

111TH CONGRESS
1ST SESSION

H. R. 1805

To amend the Internal Revenue Code of 1986 to make permanent the deduction for State and local sales tax, the deduction for qualified tuition and related expenses, and the deduction for mortgage interest premiums, and to modify to the homebuyer credit.

IN THE HOUSE OF REPRESENTATIVES

MARCH 31, 2009

Mr. WAMP 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 make permanent the deduction for State and local sales tax, the deduction for qualified tuition and related expenses, and the deduction for mortgage interest premiums, and to modify to the homebuyer credit.

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 “American Working
5 Families Tax Relief Act of 2009”.

1 **SEC. 2. STATE AND LOCAL SALES TAX DEDUCTION MADE**
2 **PERMANENT.**

3 (a) IN GENERAL.—Paragraph (5) of section 164(b)
4 of the Internal Revenue Code of 1986 is amended by strik-
5 ing subparagraph (I).

6 (b) EFFECTIVE DATE.—The amendment made by
7 subsection (a) shall apply to taxable years beginning after
8 December 31, 2009.

9 **SEC. 3. DEDUCTION FOR QUALIFIED TUITION AND RE-**
10 **LATED EXPENSES MADE PERMANENT.**

11 (a) IN GENERAL.—Section 222 of the Internal Rev-
12 enue Code of 1986 is amended by striking subsection (e)
13 (relating to termination).

14 (b) SUNSET NOT TO APPLY.—Section 901 of the
15 Economic Growth and Tax Relief Reconciliation Act of
16 2001 shall not apply to provisions of, and amendments
17 made by, section 431 of such Act (relating to deduction
18 for higher education expenses).

19 (c) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to taxable years beginning after
21 December 31, 2009.

22 **SEC. 4. MORTGAGE INSURANCE PREMIUMS TREATED AS IN-**
23 **TEREST MADE PERMANENT.**

24 (a) IN GENERAL.—Subparagraph (E) of section
25 163(h)(3) of the Internal Revenue Code of 1986 is amend-
26 ed by striking clause (iv).

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to amounts paid or accrued after
3 December 31, 2009.

4 **SEC. 5. EXPANSION AND MODIFICATION OF THE HOME-**
5 **BUYER CREDIT.**

6 (a) EXTENSION.—

7 (1) IN GENERAL.—Section 36(h) of the Internal
8 Revenue Code of 1986 is amended by striking “De-
9 cember 1, 2009” and inserting “December 31,
10 2009”.

11 (2) CONFORMING AMENDMENT.—Section 36(g)
12 of such Code is amended by striking “December 1,
13 2009” and inserting “December 31, 2009”.

14 (b) EXPANSION TO ALL PURCHASERS OF PRINCIPAL
15 RESIDENCE.—

16 (1) IN GENERAL.—Subsection (a) of section 36
17 of such Code is amended by striking “who is a first-
18 time homebuyer of a principal residence” and insert-
19 ing “who purchases a principal residence”.

20 (2) CONFORMING AMENDMENTS.—

21 (A) Subsection (c) of section 36 of such
22 Code is amended by striking paragraph (1) and
23 by redesignating paragraphs (2), (3), (4), and
24 (5) as paragraphs (1), (2), (3), and (4), respec-
25 tively.

1 (B) Section 36 of such Code is amended by
2 striking “**FIRST-TIME HOMEBUYER CREDIT**”
3 in the heading and inserting “**HOME PUR-**
4 **CHASE CREDIT**”.

5 (C) The table of sections for subpart C of
6 part IV of subchapter A of chapter 1 of such
7 Code is amended by striking the item relating
8 to section 36 and inserting the following new
9 item:

“Sec. 36. Home purchase credit.”.

10 (D) Subparagraph (W) of section 26(b)(2)
11 of such Code is amended by striking “home-
12 buyer credit” and inserting “home purchase
13 credit”.

14 (c) MODIFICATION OF RECAPTURE.—

15 (1) REPEAL OF GENERAL RECAPTURE RULE.—
16 Subsection (f) of section 36 of such Code is amended
17 by striking paragraph (1) and by redesignating
18 paragraphs (2) through (7) as paragraphs (1)
19 through (6), respectively.

20 (2) 3-YEAR RECAPTURE PERIOD.—Paragraph
21 (6) of section 36(f) of such Code, as so redesignated,
22 is amended to read as follows:

23 “(6) RECAPTURE PERIOD.—For purposes of
24 this subsection, the term ‘recapture period’ means

1 the 36-month period beginning on the date of the
2 purchase of such residence by the taxpayer.”.

3 (3) CONFORMING AMENDMENTS.—

4 (A) Paragraph (1) of section 36(f) of such
5 Code, as so redesignated, is amended to read as
6 follows:

7 “(1) IN GENERAL.—If a taxpayer disposes of
8 the principal residence with respect to which a credit
9 was allowed under subsection (a) (or such residence
10 ceases to be the principal residence of the taxpayer
11 (and, if married, the taxpayer’s spouse)) before the
12 end of the recapture period, the tax imposed by this
13 chapter for the taxable year of such disposition or
14 cessation shall be increased by the amount of the
15 credit so allowed.”.

16 (B) Section 36(f)(2) of such Code, as so
17 redesignated, is amended—

18 (i) by striking “paragraph (2)” and
19 inserting “paragraph (1)”, and

20 (ii) by striking the second sentence.

21 (C) Section 36(f)(3) of such Code, as so
22 redesignated, is amended—

23 (i) by striking “Paragraphs (1) and”
24 in subparagraph (A) and inserting “Para-
25 graph (1)”,

- 1 (ii) in subparagraph (B)—
2 (I) by striking “Paragraph (2)”
3 both places it appears and inserting
4 “Paragraph (1)”, and
5 (II) by striking “paragraph (2)”
6 and inserting “paragraph (1)”,
7 (iii) in subparagraph (C)—
8 (I) by striking “paragraph (2)”
9 in clause (i) and inserting “paragraph
10 (1)”, and
11 (II) by striking “paragraphs (1)
12 and (2)” and inserting “paragraph
13 (1)”, and
14 (iv) by striking subparagraph (D).

15 (4) CONFORMING AMENDMENT.—Subsection (g)
16 of section 36 of such Code is amended by striking
17 “subsection (c)” and inserting “subsections (c) and
18 (f)(4)(D)”.

19 (d) EFFECTIVE DATES.—

20 (1) EXTENSION.—The amendment made by
21 subsection (a) shall take effect on the date of the en-
22 actment of this Act.

23 (2) 1ST TIME HOMEBUYER.—The amendment
24 made by subsection (b) shall apply to purchases on
25 or after the date of the enactment of this Act.

1 (3) MODIFICATION OF RECAPTURE.—The
2 amendments made by subsection (c) shall take effect
3 as if included in the amendments made by section
4 3011(e) of the Housing and Economic Recovery Act
5 of 2008.

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