

117TH CONGRESS
1ST SESSION

H. R. 2863

To amend the Internal Revenue Code to provide for a first-time homebuyer credit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 2021

Mr. BLUMENAUER (for himself and Mr. PANETTA) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code to provide for a first-time homebuyer credit, and for other purposes.

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 “First-Time Homebuyer
5 Act of 2021”.

6 **SEC. 2. FIRST-TIME HOMEBUYER REFUNDABLE TAX CRED-**

7 **IT.**

8 (a) IN GENERAL.—Section 36 of the Internal Rev-
9 enue Code of 1986 is amended to read as follows:

1 **“SEC. 36. FIRST-TIME HOMEBUYER CREDIT.**

2 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
3 dividual who is a first-time homebuyer of a principal resi-
4 dence in the United States during a taxable year, there
5 shall be allowed as a credit against the tax imposed by
6 this subtitle for such taxable year an amount equal to 10
7 percent of the purchase price of the residence.

8 “(b) LIMITATIONS.—

9 “(1) DOLLAR LIMITATION.—

10 “(A) IN GENERAL.—Except as otherwise
11 provided in this paragraph, the credit allowed
12 under subsection (a) shall not exceed \$15,000.

13 “(B) MARRIED INDIVIDUALS FILING SEPA-
14 RATELY.—In the case of a married individual
15 filing a separate return, subparagraph (A) shall
16 be applied by substituting ‘\$7,500’ for
17 ‘\$15,000’.

18 “(C) OTHER INDIVIDUALS.—If two or
19 more individuals who are not married purchase
20 a principal residence, the amount of the credit
21 allowed under subsection (a) shall be allocated
22 among such individuals in such manner as the
23 Secretary may prescribe, except that the total
24 amount of the credits allowed to all such indi-
25 viduals shall not exceed \$15,000.

1 “(2) LIMITATION BASED ON AREA MEDIAN IN-
2 COME.—

3 “(A) IN GENERAL.—No credit shall be al-
4 lowed under subsection (a) to a taxpayer with
5 a modified adjusted gross income that is great-
6 er than the applicable amount.

7 “(B) MODIFIED ADJUSTED GROSS IN-
8 COME.—For purposes of subparagraph (A), the
9 term ‘modified adjusted gross income’ means
10 the adjusted gross income of the taxpayer for
11 the taxable year increased by any amount ex-
12 cluded from gross income under section 911,
13 931, or 933.

14 “(C) APPLICABLE AMOUNT.—

15 “(i) IN GENERAL.—For purposes of
16 subparagraph (A), the term ‘applicable
17 amount’ means an amount that is equal to
18 160 percent of the Area Median Income
19 set by the Secretary of Housing and Urban
20 Development with respect to—

21 “(I) the area in which the prin-
22 cipal residence is located,

23 “(II) the size of the household of
24 the taxpayer, and

1 “(III) the calendar year in which
2 the principal residence is purchased.

3 “(ii) REGULATIONS AND GUIDANCE.—
4 The Secretary, after consultation with the
5 Secretary of Housing and Urban Develop-
6 ment, shall promulgate such regulations
7 and guidance as are necessary to carry out
8 the purposes of this subparagraph.

9 “(3) LIMITATION BASED ON AREA MEDIAN PUR-
10 CHASE PRICE.—

11 “(A) IN GENERAL.—The amount allowable
12 as a credit under subsection (a) (determined
13 without regard to this paragraph) shall be re-
14 duced (but not below zero) by the amount
15 which bears the same ratio to the amount which
16 is so allowable as—

17 “(i) the excess (if any) of—

18 “(I) the purchase price of the
19 primary residence, over

20 “(II) the amount which is equal
21 to 110 percent of the area median
22 purchase price, bears to

23 “(ii) the amount which is equal to 125
24 percent of the area median purchase price.

1 “(B) AREA MEDIAN PURCHASE PRICE.—
2 For purposes of this paragraph, the term ‘area
3 median purchase price’ means the average pur-
4 chase price for a home in both the area and the
5 calendar year in which the purchase of the pri-
6 mary residence takes place.

7 “(C) REGULATIONS AND GUIDANCE.—The
8 Secretary, after consultation with the Secretary
9 of Housing and Urban Development, shall pro-
10 mulgate such regulations and guidance as are
11 necessary to carry out the purposes of this sub-
12 paragraph, including setting purchase price lim-
13 itations for the credit under subsection (a)
14 based on area median income.

