

**AMENDMENT TO RULES COMMITTEE PRINT 119–****3****OFFERED BY MR. GOMEZ OF CALIFORNIA**

At the end of part 2 of subtitle A, add the following new sections:

1 **SEC. 110116. FIRST-TIME HOMEBUYER CREDIT.**

2 (a) IN GENERAL.—Section 36 is amended to read as  
3 follows:

4 **“SEC. 36. FIRST-TIME HOMEBUYER CREDIT.**

5 “(a) IN GENERAL.—In the case of an individual who  
6 is a first-time homebuyer of a principal residence in the  
7 United States during a taxable year, there shall be allowed  
8 as a credit against the tax imposed by this subtitle for  
9 such taxable year an amount equal to so much of the  
10 amount of the qualified home purchase expenses paid by  
11 such taxpayer to purchase such principal residence as does  
12 not exceed \$25,000.

13 “(b) LIMITATION.—

14 “(1) IN GENERAL.—The amount allowable as a  
15 credit under subsection (a) (determined without re-  
16 gard to this paragraph) for the taxable year shall be  
17 reduced (but not below zero) by the amount which

1 bears the same ratio to the amount which is so al-  
2 lowable as—

3 “(A) the excess (if any) of—

4 “(i) the taxpayer’s modified adjusted  
5 gross income for the preceding taxable  
6 year, over

7 “(ii) the applicable threshold amount,  
8 bears to—

9 “(B) \$100,000.

10 “(2) THRESHOLD AMOUNT.—For purposes of  
11 this subsection, the term ‘threshold amount’  
12 means—

13 “(A) \$300,000 in the case of a joint return  
14 or surviving spouse,

15 “(B) \$225,000 in the case of a head of  
16 household, or

17 “(C) \$150,000 in the case of any other in-  
18 dividual.

19 “(3) MODIFIED ADJUSTED GROSS INCOME.—

20 For purposes of paragraph (1), the term ‘modified  
21 adjusted gross income’ means the adjusted gross in-  
22 come of the taxpayer for the taxable year increased  
23 by any amount excluded from gross income under  
24 section 911, 931, or 933.

1       “(c) INCREASE IN CREDIT FOR FIRST-GENERATION  
2 HOMEBUYER.—

3               “(1) IN GENERAL.—In the case of a first-gen-  
4 eration homebuyer, subsection (a) shall be applied  
5 by substituting ‘\$50,000’ for ‘\$25,000’.

6               “(2) FIRST-GENERATION HOMEBUYER.—For  
7 purposes of this subsection, the term ‘first-genera-  
8 tion homebuyer’ means an individual who certifies  
9 that, as of the last day of the taxable year with re-  
10 spect to which the credit is allowed (determined  
11 without regard to any ownership interest with re-  
12 spect to which such credit is allowed), such indi-  
13 vidual (and such individual’s spouse, in the case of  
14 a joint return) is an individual described in para-  
15 graph (3).

16               “(3) INDIVIDUAL DESCRIBED.—An individual is  
17 described in this paragraph if—

18                       “(A) such individual aged out of the foster  
19 care system,

20                       “(B) such individual was emancipated  
21 from their parent, or

22                       “(C) no parent of such individual had a major-  
23 ity interest in a residential property at any time dur-  
24 ing the lifetime of such individual.

1       “(d) INCREASE IN CREDIT FOR HIGH COST  
2 AREAS.—In the case of the purchase of a principal resi-  
3 dence located in a high cost area (as such term is used  
4 in the Federal National Mortgage Association Charter  
5 Act), the amount in effect under subsection (a) (after the  
6 application of subsection (j)) shall be increased by an  
7 amount equal to the product of—

8               “(1) 3.5 percent, multiplied by

9               “(2) the excess of—

10                   “(A) the conforming loan limit value for  
11 properties in high cost areas established under  
12 302(b)(2) of the Federal National Mortgage As-  
13 sociation Charter Act, minus

14                   “(B) the conforming loan limit value for  
15 properties established under section 305(a)(2)  
16 of the Federal Home Loan Mortgage Corpora-  
17 tion Act, as most recently updated by the Fed-  
18 eral Housing Finance Agency.

