

AMENDMENT TO H.R. 1
OFFERED BY MR. BILIRAKIS OF FLORIDA

Add at the end of subtitle D of title I of division B
the following new section:

1 **SEC. 1302. QUALIFIED SERVICE MEMBER HOMEBUYER**
2 **CREDIT.**

3 (a) IN GENERAL.—Subpart C 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 36 the fol-
6 lowing new section:

7 **“SEC. 36A. QUALIFIED SERVICE MEMBER HOMEBUYER**
8 **CREDIT.**

9 “(a) ALLOWANCE OF CREDIT.—In the case of a
10 qualified service member, or such service member’s sur-
11 viving spouse, who purchases a principal residence, there
12 shall be allowed to the taxpayer a credit against the tax
13 imposed by this chapter an amount equal to 10 percent
14 of the purchase price of such residence.

15 “(b) LIMITATIONS.—

16 “(1) IN GENERAL.—Except as otherwise pro-
17 vided in this paragraph, the credit allowed under
18 subsection (a) shall not exceed \$7,500.

1 “(2) MARRIED INDIVIDUALS FILING SEPA-
2 RATELY.—In the case of a married individual filing
3 a separate return, paragraph (1) shall be applied by
4 substituting ‘\$3,750’ for ‘\$7,500’.

5 “(3) OTHER INDIVIDUALS.—If two or more in-
6 dividuals who are not married purchase a principal
7 residence, the amount of the credit allowed under
8 subsection (a) shall be allocated among such individ-
9 uals in such a manner as the Secretary may pre-
10 scribe, except that the total amount of the credits al-
11 lowed to all such individuals shall not exceed \$7,500.

12 “(4) ONE-TIME ONLY.—If an individual receives
13 a credit under subsection (a) for the purchase of a
14 principal residence, such individual shall not be al-
15 lowed a credit under subsection (a) with respect to
16 the purchase of any other principal residence. The
17 preceding sentence shall not apply to a principal res-
18 idence with respect to which a credit is allowed
19 under subsection (a) and to which subsection (e)(1)
20 applies.

21 “(c) DEFINITIONS.—

22 “(1) QUALIFIED SERVICE MEMBER.—The term
23 ‘qualified service member’ means a current or
24 former service member who performs duty in a com-
25 bat zone between the years 2001 and 2010.

1 “(2) SERVICE MEMBER.—The term ‘service
2 member’ means a member of the uniformed services
3 (as defined in section 101(a)(5) of title 10, United
4 States Code).

5 “(3) COMBAT ZONE.—The term ‘combat zone’
6 has the meaning given such term by section
7 112(c)(2).

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

11 “(5) PURCHASE.—

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

14 “(i) the property is not acquired from
15 a person related to the person acquiring it,
16 and

17 “(ii) the basis of the property in the
18 hands of the person acquiring it is not de-
19 termined—

20 “(I) in whole or part by reference
21 to the adjusted basis of such property
22 in the hands of the person from whom
23 acquired it, or

1 “(II) under section 1014(a) (re-
2 lating to property acquired from a de-
3 cedent).

4 “(B) CONSTRUCTION.—A residence which
5 is constructed by the taxpayer shall be treated
6 as purchased by the taxpayer on the date the
7 taxpayer first occupies the residence.

8 “(6) PURCHASE PRICE.—The term ‘purchase
9 price’ means the adjusted basis of the principal resi-
10 dence on the date such residence is purchased.

11 “(7) RELATED PERSONS.—A person shall be
12 treated as related to another person if the relation-
13 ship between such persons would result in the dis-
14 allowance of losses under section 267 or 707(b) (but
15 in applying section 267(b) and (c) for purposes of
16 this section, paragraph (4) of section 267(c) shall be
17 treated as providing that the family of an individual
18 shall include only his spouse, ancestors, and lineal
19 descendants).

