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SENATE BILL NO. 1446

Offered January 19, 2009

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.12, relating to a homebuyer income tax credit; emergency.

Patrons—McEachin; Delegate: Peace

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.12 as follows:

§ 58.1-339.12. Homebuyer tax credit.

A. For purposes of this section:

"Eligible taxpayer" means an individual whose federal adjusted gross income, together with the federal adjusted gross income of such individual's spouse if filing separately, does not exceed the maximum gross income established by the Virginia Housing and Development Authority that would apply to the individual under its single-family tax-exempt bond financed program on January 1, 2009, in the geographic area of the residence to which the credit allowed under this section is applicable. In addition, neither the taxpayer nor his spouse, if married, shall have had any ownership interest in his or her principal residence during the three-year period ending on the purchase date of such residence.

"Qualified purchase" means the purchase of a house located in Virginia on or after January 1, 2009, but before January 1, 2010, by an eligible taxpayer or taxpayers to be used as their principal residence.

B. For taxable years beginning on January 1, 2009, and ending January 1, 2010, any eligible taxpayer who makes a qualified purchase of a house shall be allowed a credit against the tax imposed by Article 2 (§ 58.1-320 et seq.) of this chapter equal to $1,250 for taxpayers filing as single or as married filing separately and $2,500 for taxpayers who are married filing jointly. If the amount of the credit exceeds the taxpayer's liability for such taxable year, the excess may be carried over for credit against such tax in the next five taxable years until the total amount of the tax credit has been taken.

C. In the first taxable year during which no credit remains to be taken, the taxpayer shall repay the total amount of the credit over a period not to exceed the next 10 taxable years by submitting with his income tax return an annual repayment of $125 for single taxpayers or married taxpayers filing separately and $250 for taxpayers who are married filing jointly. If the taxpayer is entitled to receive a refund for any taxable year in which a repayment is due, the repayment amount may be deducted from such refund. If the refund amount exceeds the repayment amount, the taxpayer shall be entitled to the excess. However, if the repayment amount exceeds the refund amount, the taxpayer shall submit the excess amount with his income tax return to the Department of Taxation.

D. Notwithstanding the provisions of subsection C, if the taxpayer disposes of the residence or it ceases to be for any reason the principal residence of the taxpayer and his spouse, if married, before the end of the 10-year repayment period, any remaining amount shall be due with the taxpayer's income tax return for the taxable year during which the residence ceased to be the taxpayer's principal residence.

2. That an emergency exists and this act is in force from its passage.