117TH CONGRESS
1ST SESSION

H. R.

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

IN THE HOUSE OF REPRESENTATIVES

Mr. BLUMENAUER introduced the following bill; which was referred to the Committee on __________________

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 Representatives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “First-Time Homebuyer Act of 2021”.

4 SEC. 2. FIRST-TIME HOMEBUYER REFUNDABLE TAX CREDIT.

5 (a) IN GENERAL.—Section 36 of the Internal Revenue Code of 1986 is amended to read as follows:
“SEC. 36. 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 the United States during a taxable year, there shall be allowed as a credit against the tax imposed by this subtitle for such taxable year an amount equal to 10 percent of the purchase price of the residence.

“(b) LIMITATIONS.—

“(1) DOLLAR LIMITATION.—

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

“(B) MARRIED INDIVIDUALS FILING SEPARATELY.—In the case of a married individual filing a separate return, subparagraph (A) shall be applied by substituting ‘$7,500’ for ‘$15,000’.

“(C) OTHER INDIVIDUALS.—If two or more individuals who are not married purchase a principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals in such manner as the Secretary may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed $15,000.
“(2) LIMITATION BASED ON AREA MEDIAN INCOME.—

“(A) IN GENERAL.—No credit shall be allowed under subsection (a) to a taxpayer with a modified adjusted gross income that is greater than the applicable amount.

“(B) MODIFIED ADJUSTED GROSS INCOME.—For purposes of subparagraph (A), the term ‘modified adjusted gross income’ means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

“(C) APPLICABLE AMOUNT.—

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

“(I) the area in which the principal residence is located,

“(II) the size of the household of the taxpayer, and
“(III) the calendar year in which the principal residence is purchased.

“(ii) Regulations and Guidance.— The Secretary, after consultation with the Secretary of Housing and Urban Development, shall promulgate such regulations and guidance as are necessary to carry out the purposes of this subparagraph.

“(3) Limitation Based on Area Median Purchase Price.—

“(A) In General.—The amount allowable as a credit under subsection (a) (determined without regard to this paragraph) shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which is so allowable as—

“(i) the excess (if any) of—

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

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

“(ii) the amount which is equal to 125 percent of the area median purchase price.
“(B) AREA MEDIAN PURCHASE PRICE.—
For purposes of this paragraph, the term ‘area
median purchase price’ means the average pur-
chase price for a home in both the area and the
calendar year in which the purchase of the pri-
mary residence takes place.

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

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

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment deter-
mined under section 1(f)(3) for the calendar
year in which the taxable year begins, deter-
mined by substituting ‘calendar year 2020’ for
‘calendar year 2016’ in subparagraph (A)(ii)
thereof.
Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $100.

“(5) AGE LIMITATION.—No credit shall be allowed under subsection (a) with respect to the purchase of any residence unless the taxpayer has attained age 18 as of the date of such purchase. In the case of any taxpayer who is married (within the meaning of section 7703), the taxpayer shall be treated as meeting the age requirement of the preceding sentence if the taxpayer or the taxpayer’s spouse meets such age requirement.

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

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

“(A) has no present ownership interest in any residence during the 3–year period ending on the date of the purchase of the principal residence to which this section applies, and

“(B) has not taken the credit in any other taxable year.
“(2) Principal residence.—The term ‘principal residence’ has the same meaning as when used in section 121.

“(3) Purchase.—

“(A) In general.—The term ‘purchase’ means any acquisition, but only if—

“(i) the property is not acquired from a person related to the person acquiring such property (or, if married, such individual’s spouse), and

“(ii) the basis of the property in the hands of the person acquiring such property is not determined—

“(I) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

“(II) under section 1014(a) (relating to property acquired from a decedent).

“(B) Construction.—A residence which is constructed by the taxpayer shall be treated as purchased by the taxpayer on the date the taxpayer first occupies such residence.
“(4) PURCHASE PRICE.—The term ‘purchase price’ means the adjusted basis of the principal residence on the date such residence is purchased.

“(5) RELATED PERSONS.—A person shall be treated as related to another person if the relationship between such persons would result in the disallowance of losses under section 267 or 707(b).

