

Senate votes to renew tax credit for first-time home buyers

Provision for \$8,000 refund part of bill to extend jobless aid

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The Senate voted Wednesday to renew the government's \$8,000 tax credit for first-time home buyers through the first six months of next year as part of a broader bill designed to extend unemployment benefits.

For the first time, the tax credit program would also enable many homeowners who buy a new primary residence to receive a \$6,500 refund.

The measure was attached to a bill that would provide 20 weeks of unemployment benefits in more than two dozen states with jobless rates above 8.5 percent and up to 14 weeks elsewhere. Another provision in the bill would allow businesses that had operating losses in 2008 and 2009 to seek refunds for taxes paid on profits over the past five years.

The bill, which passed 98 to 0, should reach the House floor by Thursday, House Majority Leader Steny H. Hoyer (D-Md.) said in a statement. His office said the legislation would then go to the White House for the president's signature.

The Obama administration has previously supported extending the \$8,000 tax credit, and without congressional action the program would end Nov. 30.

Under the bill, first-time home buyers would receive the \$8,000 tax credit if they sign a contract by April 30 and close on it by June 30. The plan would also make those who buy a new primary residence eligible for the \$6,500 credit if they owned their current home for at least five consecutive years in the previous eight years.

But the measure limits the purchase price of the home to \$800,000. It also imposes income caps so that people who make more than \$125,000 annually and couples who make more than \$225,000 would not be eligible for the program, which is estimated to cost \$10 billion.

Sen. Johnny Isakson (R-Ga.), a longtime advocate of the tax credit, praised passage of the bill in his chamber but said the extension would be the last one. "Tax credits like this only work by creating the sense of

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urgency to take advantage of them," Isakson said in a statement.

Staff writer Perry Bacon Jr. contributed to this report.

The tax credit and the broader bill in which it is included are part of a series of Democratic-led initiatives aimed at helping the economy and people who have lost their jobs.

The unemployment benefits of more than 1 million people would lapse without this extension, according to the National Employment Law Project, a nonpartisan group that tracks the issue. More than 15 million Americans are unemployed, more than a third of them for longer than six months.

Although the legislation gained wide bipartisan support, it had been mired in bickering for weeks as Republicans tried to attach amendments that Democrats opposed. Party leaders from both sides voiced support for the core measures, including the tax credit.

Supporters of the tax credit, including the real estate industry, say it has energized home buyers and helped increase sales. But critics say the program is too expensive and has attracted mainly people who were going to buy a home anyway.

In the Senate's measure, taxpayers would be able to claim the credit on their 2009 income tax return for purchases made in 2010.

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