

105TH CONGRESS
1ST SESSION

H. R. 2826

To amend the Internal Revenue Code of 1986 to provide a credit for the purchase of a principal residence within an empowerment zone or enterprise community by a first-time homebuyer.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 5, 1997

Mr. SCHUMER (for himself, Ms. CARSON, Ms. FURSE, Mr. PAUL, Ms. VELÁZQUEZ, Mr. FROST, Mr. JACKSON of Illinois, Mr. HINCHEY, Mr. FILNER, Mr. TORRES, Mr. NADLER, Mr. GUTIERREZ, Ms. KILPATRICK, and Mr. CLYBURN) 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 provide a credit for the purchase of a principal residence within an empowerment zone or enterprise community 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. FIRST-TIME HOMEBUYER CREDIT FOR**
4 **EMPOWERMENT ZONES AND ENTERPRISE**
5 **COMMUNITIES.**

6 (a) IN GENERAL.—Subchapter U of chapter 1 of the
7 Internal Revenue Code of 1986 (relating to additional in-

centives for empowerment zones) is amended by redesignating part V as part VI, by redesignating section 1397F as section 1397G, and by inserting after part IV the following new part:

“Part V—First-Time Homebuyer Credit

“Sec. 1397F. First-time homebuyer credit.

“SEC. 1397F. FIRST-TIME HOMEBUYER CREDIT.

“(a) ALLOWANCE OF CREDIT.—In the case of an individual who is a first-time homebuyer of a principal residence in an empowerment zone or an enterprise community during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to so much of the purchase price of the residence as does not exceed \$2,000.

“(b) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

“(1) IN GENERAL.—The amount allowable as a credit under subsection (a) (determined without regard to this subsection) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the credit so allowable as—

“(A) the excess (if any) of—

“(i) the taxpayer’s modified adjusted gross income for such taxable year, over

1 “(ii) \$70,000 (\$110,000 in the case of
2 a joint return), bears to

3 “(B) \$20,000.

4 “(2) MODIFIED ADJUSTED GROSS INCOME.—

5 For purposes of paragraph (1), the term ‘modified
6 adjusted gross income’ means the adjusted gross in-
7 come of the taxpayer for the taxable year increased
8 by any amount excluded from gross income under
9 section 911, 931, or 933.

10 “(c) FIRST-TIME HOMEBUYER.—For purposes of
11 this section—

12 “(1) IN GENERAL.—The term ‘first-time home-
13 buyer’ means any individual if such individual (and
14 if married, such individual’s spouse) had no present
15 ownership interest in a principal residence in either
16 an empowerment zone or an enterprise community
17 during the 1-year period ending on the date of the
18 purchase of the principal residence to which this sec-
19 tion applies.

20 “(2) ONE-TIME ONLY.—If an individual is
21 treated as a first-time homebuyer with respect to
22 any principal residence, such individual may not be
23 treated as a first-time homebuyer with respect to
24 any other principal residence.

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

4 “(d) CARRYOVER OF CREDIT.—If the credit allowable
5 under subsection (a) exceeds the limitation imposed by
6 section 26(a) for such taxable year reduced by the sum
7 of the credits allowable under subpart A of part IV of sub-
8 chapter A (other than this section), such excess shall be
9 carried to the succeeding taxable year and added to the
10 credit allowable under subsection (a) for such taxable year.

11 “(e) SPECIAL RULES.—For purposes of this section,
12 rules similar to the rules of subsections (e), (f), (g), and
13 (h) of section 1400C shall apply.

14 “(f) APPLICATION OF SECTION.—This section shall
15 apply to property purchased after the date of the enact-
16 ment of this section and before January 1, 2001.”

17 (b) CONFORMING AMENDMENTS.—

18 (1) Subsection (d) of section 39 of such Code
19 is amended by adding at the end the following new
20 paragraph:

21 “(9) NO CARRYBACK OF EMPOWERMENT ZONE-
22 ENTERPRISE COMMUNITY FIRST-TIME HOMEBUYER
23 CREDIT BEFORE EFFECTIVE DATE.—No portion of
24 the unused business credit for any taxable year
25 which is attributable to the first-time homebuyer

1 credit determined under section 1397F may be car-
 2 ried back to a taxable year ending before the date
 3 of the enactment of section 1397F.”

4 (2) Subsection (a) of section 1016 of such Code
 5 is amended by striking “and” at the end of para-
 6 graph (26), by striking the period at the end of
 7 paragraph (27) and inserting “, and”, and by add-
 8 ing at the end thereof the following new paragraph:

9 “(28) in the case of a residence with respect to
 10 which a credit was allowed under section 1397F, to
 11 the extent provided under such section 1397F.”

12 (c) CONFORMING AMENDMENTS.—

13 (1) The table of parts for subchapter U of
 14 chapter 1 of such Code is amended by striking the
 15 last item and inserting the following:

“Part V. First-time homebuyer credit.
 “Part VI. Regulations.”.

16 (2) The table of sections for part VI of such
 17 Code, as so redesignated, is amended to read as fol-
 18 lows:

“Sec. 1397G. Regulations.”.

19 (d) EFFECTIVE DATE.—The amendments made by
 20 this section shall take effect on the date of the enactment
 21 of this Act.

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