsection (a), or

20 “(B) fails to occupy such residence as the  
21 taxpayer’s principal residence,

22 at any time within 24 months after the date on  
23 which the taxpayer purchased such residence, then  
24 the tax imposed by this chapter for the taxable year  
25 during which such disposition occurred or in which

1 the taxpayer failed to occupy the residence as a prin-  
2 cipal residence shall be increased by the amount of  
3 such credit.

4 “(2) EXCEPTIONS.—

5 “(A) DEATH OF TAXPAYER.—Paragraph  
6 (1) shall not apply to any taxable year ending  
7 after the date of the taxpayer’s death.

8 “(B) INVOLUNTARY CONVERSION.—Para-  
9 graph (1) shall not apply in the case of a resi-  
10 dence which is compulsorily or involuntarily  
11 converted (within the meaning of section  
12 1033(a)) if the taxpayer acquires a new prin-  
13 cipal residence within the 2-year period begin-  
14 ning on the date of the disposition or cessation  
15 referred to in such paragraph. Paragraph (1)  
16 shall apply to such new principal residence dur-  
17 ing the remainder of the 24-month period de-  
18 scribed in such paragraph as if such new prin-  
19 cipal residence were the converted residence.

20 “(C) TRANSFERS BETWEEN SPOUSES OR  
21 INCIDENT TO DIVORCE.—In the case of a trans-  
22 fer of a residence to which section 1041(a) ap-  
23 plies—

24 “(i) paragraph (1) shall not apply to  
25 such transfer, and

1           “(ii) in the case of taxable years end-  
2           ing after such transfer, paragraph (1) shall  
3           apply to the transferee in the same manner  
4           as if such transferee were the transferor  
5           (and shall not apply to the transferor).

6           “(D) RELOCATION OF MEMBERS OF THE  
7           ARMED FORCES.—Paragraph (1) shall not  
8           apply in the case of a member of the Armed  
9           Forces of the United States on active duty who  
10          moves pursuant to a military order and incident  
11          to a permanent change of station.

12          “(3) JOINT RETURNS.—In the case of a credit  
13          allowed under subsection (a) with respect to a joint  
14          return, half of such credit shall be treated as having  
15          been allowed to each individual filing such return for  
16          purposes of this subsection.

17          “(4) RETURN REQUIREMENT.—If the tax im-  
18          posed by this chapter for the taxable year is in-  
19          creased under this subsection, the taxpayer shall,  
20          notwithstanding section 6012, be required to file a  
21          return with respect to the taxes imposed under this  
22          subtitle.

23          “(g) BASIS ADJUSTMENT.—For purposes of this sub-  
24          title, if a credit is allowed under this section with respect  
25          to the purchase of any residence, the basis of such resi-

1 dence shall be reduced by the amount of the credit so al-  
2 lowed.

3 “(h) ELECTION TO TREAT PURCHASE IN PRIOR  
4 YEAR.—In the case of a purchase of a principal residence  
5 after December 31, 2009, and on or before the date de-  
6 scribed in subsection (b)(1)(B), a taxpayer may elect to  
7 treat such purchase as made on December 31, 2009, for  
8 purposes of this section.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Section 24(b)(3)(B) of the Internal Revenue  
11 Code of 1986 is amended by striking “and 25B”  
12 and inserting “, 25B, and 25E”.

13 (2) Section 25(e)(1)(C)(ii) of such Code is  
14 amended by inserting “25E,” after “25D,”.

15 (3) Section 25B(g)(2) of such Code is amended  
16 by striking “section 23” and inserting “sections 23  
17 and 25E”.

18 (4) Section 904(i) of such Code is amended by  
19 striking “and 25B” and inserting “25B, and 25E”.

20 (5) Section 1016(a) of such Code is amended  
21 by striking “and” at the end of paragraph (36), by  
22 striking the period at the end of paragraph (37) and  
23 inserting “, and”, and by adding at the end the fol-  
24 lowing new paragraph:



1           “(38) to the extent provided in section  
2           25E(g).”.

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

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

8           (d) SUNSET OF CURRENT FIRST-TIME HOMEBUYER  
9 CREDIT.—

10           (1) IN GENERAL.—Subsection (h) of section 36  
11 of the Internal Revenue Code of 1986 is amended by  
12 striking “before December 1, 2009” and inserting  
13 “on or before the date of the enactment of the Home  
14 Buyer Tax Credit Act of 2009”.

15           (2) ELECTION TO TREAT PURCHASE IN PRIOR  
16 YEAR.—Subsection (g) of section 36 of the Internal  
17 Revenue Code of 1986 is amended by striking “be-  
18 fore December 1, 2009” and inserting “on or before  
19 the date of the enactment of the Home Buyer Tax  
20 Credit Act of 2009”.

21           (e) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to purchases after the date of the  
23 enactment of this Act.

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