

106TH CONGRESS
1ST SESSION

S. 478

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 SENATE OF THE UNITED STATES

FEBRUARY 25, 1999

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee on Finance

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 EM-**
4 **POWERMENT ZONES AND ENTERPRISE COM-**
5 **MUNITIES.**

6 (a) IN GENERAL.—Subchapter U of chapter 1 of the
7 Internal Revenue Code of 1986 (relating to designation
8 and treatment of empowerment zones, enterprise commu-

1 nities, and rural development investment areas) is amend-
 2 ed by redesignating part V as part VI, by redesignating
 3 section 1397F as section 1397G, and by inserting after
 4 part IV the following new part:

5 **“PART V—FIRST-TIME HOMEBUYER**
 6 **CREDIT**

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

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

8 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
 9 dividual who is a first-time homebuyer of a principal resi-
 10 dence in an empowerment zone or an enterprise commu-
 11 nity during any taxable year, there shall be allowed as a
 12 credit against the tax imposed by this chapter for the tax-
 13 able year an amount equal to so much of the purchase
 14 price of the residence as does not exceed \$2,000.

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

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

22 “(A) the excess (if any) of—

23 “(i) the taxpayer’s modified adjusted
 24 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, 2002.”

17 (b) CONFORMING AMENDMENTS.—

18 (1) Subsection (a) of section 1016 of such Code
19 is amended by striking “and” at the end of para-
20 graph (26), by striking the period at the end of
21 paragraph (27) and inserting “, and”, and by add-
22 ing at the end thereof the following new paragraph:

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

1 (2) The table of parts for subchapter U of
2 chapter 1 of such Code is amended by striking the
3 last item and inserting the following new items:

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

4 (3) The table of sections for part VI of such
5 Code, as so redesignated, is amended to read as fol-
6 lows:

 “Sec. 1397G. Regulations.”

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall take effect on the date of the enactment
9 of this Act.

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