15 “(4) INFLATION ADJUSTMENT.—In the case of
16 any taxable year beginning in a calendar year after
17 2021, each of the dollar amounts in paragraph (1)
18 shall be increased by an amount equal to—

19 “(A) such dollar amount, multiplied by

20 “(B) the cost-of-living adjustment deter-
21 mined under section 1(f)(3) for the calendar
22 year in which the taxable year begins, deter-
23 mined by substituting ‘calendar year 2020’ for
24 ‘calendar year 2016’ in subparagraph (A)(ii)
25 thereof.

1 Any increase determined under the preceding sen-
2 tence shall be rounded to the nearest multiple of
3 \$100.

4 “(5) AGE LIMITATION.—No credit shall be al-
5 lowed under subsection (a) with respect to the pur-
6 chase of any residence unless the taxpayer has at-
7 tained age 18 as of the date of such purchase. In
8 the case of any taxpayer who is married (within the
9 meaning of section 7703), the taxpayer shall be
10 treated as meeting the age requirement of the pre-
11 ceding sentence if the taxpayer or the taxpayer’s
12 spouse meets such age requirement.

13 “(c) DEFINITIONS.—For purposes of this section—

14 “(1) FIRST-TIME HOMEBUYER.—The term
15 ‘first-time homebuyer’ means any individual if such
16 individual (and if married, such individual’s
17 spouse)—

18 “(A) has no present ownership interest in
19 any residence during the 3-year period ending
20 on the date of the purchase of the principal res-
21 idence to which this section applies, and

22 “(B) has not taken the credit in any other
23 taxable year.

1 “(2) PRINCIPAL RESIDENCE.—The term ‘prin-
2 cipal residence’ has the same meaning as when used
3 in section 121.

4 “(3) PURCHASE.—

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

7 “(i) the property is not acquired from
8 a person related to the person acquiring
9 such property (or, if married, such individ-
10 ual’s spouse), and

11 “(ii) the basis of the property in the
12 hands of the person acquiring such prop-
13 erty is not determined—

14 “(I) in whole or in part by ref-
15 erence to the adjusted basis of such
16 property in the hands of the person
17 from whom acquired, or

18 “(II) under section 1014(a) (re-
19 lating to property acquired from a de-
20 cedent).

21 “(B) CONSTRUCTION.—A residence which
22 is constructed by the taxpayer shall be treated
23 as purchased by the taxpayer on the date the
24 taxpayer first occupies such residence.

1 “(4) PURCHASE PRICE.—The term ‘purchase
2 price’ means the adjusted basis of the principal resi-
3 dence on the date such residence is purchased.

4 “(5) RELATED PERSONS.—A person shall be
5 treated as related to another person if the relation-
6 ship between such persons would result in the dis-
7 allowance of losses under section 267 or 707(b).

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

11 “(1) the taxpayer disposes of such residence (or
12 such residence ceases to be the principal residence of
13 the taxpayer (and, if married, the taxpayer’s
14 spouse)) before the close of such taxable year,

15 “(2) a deduction under section 151 with respect
16 to such taxpayer is allowable to another taxpayer for
17 such taxable year, or

18 “(3) the taxpayer fails to attach to the return
19 of tax for such taxable year a properly executed copy
20 of the settlement statement used to complete such
21 purchase.

22 “(e) REPORTING.—If the Secretary requires informa-
23 tion reporting under section 6045 by a person described
24 in subsection (e)(2) thereof to verify the eligibility of tax-

1 payers for the credit allowable by this section, the excep-
2 tion provided by section 6045(e) shall not apply.

3 “(f) RECAPTURE OF CREDIT.—

4 “(1) IN GENERAL.—Except as otherwise pro-
5 vided in this subsection, if, during any taxable year
6 before the close of the recapture period, a taxpayer
7 disposes of the principal residence with respect to
8 which a credit was allowed under subsection (a) (or
9 such residence ceases to be the principal residence of
10 the taxpayer), the tax imposed by this chapter for
11 such taxable year shall be increased by the recover-
12 able amount determined in paragraph (2).

13 “(2) RECOVERABLE AMOUNT.—For purposes of
14 paragraph (1), the recoverable amount is the prod-
15 uct of—

16 “(A) 25 percent of the amount of the cred-
17 it allowed under subsection (a), multiplied by

18 “(B) the number of taxable years remain-
19 ing in the recapture period as of the beginning
20 of the taxable year in which the taxpayer dis-
21 poses of the principal residence.

22 “(3) LIMITATION BASED ON GAIN.—In the case
23 of the sale of the principal residence to a person who
24 is not related to the taxpayer, the increase in tax de-
25 termined under paragraph (1) shall not exceed the

1 amount of gain (if any) on such sale. Solely for pur-
2 poses of the preceding sentence, the adjusted basis
3 of such residence shall be reduced by the amount of
4 the credit allowed under subsection (a).

