

111TH CONGRESS
1ST SESSION

S. 1728

To amend the Internal Revenue Code of 1986 to modify the first-time homebuyer credit in the case of members of the Armed Forces and certain other Federal employees, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 30, 2009

Mrs. McCASKILL (for herself and Mr. MERKLEY) 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 modify the first-time homebuyer credit in the case of members of the Armed Forces and certain other Federal employees, 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 “Service Members
5 Home Ownership Tax Act of 2009”.

1 **SEC. 2. WAIVER OF RECAPTURE OF FIRST-TIME HOME-**
 2 **BUYER CREDIT FOR INDIVIDUALS ON QUALI-**
 3 **FIED OFFICIAL EXTENDED DUTY.**

4 (a) IN GENERAL.—Paragraph (4) of section 36(f) of
 5 the Internal Revenue Code of 1986 is amended by adding
 6 at the end the following new subparagraph:

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

9 “(i) IN GENERAL.—In the case of the
 10 disposition of a principal residence by an
 11 individual (or a cessation referred to in
 12 paragraph (2)) after December 31, 2008,
 13 in connection with Government orders re-
 14 ceived by such individual, or such individ-
 15 ual’s spouse, for qualified official extended
 16 duty service—

17 “(I) paragraph (2) and sub-
 18 section (d)(2) shall not apply to such
 19 disposition (or cessation), and

20 “(II) if such residence was ac-
 21 quired before January 1, 2009, para-
 22 graph (1) shall not apply to the tax-
 23 able year in which such disposition (or
 24 cessation) occurs or any subsequent
 25 taxable year.

1 “(ii) QUALIFIED OFFICIAL EXTENDED
 2 DUTY SERVICE.—For purposes of this sec-
 3 tion, the term ‘qualified official extended
 4 duty service’ means service on qualified of-
 5 ficial extended duty as—

6 “(I) a member of the uniformed
 7 services,

8 “(II) a member of the Foreign
 9 Service of the United States, or

10 “(III) as an employee of the in-
 11 telligence community.

12 “(iii) DEFINITIONS.—Any term used
 13 in this subparagraph which is also used in
 14 paragraph (9) of section 121(d) shall have
 15 the same meaning as when used in such
 16 paragraph.”.

17 (b) EFFECTIVE DATE.—The amendment made by
 18 this section shall apply to dispositions and cessations after
 19 December 31, 2008.

20 **SEC. 3. EXTENSION OF FIRST-TIME HOMEBUYER CREDIT**
 21 **FOR INDIVIDUALS ON QUALIFIED OFFICIAL**
 22 **EXTENDED DUTY OUTSIDE THE UNITED**
 23 **STATES.**

24 (a) IN GENERAL.—Subsection (h) of section 36 of the
 25 Internal Revenue Code of 1986 is amended—

1 (1) by striking “This section” and inserting
 2 “(1) IN GENERAL.—This section”, and

3 (2) by adding at the end the following:

4 “(2) SPECIAL RULES FOR INDIVIDUALS ON QUALI-
 5 FIED OFFICIAL EXTENDED DUTY OUTSIDE THE UNITED
 6 STATES.—In the case of any individual who serves on
 7 qualified official extended duty service outside the United
 8 States for at least 90 days in calendar year 2009 and,
 9 if married, such individual’s spouse—

10 “(A) paragraph (1) shall be applied by sub-
 11 stituting ‘December 1, 2010’ for ‘December 1,
 12 2009’,

13 “(B) subsection (f)(4)(D) shall be applied by
 14 substituting ‘December 1, 2010’ for ‘December 1,
 15 2009’, and

16 “(C) in lieu of subsection (g), in the case of a
 17 purchase of a principal residence after December 31,
 18 2009, and before July 1, 2010, the taxpayer may
 19 elect to treat such purchase as made on December
 20 31, 2009, for purposes of this section (other than
 21 subsections (c) and (f)(4)(D)).”.

22 (b) COORDINATION WITH FIRST-TIME HOMEBUYER
 23 CREDIT FOR DISTRICT OF COLUMBIA.—Paragraph (4) of
 24 section 1400C(e) of such Code is amended by inserting

1 “(December 1, 2010, in the case of a purchase subject
2 to section 36(h)(2))” after “December 1, 2009”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to residences purchased after No-
5 vember 30, 2009.

6 **SEC. 4. EXCLUSION FROM GROSS INCOME OF QUALIFIED**
7 **MILITARY BASE REALIGNMENT AND CLO-**
8 **SURE FRINGE.**

9 (a) IN GENERAL.—Subsection (n) of section 132 of
10 the Internal Revenue Code of 1986 is amended—

11 (1) in subparagraph (1) by striking “this sub-
12 section) to offset the adverse effects on housing val-
13 ues as a result of a military base realignment or clo-
14 sure” and inserting “the American Recovery and
15 Reinvestment Tax Act of 2009)”, and

16 (2) in subparagraph (2) by striking “clause (1)
17 of”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this act shall apply to payments made after February 17,
20 2009.

21 **SEC. 5. INCREASE IN PENALTY FOR FAILURE TO FILE A**
22 **PARTNERSHIP OR S CORPORATION RETURN.**

23 (a) IN GENERAL.—Sections 6698(b)(1) and
24 6699(b)(1) of the Internal Revenue Code of 1986 are each
25 amended by striking “\$89” and inserting “\$110”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to returns for taxable years begin-
3 ning after December 31, 2009.

4 **SEC. 6. TIME FOR PAYMENT OF CORPORATE ESTIMATED**
5 **TAXES.**

6 The percentage under paragraph (1) of section
7 202(b) of the Corporate Estimated Tax Shift Act of 2009
8 in effect on the date of the enactment of this Act is in-
9 creased by 0.5 percentage points.

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