

103^D CONGRESS
1ST SESSION

H. R. 60

To amend the Internal Revenue Code of 1986 to allow a credit for the purchase of principal residence by a first-time homebuyer.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. BEREUTER introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit for the purchase of principal residence by a first-time homebuyer.

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. CREDIT FOR PURCHASE OF PRINCIPAL RESI-**
4 **DENCE BY FIRST-TIME HOMEBUYER.**

5 (a) IN GENERAL.—Subpart A of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 (relating to nonrefundable personal credits) is
8 amended by inserting after section 22 the following new
9 section:

1 **“SEC. 23. PURCHASE OF PRINCIPAL RESIDENCE BY FIRST-**
2 **TIME HOMEBUYER.**

3 “(a) ALLOWANCE OF CREDIT.—In the case of a first-
4 time homebuyer, there shall be allowed as a credit against
5 the tax imposed by this chapter an amount equal to 10
6 percent of the purchase price of the first principal resi-
7 dence purchased by the taxpayer during the eligibility pe-
8 riod. Except as otherwise provided in this section, such
9 credit shall be allowed for the taxable year in which such
10 residence is purchased.

11 “(b) LIMITATION.—The credit allowed by subsection
12 (a) to the taxpayer shall not exceed \$2,500.

13 “(c) FIRST-TIME HOMEBUYER.—For purposes of
14 this section—

15 “(1) IN GENERAL.—The term ‘first-time home-
16 buyer’ means any individual unless such individual
17 or such individual’s spouse had a present ownership
18 interest in any principal residence at any time dur-
19 ing the 3-year period ending on the date of the pur-
20 chase of the residence referred to in subsection (a).

21 “(2) UNMARRIED JOINT OWNERS.—An individ-
22 ual shall not be treated as a first-time homebuyer
23 with respect to any residence unless all the individ-
24 uals purchasing such residence with such individual
25 are first-time homebuyers.

1 “(3) ALLOCATION OF LIMITS.—All individuals
2 purchasing a residence shall be treated as 1 individ-
3 ual for purposes of determining the maximum credit
4 under subsection (a), and such maximum credit shall
5 be allocated among such individuals under regula-
6 tions prescribed by the Secretary.

7 “(4) CERTAIN INDIVIDUALS INELIGIBLE.—The
8 term ‘first-time homebuyer’ shall not include any in-
9 dividual if, on the date of the purchase of the resi-
10 dence, the period of time specified in section 1034(a)
11 is suspended under subsection (a)(6), (h), or (k) of
12 section 1034 with respect to such individual.

13 “(5) SPECIAL RULE FOR CERTAIN CONTRACTS
14 OF DEED.—In the case of an individual described in
15 section 143(i)(1)(C) for any year, an ownership in-
16 terest shall not include a contract of deed described
17 in such section.

18 “(d) OTHER DEFINITIONS.—For purposes of this
19 section—

20 “(1) ELIGIBILITY PERIOD.—

21 “(A) IN GENERAL.—The term ‘eligibility
22 period’ means the 1-year period beginning on
23 the date of the enactment of this section.

1 “(B) BINDING CONTRACTS.—A residence
2 shall be treated as purchased during the eligi-
3 bility period if—

4 “(i) during the eligibility period, the
5 purchaser enters into a binding contract to
6 purchase the residence, and

7 “(ii) the purchaser purchases and oc-
8 cupies the residence on or before the date
9 3 months after the last day of the eligi-
10 bility period.

11 For purposes of clause (i), a contract shall not
12 fail to be treated as binding merely because it
13 is contingent on financing or on the condition
14 of the residence.

15 “(2) PURCHASE.—The term ‘purchase’ means
16 any acquisition of property, but only if—

17 “(A) the property is not acquired from a
18 person whose relationship to the person acquir-
19 ing it would result in the disallowance of losses
20 under section 267 or 707(b), and

21 “(B) the basis of the property in the hands
22 of the person acquiring it is not determined—

23 “(i) in whole or in part by reference
24 to the adjusted basis of such property in

1 the hands of the person from whom ac-
2 quired, or

3 “(ii) under section 1014(a) (relating
4 to property acquired from a decedent).

5 “(3) PRINCIPAL RESIDENCE.—The term ‘prin-
6 cipal residence’ has the same meaning as when used
7 in section 1034.

8 “(4) PURCHASE PRICE.—The term ‘purchase
9 price’ means the adjusted basis of the residence on
10 the date of its acquisition.

11 “(e) CARRYOVER OF UNUSED CREDIT.—

12 “(1) IN GENERAL.—If—

13 “(A) the credit allowable under subsection
14 (a) exceeds

15 “(B) the limitation imposed by section
16 26(a) reduced by the sum of the credits allow-
17 able under sections 21 and 22,

18 such excess shall be carried to the succeeding tax-
19 able year and shall be allowable under subsection (a)
20 for such succeeding taxable year.

21 “(2) 5-YEAR LIMIT ON CARRYFORWARD.—No
22 amount may be carried under paragraph (1) to any
23 taxable year after the 5th taxable year after the tax-
24 able year in which the residence is purchased.

1 “(f) RECAPTURE OF CREDIT FOR CERTAIN DISPOSI-
2 TIONS.—

3 “(1) IN GENERAL.—Except as provided in para-
4 graphs (2) and (3), if the taxpayer disposes of prop-
5 erty with respect to the purchase of which a credit
6 was allowed under subsection (a) and such disposi-
7 tion occurs at any time within 36 months after the
8 date the taxpayer acquired the property as his prin-
9 cipal residence, then the tax imposed under this
10 chapter for the taxable year in which the disposition
11 occurs is increased by an amount equal to the
12 amount allowed as a credit for the purchase of such
13 property.

14 “(2) ACQUISITION OF NEW RESIDENCE.—If, in
15 connection with a disposition described in paragraph
16 (1) and within the applicable period prescribed in
17 section 1034, the taxpayer purchases a new principal
18 residence, then paragraph (1) shall not apply and
19 the tax imposed by this chapter for the taxable year
20 in which the new principal residence is purchased is
21 increased to the extent the amount of the credit that
22 could be claimed under this section on the purchase
23 of the new residence (were such residence the first
24 residence purchased during the eligibility period) is

1 less than the amount of credit claimed by the tax-
2 payer under this section.

3 “(3) DEATH OF OWNER; CASUALTY LOSS; IN-
4 VOLUNTARY CONVERSION; ETC.—Paragraph (1)
5 shall not apply to—

6 “(A) a disposition of a residence made on
7 account of the death of any individual having a
8 legal or equitable interest therein occurring dur-
9 ing the 36-month period referred to in para-
10 graph (1),

11 “(B) a disposition of the old residence if it
12 is substantially or completely destroyed by a
13 casualty described in section 165(c)(3) or
14 compulsorily or involuntarily converted (within
15 the meaning of section 1033(a)), or

16 “(C) a disposition pursuant to a settlement
17 in a divorce or legal separation proceeding
18 where the residence is sold or the other spouse
19 retains the residence as a principal residence.”

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for subpart A of part IV of subchapter A of chapter 1
22 of such Code is amended by inserting after the item relat-
23 ing to section 22 the following new item:

“Sec. 23. Purchase of principal residence by first-time home-
buyer.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years ending after the
3 date of the enactment of this Act.

○