5 “(4) EXCEPTIONS.—

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

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

21 “(C) TRANSFERS BETWEEN SPOUSES OR
22 INCIDENT TO DIVORCE.—In the case of a trans-
23 fer of a residence to which section 1041(a) ap-
24 plies—

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

3 “(ii) in the case of taxable years end-
4 ing after such transfer, paragraph (1) shall
5 apply to the transferee in the same manner
6 as if such transferee were the transferor
7 (and shall not apply to the transferor).

8 “(D) SPECIAL RULE FOR MEMBERS OF
9 THE ARMED FORCES, ETC.—

10 “(i) IN GENERAL.—In the case of the
11 disposition of a principal residence by an
12 individual (or a cessation referred to in
13 paragraph (1)) after December 31, 2019,
14 in connection with Government orders re-
15 ceived by such individual, or such individ-
16 ual’s spouse, for qualified official extended
17 duty service, paragraph (1) and subsection
18 (d)(2) shall not apply to such disposition
19 (or cessation).

20 “(ii) QUALIFIED OFFICIAL EXTENDED
21 DUTY SERVICE.—For purposes of this sec-
22 tion, the term ‘qualified official extended
23 duty service’ means service on qualified of-
24 ficial extended duty as—

1 “(I) a member of the uniformed
2 services,

3 “(II) a member of the Foreign
4 Service of the United States, or

5 “(III) an employee of the intel-
6 ligence community.

7 “(iii) DEFINITIONS.—Any term used
8 in this subparagraph which is also used in
9 paragraph (9) of section 121(d) shall have
10 the same meaning as when used in such
11 paragraph.

12 “(E) DISPOSITION OF RESIDENCE IN CON-
13 NECTION WITH CHANGE OF EMPLOYMENT.—In
14 the case of the disposition of a principal resi-
15 dence by an individual (or a cessation referred
16 to in paragraph (1)) after December 31, 2019
17 in connection with a change of employment
18 which meets the conditions described in section
19 217(c), paragraph (1) shall not apply to such
20 disposition (or cessation).

21 “(5) JOINT RETURNS.—In the case of a credit
22 allowed under subsection (a) with respect to a joint
23 return, half of such credit shall be treated as having
24 been allowed to each individual filing such return for
25 purposes of this subsection.

1 “(6) RETURN REQUIREMENT.—If the tax im-
2 posed by this chapter for the taxable year is in-
3 creased under this subsection, the taxpayer shall,
4 notwithstanding section 6012, be required to file a
5 return with respect to the taxes imposed under this
6 subtitle.

7 “(7) RECAPTURE PERIOD.—For purposes of
8 this subsection, the term ‘recapture period’ means
9 the 4 taxable years beginning with the taxable year
10 in which the purchase of the principal residence for
11 which a credit is allowed under subsection (a) was
12 made.

13 “(g) ELECTION TO TREAT PURCHASE IN PRIOR
14 YEAR.—In the case of a purchase of a principal residence
15 after December 31, 2020, a taxpayer may elect to treat
16 such purchase as made on December 31 of the calendar
17 year preceding such purchase for purposes of this section
18 (other than subsections (b)(4), (c), and (h)).

19 “(h) APPLICATION OF SECTION.—This section shall
20 only apply to a principal residence purchased by the tax-
21 payer on or after December 31, 2020.”.

22 (b) CERTAIN ERRORS WITH RESPECT TO FIRST-
23 TIME HOMEBUYER TAX CREDIT TREATED AS MATHE-
24 MATICAL OR CLERICAL ERRORS.—Paragraph (2) of sec-
25 tion 6213(g) of the Internal Revenue Code of 1986 is

1 amended by striking “and” at the end of subparagraph
2 (P), by striking the period at the end of subparagraph (Q)
3 and inserting “, and”, and by inserting after subpara-
4 graph (Q) the following new subparagraph:

5 “(R) an entry on a return claiming the
6 credit under section 36 if—

7 “(i) the Secretary obtains information
8 from the person issuing the TIN of the
9 taxpayer that indicates that the taxpayer
10 does not meet the age requirement of sec-
11 tion 36(b)(4),

12 “(ii) information provided to the Sec-
13 retary by the taxpayer on an income tax
14 return for at least one of the 2 preceding
15 taxable years is inconsistent with eligibility
16 for such credit, or

17 “(iii) the taxpayer fails to attach to
18 the return the form described in section
19 36(d)(3).”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply with respect to taxable years begin-
22 ning after December 31, 2020.

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