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

22               “(1) the taxpayer is a nonresident alien,

23               “(2) the taxpayer disposes of such residence (or  
24 such residence ceases to be the principal residence of

1 the taxpayer (and, if married, the taxpayer's  
2 spouse)) before the close of such taxable year,

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

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

10 “(f) ELECTION FOR ADVANCED PAYMENT.—

11 “(1) IN GENERAL.—At the election of the first-  
12 time homebuyer, the Secretary shall transfer to a  
13 qualifying escrow account an amount equal to the  
14 amount that is allowable to such first-time home-  
15 buyer under subsection (a) in the present taxable  
16 year.

17 “(2) TREATMENT OF TRANSFER.—The amount  
18 of the credit allowed under subsection (a) to any  
19 taxpayer for any taxable year shall be reduced (but  
20 not below zero) by the aggregate amount of pay-  
21 ments made under this subsection at the election of  
22 such taxpayer during such taxable year. Any failure  
23 to so reduce the credit shall be treated as arising out  
24 of a mathematical or clerical error and assessed ac-  
25 cording to section 6213(b)(1).

1           “(3) QUALIFYING ESCROW ACCOUNT.—For pur-  
2           poses of this subsection, the term ‘qualifying escrow  
3           account’ means an escrow account established for  
4           the purchase of a principal residence by a qualified  
5           first-time homebuyer that meets the following re-  
6           quirements:

7                   “(A) Amounts in such account may only be  
8                   used for a down payment or closing costs on a  
9                   purchase with respect to which a credit is al-  
10                  lowed under subsection (a).

11                  “(B) Such account is administered by a  
12                  bank (as defined in section 408(n)).

13                  “(C) The administrator of the account  
14                  shall transfer to the Secretary any amount in  
15                  such account not used under subparagraph (A)  
16                  on the earlier of—

17                          “(i) the date that is 180 days after  
18                          the date on which such amount was trans-  
19                          ferred to such account under paragraph  
20                          (1), or

21                          “(ii) as soon as practicable upon re-  
22                          quest of the qualified first-time homebuyer.

23           “(g) RECAPTURE OF CREDIT.—

24                   “(1) IN GENERAL.—If, during any taxable year,  
25                  there is a recapture event with respect to any prop-

erty with respect to which a credit was allowed under subsection (a), then the tax of the taxpayer to whom such credit was allowed under this chapter for such taxable year shall be increased by an amount equal to the amount of the credit that was allowed with respect to such property.

“(2) RECAPTURE EVENT.—For purposes of this section, the term ‘recapture event’ means, during the 5-year period beginning on the date of the purchase with respect to which a credit was allowed under subsection (a)—

“(A) the sale, lease to a third party, or disposition of any part of the property with respect to which such credit was allowed, or

“(B) such property ceases to be the principal residence of the taxpayer (or, in the case of a joint return, of the taxpayer’s spouse).

“(3) EXCEPTIONS.—Paragraph (1) shall not apply to any of the following:

“(A) PURCHASE OF NEW PRIMARY RESIDENCE.—

“(i) IN GENERAL.—A sale of a property with respect to which a credit was allowed under subsection (a) which is incident to the purchase by a taxpayer of a

1 new primary residence if the proceeds of  
2 such sale are used to carry out the pur-  
3 chase of such new primary residence.

4 “(ii) TREATMENT OF NEW PRIMARY  
5 RESIDENCE.—In the case of a purchase of  
6 a primary residence described in clause (i),  
7 for purposes of paragraph (1), such pri-  
8 mary residence shall be treated as a prop-  
9 erty with respect to which a credit was al-  
10 lowed under subsection (a), except that the  
11 period described in paragraph (2) shall  
12 begin on the date on which the original  
13 purchase with respect to which the credit  
14 was allowed under subsection (a) occurred.

15 “(B) DEATH.—Any taxable year ending  
16 after the death of the taxpayer (or, in the case  
17 of a joint return, of the spouse of the taxpayer).

18 “(C) DIVORCE.—A transfer of a residence  
19 to which section 1041(a) applies.

20 “(D) GOVERNMENT ORDERS.—A recapture  
21 event relating to a principal residence occurring  
22 in connection with Government orders received  
23 by such individual, or such individual’s spouse,  
24 for qualified official extended duty service.



1                   “(E) QUALIFIED OFFICIAL EXTENDED  
2 DUTY SERVICE.—For purposes of this para-  
3 graph, the term ‘qualified official extended duty  
4 service’ means service on qualified official ex-  
5 tended duty as—

6                   “(i) a member of the uniformed serv-  
7 ices,

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

10                  “(iii) an employee of the intelligence  
11 community.

