AMENDMENT NO	Calendar No
Purpose: To amend the Interprovide a Federal incompurchases.	nal Revenue Code of 1986 to e tax credit for certain home
IN THE SENATE OF THE UNITE	D STATES—111th Cong., 1st Sess.
H.]	R. 1
science, assistance to the	vestment, energy efficiency and e unemployed, and State and for the fiscal year ending Sep-
Referred to the Committee or ordered to	be printed and
Ordered to lie on the t	table and to be printed
AMENDMENT intended to be the amendment (No. 98) himself and Mr. BAUCUS)	proposed by Mr. Isakson to proposed by Mr. Inouye (for
Viz:	
1 On page 449, beginn	ing on line 16, strike through
2 page 450, line 22, and inser	rt the following:
3 SEC. 1006. CREDIT FOR CER	TAIN HOME PURCHASES.
4 (a) Allowance of C	REDIT.—Subpart A of part IV
5 of subchapter A of chapter	1 is amended by inserting after

6 section 25D the following new section:

1 "SEC. 25E. CREDIT FOR CERTAIN HOME PURCHASES.

2	"(a) Allowance of Credit.—
3	"(1) In general.—In the case of an individual
4	who is a purchaser of a principal residence during
5	the taxable year, there shall be allowed as a credit
6	against the tax imposed by this chapter an amount
7	equal to 10 percent of the purchase price of the resi-
8	dence.
9	"(2) DOLLAR LIMITATION.—The amount of the
10	credit allowed under paragraph (1) shall not exceed
11	\$15,000.
12	"(3) Allocation of credit amount.—At the
13	election of the taxpayer, the amount of the credit al-
14	lowed under paragraph (1) (after application of
15	paragraph (2)) may be equally divided among the 2
16	taxable years beginning with the taxable year in
17	which the purchase of the principal residence is
18	made.
19	"(b) Limitations.—
20	"(1) Date of purchase.—The credit allowed
21	under subsection (a) shall be allowed only with re-
22	spect to purchases made—
23	"(A) after the date of the enactment of the
24	American Recovery and Reinvestment Tax Act
25	of 2009, and

1	"(B) on or before the date that is 1 year
2	after such date of enactment.
3	"(2) Limitation based on amount of
4	TAX.—In the case of a taxable year to which section
5	26(a)(2) does not apply, the credit allowed under
6	subsection (a) for any taxable year shall not exceed
7	the excess of—
8	"(A) the sum of the regular tax liability
9	(as defined in section 26(b)) plus the tax im-
10	posed by section 55, over
11	"(B) the sum of the credits allowable
12	under this subpart (other than this section) for
13	the taxable year.
14	"(3) One-time only.—
15	"(A) In general.—If a credit is allowed
16	under this section in the case of any individual
17	(and such individual's spouse, if married) with
18	respect to the purchase of any principal resi-
19	dence, no credit shall be allowed under this sec-
20	tion in any taxable year with respect to the pur-
21	chase of any other principal residence by such
22	individual or a spouse of such individual.
23	"(B) Joint Purchase.—In the case of a
24	purchase of a principal residence by 2 or more
25	unmarried individuals or by 2 married individ-

1	uals filing separately, no credit shall be allowed
2	under this section if a credit under this section
3	has been allowed to any of such individuals in
4	any taxable year with respect to the purchase of
5	any other principal residence.
6	"(c) Principal Residence.—For purposes of this
7	section, the term 'principal residence' has the same mean-
8	ing as when used in section 121.
9	"(d) Denial of Double Benefit.—No credit shall
10	be allowed under this section for any purchase for which
11	a credit is allowed under section 36 or section 1400C.
12	"(e) Special Rules.—
13	"(1) Joint Purchase.—
14	"(A) Married individuals filing sepa-
15	RATELY.—In the case of 2 married individuals
16	filing separately, subsection (a) shall be applied
17	to each such individual by substituting '\$7,500'
18	for ' $$15,000$ ' in subsection (a)(1).
19	"(B) Unmarried individuals.—If 2 or
20	more individuals who are not married purchase
21	a principal residence, the amount of the credit
22	allowed under subsection (a) shall be allocated
23	among such individuals in such manner as the
24	Secretary may prescribe, except that the total

1	amount of the credits allowed to all such indi-
2	viduals shall not exceed \$15,000.
3	"(2) Purchase.—In defining the purchase of a
4	principal residence, rules similar to the rules of
5	paragraphs (2) and (3) of section 1400C(e) (as in
6	effect on the date of the enactment of this section)
7	shall apply.
8	"(3) Reporting requirement.—Rules similar
9	to the rules of section 1400C(f) (as so in effect)
10	shall apply.
11	"(f) RECAPTURE OF CREDIT IN THE CASE OF CER-
12	TAIN DISPOSITIONS.—
13	"(1) In general.—In the event that a tax-
14	payer—
15	"(A) disposes of the principal residence
16	with respect to which a credit was allowed
17	under subsection (a), or
18	"(B) fails to occupy such residence as the
19	taxpayer's principal residence,
20	at any time within 24 months after the date or
21	which the taxpayer purchased such residence, then
22	the tax imposed by this chapter for the taxable year
23	during which such disposition occurred or in which
24	the taxpayer failed to occupy the residence as a prin-

1	cipal residence shall be increased by the amount of
2	such credit.
3	"(2) Exceptions.—
4	"(A) DEATH OF TAXPAYER.—Paragraph
5	(1) shall not apply to any taxable year ending
6	after the date of the taxpayer's death.
7	"(B) Involuntary conversion.—Para-
8	graph (1) shall not apply in the case of a resi-
9	dence which is compulsorily or involuntarily
10	converted (within the meaning of section
11	1033(a)) if the taxpayer acquires a new prin-
12	cipal residence within the 2-year period begin-
13	ning on the date of the disposition or cessation
14	referred to in such paragraph. Paragraph (1)
15	shall apply to such new principal residence dur-
16	ing the remainder of the 24-month period de-
17	scribed in such paragraph as if such new prin-
18	cipal residence were the converted residence.
19	"(C) Transfers between spouses or
20	INCIDENT TO DIVORCE.—In the case of a trans-
21	fer of a residence to which section 1041(a) ap-
22	plies—
23	"(i) paragraph (1) shall not apply to
24	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 during the period described in subsection (b)(1), a tax-
- 6 payer may elect to treat such purchase as made on Decem-
- 7 ber 31, 2008, for purposes of this section.".
- 8 (b) Clerical Amendment.—The table of sections
- 9 for subpart A of part IV of subchapter A of chapter 1
- 10 is amended by inserting after the item relating to section
- 11 25D the following new item:

"Sec. 25E. Credit for certain home purchases.".

- 12 (c) Sunset of Current First-Time Homebuyer
- 13 Credit.—
- 14 (1) In general.—Subsection (h) of section 36
- is amended by striking "July 1, 2009" and inserting
- 16 "the date of the enactment of the American Recov-
- ery and Reinvestment Tax Act of 2009".
- 18 (2) Election to treat purchase in prior
- 19 YEAR.—Subsection (g) of section 36 is amended by
- striking "July 1, 2009" and inserting "the date of
- 21 the enactment of the American Recovery and Rein-
- vestment Tax Act of 2009".
- 23 (d) Effective Date.—The amendments made by
- 24 this section shall apply to purchases after the date of the
- 25 enactment of this Act.