

H.R. 5623

Homebuyers Assistance and Improvement Act of 2010

June 29, 2010

I. Homebuyer Credit

Extension of Closing Date for Homebuyers that Signed Prior to May 1, 2010. Under current law, taxpayers that entered into a written binding contract to purchase a home prior to May 1, 2010 are eligible for the homebuyer tax credit so long as the sale is completed prior to July 1, 2010. The bill would extend this closing date from prior to July 1, 2010 to prior to October 1, 2010. As a result, taxpayers that entered into a written binding contract prior to May 1, 2010 will have until September 30, 2010 to complete their home purchase transactions in order to be eligible for the homebuyer tax credit. *This proposal has been estimated to cost \$140 million over ten years.*

II. Revenue Offsets

Change to the Travel Promotion Act (TPA). This provision delays the timing of when the Department of Homeland Security is supposed to transfer the initial set-up fee for the Travel Promotion Board. The original act required DHS to begin transferring the \$10 million initial set-up fee on January 1, 2010 and to complete the initial transfer by the end of fiscal year 2010. The amended provision requires DHS to transfer monies collected as the money comes in with the completion of the initial transfer to be completed by the end of fiscal year 2011. The changes also delay by 1 year the dates upon which the Travel Promotion Board must begin matching funds DHS transfers to The Travel Promotion Corporation (from 2011 to 2012). Therefore, instead of sunseting in 2014, the fee collection sunsets in 2015. *This provision is estimated to raise \$95 million over ten years.*

Clarification that Bad Checks Penalty Applies to Electronic Payments. Under current law, a penalty is imposed on any taxpayer who attempts to satisfy a tax liability with a check or money order that is not duly paid. The penalty is two percent (2%) of the amount of the bad check or money order. If the bad check or money order is less than \$1,250, the penalty is the lesser of \$25 or the amount of the check or money order. The bill would clarify that the bad check penalty applies to electronic payments and other commercially acceptable instruments that are not duly paid. *This provision is estimated to raise \$48 million over ten years.*

Disclosure of Prisoner Return Information to State Prison Officials. In June 2010, the Treasury Inspector General for Tax Administration (TIGTA) released a report estimating that about 1,300 prison inmates (more than 90 percent of whom were state prison inmates) claimed and received more than \$9 million in fraudulent first-time homebuyer tax credits. TIGTA's report noted that, under current law, the IRS may exchange with officers and employees of the Federal Bureau of Prisons certain tax return information with respect to prisoners whom the Secretary has determined may have filed or facilitated the filing of false or fraudulent tax returns. Current law allows the IRS to exchange information with State prison officials in limited circumstances. State prison authorities have stated that a cooperative effort is necessary to combat prisoner tax fraud. To permit effective tax administration, the bill would allow the IRS to disclose tax return information to officers and employees of State agencies charged with the administration of prisons. *This proposal is estimated to raise \$6 million over ten years.*