12                  “(h) DEFINITIONS.—For purposes of this section—

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

17                   “(A) had no present ownership interest in  
18 a principal residence during the 10-year period  
19 ending on the date of the purchase of the prin-  
20 cipal residence to which this section applies,

21                   “(B) has not been allowed a credit under  
22 subsection (a) for any preceding taxable year,  
23 and

24                   “(C) attests that such individual (and if  
25 married, such individual’s spouse) has never

1           had a majority interest in a residential prop-  
2           erty.

3           “(2) PRINCIPAL RESIDENCE.—The term ‘prin-  
4           cipal residence’ has the same meaning as when used  
5           in section 121.

6           “(3) PURCHASE.—

7           “(A) IN GENERAL.—The term ‘purchase’  
8           means any acquisition, but only if—

9           “(i) the property is purchased using a  
10           mortgage loan from a commercial lender,

11           “(ii) the property is not acquired from  
12           a person related to the person acquiring  
13           such property (or, if married, such individ-  
14           ual’s spouse), and

15           “(iii) the basis of the property in the  
16           hands of the person acquiring such prop-  
17           erty is not determined—

18           “(I) in whole or in part by ref-  
19           erence to the adjusted basis of such  
20           property in the hands of the person  
21           from whom acquired, or

22           “(II) under section 1014(a).

23           “(B) CONSTRUCTION.—A residence which  
24           is constructed by the taxpayer shall be treated

1 as purchased by the taxpayer on the date the  
2 taxpayer first occupies such residence.

3 “(C) GUARANTEED LOANS INCLUDED.—A  
4 loan shall not fail to be treated as a mortgage  
5 loan from a commercial lender under subpara-  
6 graph (A)(i) merely because such loan is guar-  
7 anteed under section 184 of the Housing and  
8 Community Development Act of 1992.

9 “(4) QUALIFIED HOME PURCHASES EX-  
10 PENSES.—The term ‘qualified home purchase ex-  
11 penses’ means amounts paid for—

12 “(A) a down payment on the purchase of  
13 a home, and

14 “(B) closing costs with respect to such  
15 purchase.

16 “(5) RELATED PERSONS.—A person shall be  
17 treated as related to another person if the relation-  
18 ship between such persons would result in the dis-  
19 allowance of losses under section 267 or 707(b) (but,  
20 in applying section 267(b) and (c) for purposes of  
21 this section, paragraph (4) of section 267(c)(4) shall  
22 be treated as providing that the family of an indi-  
23 vidual shall include only his spouse, ancestors, and  
24 lineal descendants).

1       “(i) BASIS ADJUSTMENT.—For purposes of this sub-  
2 title, if a credit is allowed under this section in connection  
3 with any expenditure for any property, the increase in the  
4 basis of such property which would (but for this sub-  
5 section) result from such expenditure shall be reduced by  
6 the amount of the credit so determined.

7       “(j) INFLATION ADJUSTMENT.—

8           “(1) IN GENERAL.—in the case of any taxable  
9 year beginning after 2025, the dollar amounts in  
10 this section shall be increased by an amount equal  
11 to—

12                   “(A) such dollar amount, multiplied by

13                   “(B) the cost-of-living adjustment deter-  
14 mined under section 1(f)(3) for the calendar  
15 year in which the taxable year begins, deter-  
16 mined by substituting ‘calendar year 2024’ for  
17 calendar year 2016 in subparagraph (A)(ii).

18       “(2) ROUNDING.—If any increase under para-  
19 graph (1) is not a multiple of \$100, such increase  
20 shall be rounded to the nearest multiple of \$100.

21       “(k) REPORTING.—

22           “(1) IN GENERAL.—If the Secretary requires  
23 information reporting under section 6045 by a per-  
24 son described in subsection (e)(2) thereof to verify  
25 the eligibility of taxpayers for the credit allowable by

1       this section, the exception provided by section  
2       6045(e) shall not apply.

3           “(2) INFORMATION FROM LENDER.—The Sec-  
4       retary may require any lender issuing a loan for the  
5       purchase of a property with respect to which a credit  
6       is allowed under subsection (a) or with respect to  
7       which a first-time homebuyer has made a request for  
8       a transfer under subsection (f)(1) to provide such in-  
9       formation relating to the related purchase as the  
10      Secretary determines appropriate.

