

111TH CONGRESS
1ST SESSION

H. R. 1119

To amend the Internal Revenue Code of 1986 to expand the application
of the homebuyer credit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 23, 2009

Mr. DAVIS of Tennessee 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 expand
the application of the 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. EXPANSION AND MODIFICATION OF HOME-**
4 **BUYER CREDIT.**

5 (a) **ELIMINATION OF FIRST-TIME HOMEBUYER RE-**
6 **QUIREMENT.—**

7 (1) **IN GENERAL.**—Subsection (a) of section 36
8 of the Internal Revenue Code of 1986 is amended by
9 striking “who is a first-time homebuyer of a prin-

1 cipal residence” and inserting “who purchases a
2 principal residence”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Subsection (c) of section 36 of such
5 Code is amended by striking paragraph (1) and
6 by redesignating paragraphs (2), (3), (4), and
7 (5) as paragraphs (1), (2), (3), and (4), respec-
8 tively.

9 (B) Section 36 of such Code is amended by
10 striking “**FIRST-TIME HOMEBUYER CREDIT**”
11 in the heading and inserting “**HOME PUR-**
12 **CHASE CREDIT**”.

13 (C) The table of sections for subpart C of
14 part IV of subchapter A of chapter 1 of such
15 Code is amended by striking the item relating
16 to section 36 and inserting the following new
17 item:

“Sec. 36. Home purchase credit.”.

18 (D) Subparagraph (W) of section 26(b)(2)
19 of such Code is amended by striking “home-
20 buyer credit” and inserting “home purchase
21 credit”.

22 (b) ELIMINATION OF RECAPTURE EXCEPT FOR
23 HOMES SOLD WITHIN 3 YEARS.—Subsection (f) of sec-
24 tion 36 of the Internal Revenue Code of 1986 is amended
25 to read as follows:

1 “(f) RECAPTURE OF CREDIT IN THE CASE OF CER-
 2 TAIN DISPOSITIONS.—

3 “(1) IN GENERAL.—In the event that a tax-
 4 payer—

5 “(A) disposes of the principal residence
 6 with respect to which a credit was allowed
 7 under subsection (a), or

8 “(B) fails to occupy such residence as the
 9 taxpayer’s principal residence,
 10 at any time within 36 months after the date on
 11 which the taxpayer purchased such residence, then
 12 the tax imposed by this chapter for the taxable year
 13 during which such disposition occurred or in which
 14 the taxpayer failed to occupy the residence as a prin-
 15 cipal residence shall be increased by the amount of
 16 such credit.

17 “(2) EXCEPTIONS.—

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

21 “(B) INVOLUNTARY CONVERSION.—Para-
 22 graph (1) shall not apply in the case of a resi-
 23 dence which is compulsorily or involuntarily
 24 converted (within the meaning of section
 25 1033(a)) if the taxpayer acquires a new prin-

1 ciproal residence within the 2-year period begin-
2 ning on the date of the disposition or cessation
3 referred to in such paragraph. Paragraph (1)
4 shall apply to such new principal residence dur-
5 ing the remainder of the 36-month period de-
6 scribed in such paragraph as if such new prin-
7 cipal residence were the converted residence.

8 “(C) TRANSFERS BETWEEN SPOUSES OR
9 INCIDENT TO DIVORCE.—In the case of a trans-
10 fer of a residence to which section 1041(a) ap-
11 plies—

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

14 “(ii) in the case of taxable years end-
15 ing after such transfer, paragraph (1) shall
16 apply to the transferee in the same manner
17 as if such transferee were the transferor
18 (and shall not apply to the transferor).

19 “(D) RELOCATION OF MEMBERS OF THE
20 ARMED FORCES.—Paragraph (1) shall not
21 apply in the case of a member of the Armed
22 Forces of the United States on active duty who
23 moves pursuant to a military order and incident
24 to a permanent change of station.

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

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

12 (c) MODIFICATION OF CREDIT AMOUNT.—

13 (1) IN GENERAL.—Subparagraph (A) of section
14 36(b)(1) of the Internal Revenue Code of 1986 is
15 amended by striking “\$8,000” and inserting “the
16 amount that is 3.5 percent of the dollar amount lim-
17 itation determined under section 305(a)(2) of the
18 Federal Home Loan Mortgage Corporation Act (12
19 U.S.C. 1454(a)(2)), including any increase in the
20 limitation for an area determined to be a high-cost
21 area under such section, with respect to the pur-
22 chase of the qualified principal residence”.

23 (2) CONFORMING AMENDMENTS.—Paragraph
24 (1) of section 36(b) of such Code is amended—

1 (A) by striking “\$4,000” in subparagraph
 2 (B) and inserting “1.75 percent”,
 3 (B) by striking “\$8,000” in subparagraph
 4 (B) and inserting “3.5 percent”, and
 5 (C) by striking “\$8,000” in subparagraph
 6 (C) and inserting “the amount described in
 7 subparagraph (A)”.