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

23 “(1) credit under section 36 (relating to first-
24 time homebuyer credit) or 1400C (relating to first-
25 time homebuyer in the District of Columbia) is al-

1 lowed to the taxpayer (or the taxpayer's spouse) for
2 such taxable year or any prior taxable year,

3 “(2) the residence is financed by the proceeds
4 of a qualified mortgage issue, the interest on which
5 is exempt from tax under section 103,

6 “(3) the taxpayer is a nonresident alien, or

7 “(4) the taxpayer disposes of such residence (or
8 such residence ceases to be the principal residence of
9 the taxpayer (and, if married, the taxpayer's
10 spouse)) before the close of such taxable year.

11 “(e) RECAPTURE OF CREDIT.—

12 “(1) IN GENERAL.—Except as otherwise pro-
13 vided in this subsection, if a taxpayer disposes of the
14 principal residence with respect to which a credit
15 was allowed under subsection (a) (or such residence
16 ceases to be the principal residence of the taxpayer)
17 before the end of the recapture period, the taxpayer
18 shall take into gross income an amount equal to one
19 half the credit allowed under subsection (a) in the
20 first taxable year following such disposal or cessation
21 and one half in the second taxable year following
22 such disposal or cessation.

23 “(2) EXCEPTIONS.—

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

4 “(B) INVOLUNTARY CONVERSION.—Para-
5 graph (1) shall not apply in the case of a resi-
6 dence which is compulsorily or involuntarily
7 converted (within the meaning of section
8 1033(a)) if the taxpayer acquires a new prin-
9 cipal residence during the 2-year period begin-
10 ning on the date of the disposition or cessation
11 referred to in paragraph (1). Paragraph (1)
12 shall apply to such new principal residence dur-
13 ing the recapture period in the same manner as
14 if such new principal residence were the con-
15 verted residence.

16 “(C) TRANSFERS BETWEEN SPOUSES OR
17 INCIDENT TO DIVORCE.—In the case of a trans-
18 fer of a residence to which section 1041(a) ap-
19 plies—

20 “(i) paragraph (1) shall not apply to
21 such transfer, and

22 “(ii) in the case of taxable years end-
23 ing after such transfer, paragraph (1) shall
24 apply to the transferee in the same manner

1 as if such transferee were the transferor
2 (and shall not apply to the transferor).

3 “(D) ACQUISITION OF NEW PRINCIPAL
4 RESIDENCE.—Paragraph (1) shall not apply if
5 the taxpayer acquires a new principal residence
6 during the 2-year period beginning on the date
7 of the disposition. Paragraph (1) shall apply to
8 such new principal residence during the recap-
9 ture period in the same manner as if such new
10 principal residence were the disposed residence.

11 “(3) RECAPTURE PERIOD.—For purposes of
12 this subsection, the term ‘recapture period’ means
13 the taxable year following the taxable year for which
14 a credit is allowed under subsection (a).

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

20 “(f) APPLICATION OF SECTION.—This section shall
21 only apply to principal residences purchased by the tax-
22 payer before January 1, 2011.”

23 (b) CONFORMING AMENDMENTS.—

24 (1) Section 26(b)(2) of such Code is amended
25 by striking “and” at the end of subparagraph (W),

1 by striking the period and inserting “, and” at the
2 end of paragraph (X), and by inserting after sub-
3 paragraph (X) the following new subparagraph:

4 “(Y) section 36A(e) (relating to recapture
5 of qualified service member homebuyer cred-
6 it).”.

7 (2) Section 6211(b)(4)(A) of such Code is
8 amended by inserting “36A,” after “36,”.

9 (3) Section 1324(b)(2) of title 31, United
10 States Code, is amended by inserting “36A,” after
11 “36,”.

12 (4) The table of sections for subpart C of part
13 IV of subchapter A of chapter 1 of the Internal Rev-
14 enue Code of 1986 is amended by inserting after the
15 item relating to section 36 the following new item:

“Sec. 36A. Qualified Service Member Homebuyer Credit.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to principal residences purchased
18 by the taxpayer on or after the date of enactment of this
19 Act.