11      “(1) REGULATIONS.—The Secretary shall issue such  
12      regulations or other guidance as may be necessary or ap-  
13      propriate to carry out the purposes of this section.”.

14      (b) EFFECTIVE DATE.—The amendment made by  
15      this section shall apply to residences purchased in taxable  
16      years beginning after the date of the enactment of this  
17      Act.

18      **SEC. 110117. STARTER HOME CONSTRUCTION CREDIT.**

19      (a) IN GENERAL.—Subpart D of part IV of sub-  
20      chapter A of chapter 1 is amended by adding at the end  
21      the following new section:

22      **“SEC. 45BB. STARTER HOME CONSTRUCTION CREDIT.**

23      “(a) IN GENERAL.—For the purposes of section 38,  
24      the starter home construction credit determined under this  
25      section for any taxable year is an amount equal to 15 per-

1 cent of the qualified home construction costs of the tax-  
2 payer for the taxable year.

3 “(b) LIMITATION.—The amount allowable as a credit  
4 under subsection (a) to any taxpayer for any taxable year  
5 shall not exceed the amount allocated to such taxpayer for  
6 the calendar year in which such taxable year ends under  
7 subsection (e).

8 “(c) INCREASE FOR FIRST-TIME HOMEBUYER.—In  
9 the case of a unit of housing sold to a first-time home-  
10 buyer (as defined in section 36(g)(1)), subsection (a) shall  
11 be applied by substituting ‘30 percent’ for ‘15 percent’.

12 “(d) QUALIFIED HOME CONSTRUCTION COSTS.—For  
13 purposes of this section, the term ‘qualified home con-  
14 struction costs’ means, with respect to a taxable year,  
15 amounts paid or incurred by the taxpayer for labor and  
16 material costs to construct a unit of housing placed in  
17 service during such taxable year—

18 “(1) the total square footage of which does not  
19 exceed 1200 feet, and

20 “(2) the sale price of which does not exceed 80  
21 percent of the area median home price.

22 “(e) STATE ALLOCATION.—

23 “(1) IN GENERAL.—The aggregate starter  
24 home construction credit dollar amount which a  
25 housing credit agency may allocate for any calendar

1 year is the portion of the State starter home con-  
2 struction credit ceiling allocated under this sub-  
3 section for such calendar year to such agency.

4 “(2) STATE CEILING INITIALLY ALLOCATED TO  
5 STATE HOUSING CREDIT AGENCIES.—The State  
6 starter home construction credit ceiling for each cal-  
7 endar year shall be allocated to the housing credit  
8 agency of such State. If there is more than 1 hous-  
9 ing credit agency of a State, all such agencies shall  
10 be treated as a single agency.

11 “(3) STATE STARTER HOME CONSTRUCTION  
12 CREDIT CEILING.—For purposes of this subsection,  
13 the State starter home construction credit ceiling ap-  
14 plicable to any State for any calendar year shall be  
15 an amount equal to \$30 multiplied by the population  
16 of the State (determined in accordance with section  
17 146(j)).

18 “(4) REALLOCATION OF UNUSED STARTER  
19 HOME CONSTRUCTION CREDIT AMOUNTS AMONG  
20 STATES.—

21 “(A) IN GENERAL.—The unused starter  
22 home construction credit amount of a State for  
23 any calendar year shall be assigned by the Sec-  
24 retary for allocation among qualified States for  
25 the succeeding calendar year.

1           “(B) UNUSED STARTER HOME CONSTRUC-  
2           TION CREDIT AMOUNT.—For purposes of this  
3           paragraph, the unused starter home construc-  
4           tion credit amount of a State for any calendar  
5           year is the excess (if any) of—

6                   “(i) the aggregate amount allocated to  
7                   such State for such year under this sub-  
8                   section, over

9                   “(ii) the aggregate starter home con-  
10                  struction credit dollar amount allocated for  
11                  such year.

12           “(C) FORMULA FOR ALLOCATION OF UN-  
13           USED STARTER HOME CONSTRUCTION CREDIT  
14           AMOUNTS AMONG QUALIFIED STATES.—The  
15           amount allocated under this paragraph to a  
16           qualified State for any calendar year shall be  
17           the amount determined by the Secretary to bear  
18           the same ratio to the aggregate unused starter  
19           home construction credit amounts of all States  
20           for the preceding calendar year as such State’s  
21           population for the calendar year bears to the  
22           population of all qualified States for the cal-  
23           endar year. For purposes of the preceding sen-  
24           tence, population shall be determined in accord-  
25           ance with section 146(j).