8 (d) MODIFICATION OF INCOME LIMITATION.—Sub-
 9 clause (II) of section 36(b)(2)(A)(i) of the Internal Rev-
 10 enue Code of 1986 is amended by striking “\$75,000
 11 (\$150,000 in the case of a joint return)” and inserting
 12 “\$125,000 (\$250,000 in the case of a joint return)”.

13 (e) AVAILABILITY OF CREDIT FOR TRANSFER.—Sec-
 14 tion 36 of the Internal Revenue Code of 1986 is amended
 15 by redesignating subsections (g) and (h), as amended by
 16 this section, as subsections (h) and (i), respectively, and
 17 by inserting after subsection (f) the following new sub-
 18 section:

19 “(g) TRANSFER OF CREDIT.—

20 “(1) IN GENERAL.—A taxpayer may transfer
 21 all or a portion of the credit allowable under sub-
 22 section (a) to 1 or more persons as payment of any
 23 liability of the taxpayer arising out of—

24 “(A) the downpayment of any portion of
 25 the purchase price of the principal residence,

1 “(B) mortgage, flood, and hazard insur-
2 ance premiums in connection with the purchase
3 and paid at or before closing,

4 “(C) interest on any debt incurred to pur-
5 chase the residence,

6 “(D) State and local real property taxes
7 paid in connection with the purchase, and

8 “(E) funding fees paid to the Department
9 of Veterans Affairs in connection with the pur-
10 chase.

11 “(2) CREDIT TRANSFER MECHANISM.—

12 “(A) IN GENERAL.—Not less than 60 days
13 after the date of the enactment of this sub-
14 section, the Secretary shall establish and imple-
15 ment a credit transfer mechanism for purposes
16 of paragraph (1). Such mechanism shall require
17 the Secretary to—

18 “(i) certify that the taxpayer is eligi-
19 ble to receive the credit provided by this
20 section with respect to the purchase of a
21 principal residence and that the transferee
22 is eligible to receive the credit transfer,

23 “(ii) certify the credit transfer
24 amount which will be paid to the trans-
25 feree, and

1 “(iii) require any transferee that di-
2 rectly receives the credit transfer amount
3 from the Secretary to notify the taxpayer
4 within 14 days of the receipt of such
5 amount.

6 Any check, certificate, or voucher issued by the
7 Secretary pursuant to this paragraph shall in-
8 clude the taxpayer identification number of the
9 taxpayer and the address of the principal resi-
10 dence being purchased. For purposes of deter-
11 mining the credit transfer amount under clause
12 (ii), the Secretary may estimate the taxpayer’s
13 modified adjusted gross income for the taxable
14 year (as described in subsection (b)(2)) based
15 on the taxpayer’s modified adjusted gross in-
16 come (as so described) for the preceding taxable
17 year.

18 “(B) TIMELY RECEIPT.—The Secretary
19 shall issue the credit transfer amount not less
20 than 30 days after the date of the receipt of an
21 application for a credit transfer.

22 “(3) PAYMENT OF INTEREST.—

23 “(A) IN GENERAL.—Notwithstanding any
24 other provision of this title, the Secretary shall
25 pay interest on any amount which is not paid

1 to a person during the 30-day period described
2 in paragraph (2)(B).

3 “(B) AMOUNT OF INTEREST.—Interest
4 under subparagraph (A) shall be allowed and
5 paid—

6 “(i) from the day after the 30-day pe-
7 riod described in paragraph (2)(B) to the
8 date payment is made, and

9 “(ii) at the overpayment rate estab-
10 lished under section 6621.

11 “(C) EXCEPTION.—This paragraph shall
12 not apply to failures to make payments as a re-
13 sult of any natural disaster or other cir-
14 cumstance beyond the control of the Secretary.

15 “(4) RECAPTURE OF TRANSFER AMOUNT.—If
16 the credit transfer amount paid to the transferee ex-
17 ceeds the amount of the credit allowable under sub-
18 section (a) to the taxpayer, the taxpayer’s tax im-
19 posed by this chapter for the taxable year shall be
20 increased by the amount of such excess.

21 “(5) EFFECT ON LEGAL RIGHTS AND OBLIGA-
22 TIONS.—Nothing in this subsection shall be con-
23 strued to—

1 “(A) require a lender to complete a loan
2 transaction before the credit transfer amount
3 has been transferred to the lender, or

4 “(B) prevent a lender from altering the
5 terms of a loan (including the rate, points, fees,
6 and other costs) due to changes in market con-
7 ditions or other factors during the period of
8 time between the application by the taxpayer
9 for a credit transfer and the receipt by the
10 lender of the credit transfer amount.”.

11 (f) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to residences purchased on or after
13 December 31, 2008, in taxable years ending on or after
14 such date.

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