



## **TAX RELIEF FOR AMERICAN HOMEBUYERS \$7,000 CREDIT FOR PURCHASE OF FORECLOSED HOMES WILL AID RESPONSIBLE BUYERS, RAISE PROPERTY VALUES**

U.S. home foreclosure filings totaled 223,651 in March 2008. As more and more homes have fallen into foreclosure, home prices have suffered, and neighboring homeowners seeking to sell or refinance may find they owe more money on their house than its current, declining market value. Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) want to help reverse this trend with a proposed one-time, \$7,000 tax credit for purchase of such homes, to be claimed over two years.

This Baucus-Grassley provision in the Senate housing bill will help restore property values for homeowners and provide tax relief for homebuyers. The tax credit is available to purchasers of homes already in foreclosure and of homes on which foreclosure has been filed. Purchasers must use the home as a principal residence. The Joint Committee on Taxation estimates that between 200,000 and 250,000 taxpayers will likely benefit from this credit.

This provision helps to remedy the housing crisis in a number of ways:

- Prospective buyers and first-time homeowners get help getting into a new home.
- By encouraging the purchase of foreclosed homes with a tax credit for buyers, these often vacant homes will be sold, restoring nearby property values and equity for longtime homeowners.
- The purchase of foreclosed homes saves significant time and money in service and maintenance for municipalities and lenders.

Similar provisions to the Baucus-Grassley homebuyer tax relief have been proposed and championed on both sides of the aisle by Senators Johnny Isakson (R-Ga.), Debbie Stabenow (D-Mich.), and Ben Cardin (D-Md.).

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