1           “(D) QUALIFIED STATE.—For purposes of  
2           this paragraph, the term ‘qualified State’  
3           means, with respect to a calendar year, any  
4           State—

5                   “(i) which allocated its entire State  
6                   starter home credit ceiling for the pre-  
7                   ceding calendar year, and

8                   “(ii) which requests (not later than  
9                   May 1 of the calendar year) an allocation  
10                  under subparagraph (C).

11           “(E) SECRETARIAL WAIVER.—The Sec-  
12           retary may issue a waiver if the Secretary de-  
13           termines such waiver will serve the purposes of  
14           this section to allow such portion of the State  
15           starter home credit ceiling of any State for any  
16           calendar year as was allocated to such State  
17           under paragraph (3) for such calendar year (de-  
18           termined without regard to this paragraph)—

19                   “(i) to be treated as allocated to such  
20                   State for the following calendar year under  
21                   such paragraph, and

22                   “(ii) to not be treated as unused  
23                   starter home construction credit amount of  
24                   such State for purposes of this paragraph.

1           “(5) CERTIFICATE OF OCCUPANCY RE-  
2           QUIRED.—The State starter home construction cred-  
3           it ceiling determined under paragraph (3) for any  
4           calendar year shall be reduced by the amount equal  
5           to 50 percent of the amount of allocations made  
6           under this subsection by such State’s housing credit  
7           agency during the second preceding calendar year to  
8           construct housing with respect to which no certifi-  
9           cate of occupancy has been issued.

10           “(6) HOUSING CREDIT AGENCY.—For purposes  
11           of this subsection, the term ‘housing credit agency’  
12           has the meaning given in section 42(h)(8)(A).

13           “(f) TRIBAL ALLOCATION.—

14           “(1) IN GENERAL.—The aggregate starter  
15           home construction credit dollar amount which an In-  
16           dian Tribal Government may allocate for any cal-  
17           endar year is the portion of the aggregate Indian  
18           starter home construction credit ceiling allocated  
19           under paragraph (3) for such calendar year to such  
20           Indian Tribal Government.

21           “(2) AGGREGATE INDIAN STARTER HOME CON-  
22           STRUCTION CREDIT CEILING.—The aggregate Indian  
23           starter home construction credit ceiling for any cal-  
24           endar year shall be the greatest of—

1           “(A) \$30 multiplied by total number of en-  
2           rolled citizens of all Tribes estimated by the  
3           Secretary of the Interior with respect to such  
4           calendar year,

5           “(B) in the case of a calendar year begin-  
6           ning after the first calendar year with respect  
7           to which an amount was determined under sub-  
8           section (e)(3), the lowest amount determined  
9           with respect to any State in the preceding cal-  
10          endar year under such subsection, or

11          “(C) \$30,000,000.

12          “(3) ALLOCATION OF AGGREGATE AMONG  
13          TRIBES.—

14               “(A) IN GENERAL.—Not later than 1 year  
15               after the date of the enactment of the American  
16               Homeownership Opportunity Act of 2025, the  
17               Secretary of the Treasury, in consultation with  
18               the Secretary of the Interior and representa-  
19               tives of such Indian Tribal Governments as ad-  
20               minister qualified Indian lands and request to  
21               participate in such consultation, shall determine  
22               an appropriate process to allocate the aggregate  
23               Indian starter home construction credit ceiling  
24               among eligible Indian Tribal Governments for  
25               each calendar year.

1                   “(B) REVISION.—The Secretary, in con-  
2                   sultation with the Secretary of the Interior and  
3                   representatives of such Indian Tribal Govern-  
4                   ments as administer qualified Indian lands and  
5                   request to participate in such consultation, shall  
6                   evaluate the process established under subpara-  
7                   graph (A) not less frequently than every 5 years  
8                   and may make such changes to such process as  
9                   such Secretary, after such consultation, deter-  
10                  mines appropriate to further the purposes of  
11                  this section.