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

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

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

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

“(e) REPORTING.—If the Secretary requires information reporting under section 6045 by a person described in subsection (e)(2) thereof to verify the eligibility of tax-
payers for the credit allowable by this section, the excep-

tion provided by section 6045(e) shall not apply.

“(f) Recapture of Credit.—

“(1) In General.—Except as otherwise pro-

vided in this subsection, if, during any taxable year

before the close of the recapture period, a taxpayer

disposes of the principal residence with respect to

which a credit was allowed under subsection (a) (or

such residence ceases to be the principal residence of

the taxpayer), the tax imposed by this chapter for

such taxable year shall be increased by the recover-

able amount determined in paragraph (2).

“(2) Recoverable Amount.—For purposes of

paragraph (1), the recoverable amount is the prod-

uct of—

“(A) 25 percent of the amount of the cred-

it allowed under subsection (a), multiplied by

“(B) the number of taxable years remain-

ing in the recapture period as of the beginning

of the taxable year in which the taxpayer dis-

poses of the principal residence.

“(3) Limitation Based on Gain.—In the case

of the sale of the principal residence to a person who

is not related to the taxpayer, the increase in tax de-

termined under paragraph (1) shall not exceed the
amount of gain (if any) on such sale. Solely for purposes of the preceding sentence, the adjusted basis of such residence shall be reduced by the amount of the credit allowed under subsection (a).

“(4) EXCEPTIONS.—

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

“(B) INVOLUNTARY CONVERSION.—Paragraph (1) shall not apply in the case of a residence which is compulsorily or involuntarily converted (within the meaning of section 1033(a)) if the taxpayer acquires a new principal residence during the 2-year period beginning on the date of the disposition or cessation referred to in paragraph (1). Paragraph (1) shall apply to such new principal residence during the recapture period in the same manner as if such new principal residence were the converted residence.

“(C) TRANSFERS BETWEEN SPOUSES OR INCIDENT TO DIVORCE.—In the case of a transfer of a residence to which section 1041(a) applies—
“(i) paragraph (1) shall not apply to such transfer, and

“(ii) in the case of taxable years ending after such transfer, paragraph (1) shall apply to the transferee in the same manner as if such transferee were the transferor (and shall not apply to the transferor).

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

“(i) IN GENERAL.—In the case of the disposition of a principal residence by an individual (or a cessation referred to in paragraph (1)) after December 31, 2019, in connection with Government orders received by such individual, or such individual’s spouse, for qualified official extended duty service, paragraph (1) and subsection (d)(2) shall not apply to such disposition (or cessation).

“(ii) QUALIFIED OFFICIAL EXTENDED DUTY SERVICE.—For purposes of this section, the term ‘qualified official extended duty service’ means service on qualified official extended duty as—
“(I) a member of the uniformed services,

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

“(III) an employee of the intelligence community.

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

“(E) DISPOSITION OF RESIDENCE IN CONNECTION WITH CHANGE OF EMPLOYMENT.—In the case of the disposition of a principal residence by an individual (or a cessation referred to in paragraph (1)) after December 31, 2019 in connection with a change of employment which meets the conditions described in section 217(c), paragraph (1) shall not apply to such disposition (or cessation).

“(5) JOINT RETURNS.—In the case of a credit allowed under subsection (a) with respect to a joint return, half of such credit shall be treated as having been allowed to each individual filing such return for purposes of this subsection.
“(6) RETURN REQUIREMENT.—If the tax imposed by this chapter for the taxable year is increased under this subsection, the taxpayer shall, notwithstanding section 6012, be required to file a return with respect to the taxes imposed under this subtitle.

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

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

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

(b) CERTAIN ERRORS WITH RESPECT TO FIRST-TIME HOMEBUYER TAX CREDIT TREATED AS MATHEMATICAL OR CLERICAL ERRORS.—Paragraph (2) of section 6213(g) of the Internal Revenue Code of 1986 is
amended by striking “and” at the end of subparagraph
(P), by striking the period at the end of subparagraph (Q)
and inserting “, and”, and by inserting after subpara-
graph (Q) the following new subparagraph:

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

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

“(ii) information provided to the Sec-

etary by the taxpayer on an income tax
return for at least one of the 2 preceding
taxable years is inconsistent with eligibility
for such credit, or

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

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply with respect to taxable years begin-