12               “(4) INTERTRIBAL CONSORTIA.—Under regula-  
13               tions prescribed by the Secretary, an Indian Tribal  
14               Government (or partnership of Indian Tribal Gov-  
15               ernments) may authorize an intertribal consortium,  
16               an organization, or an Alaska Native regional or vil-  
17               lage corporation, as defined in, or established pursu-  
18               ant to, the Alaska Native Claims Settlement Act, to  
19               plan for, coordinate or otherwise administer services,  
20               finances, functions, or activities on behalf of such  
21               Government under this subsection, except that the  
22               authorized entity shall have the rights and respon-  
23               sibilities of the authorizing Indian Tribal Govern-  
24               ment (or Indian Tribal Governments) only to the ex-  
25               tent provided in the authorizing resolution.

1           “(5) DEFINITIONS.—For purposes of this sub-  
2       section—

3           “(A) QUALIFIED INDIAN LANDS.—The  
4       term ‘qualified Indian lands’ means—

5           “(i) Indian lands within the meaning  
6       of section 29(j)(8) of the Stevenson-Wydler  
7       Technology Innovation Act of 1980,

8           “(ii) land held in fee simple by an In-  
9       dian Tribal Government,

10          “(iii) land held by incorporated Native  
11       groups, regional corporations, and village  
12       corporations under the provisions of the  
13       Alaska Native Claims Settlement Act, and

14          “(iv) Hawaiian Home Lands (as de-  
15       fined in section 801 of the Native Amer-  
16       ican Housing Assistance and Self-Deter-  
17       mination Act of 1996).

18          “(B) ELIGIBLE INDIAN TRIBAL GOVERN-  
19       MENT.—For purposes of this subsection, the  
20       term ‘eligible Indian Tribal Government’ means,  
21       with respect to a calendar year, an Indian Trib-  
22       al Government that—

23          “(i) requests an allocation under this  
24       subsection for such calendar year, and

1                   “(ii) administers qualified Indian  
2                   lands.

3                   “(C) INDIAN TRIBAL GOVERNMENT.—The  
4                   term ‘Indian Tribal Government’ means the  
5                   recognized governing body of any Indian or  
6                   Alaska Native tribe, band, nation, pueblo, vil-  
7                   lage, community, component band, or compo-  
8                   nent reservation, individually identified (includ-  
9                   ing parenthetically) pursuant to section 104 of  
10                  the Federally Recognized Indian Tribe List Act  
11                  of 1994.

12                  “(g) INFLATION ADJUSTMENT.—

13                  “(1) IN GENERAL.—In the case of any taxable  
14                  year beginning after 2025, the dollar amounts in  
15                  subsection (e)(3) and (f)(2) shall each be increased  
16                  by an amount equal to—

17                         “(A) such dollar amount, multiplied by

18                         “(B) the cost-of-living adjustment deter-  
19                         mined under section 1(f)(3) for the calendar  
20                         year in which the taxable year begins, deter-  
21                         mined by substituting ‘calendar year 2024’ for  
22                         ‘calendar year 2016’ in subparagraph (A)(ii)  
23                         thereof.

1           “(2) ROUNDING.—If any increase under sub-  
2           paragraph (A) is not a multiple of \$5, such increase  
3           shall be rounded to the nearest multiple of \$5.

4           “(h) BASIS ADJUSTMENT.—For purposes of this sub-  
5           title, if a credit is allowed under this section in connection  
6           with any expenditure for any property, the increase in the  
7           basis of such property which would (but for this sub-  
8           section) result from such expenditure shall be reduced by  
9           the amount of the credit so determined.

10          “(i) REGULATIONS.—The Secretary shall issue such  
11          regulations or other guidance as may be necessary or ap-  
12          propriate to carry out the purposes of this section.”.

13          (b) CREDIT TO BE PART OF GENERAL BUSINESS  
14          CREDIT.—Section 38(b) is amended by striking “plus” at  
15          the end of paragraph (40), by striking the period at the  
16          end of paragraph (41) and inserting “, plus”, and by add-  
17          ing at the end the following new paragraph:

18                 “(42) the starter home construction credit de-  
19                 termined under section 45BB(a).”.

20          (c) CLERICAL AMENDMENT.—The table of sections  
21          for subpart D of part IV of subchapter A of chapter 1  
22          is amended by inserting after the item relating to section  
23          45AA the following new item:

                  “Sec. 45BB. Starter home construction credit.”.

1       (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 the date of the enactment of this section.

