

By: Representative Watson

To: Ways and Means

HOUSE BILL NO. 863

1 AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR TAXPAYERS WHO ARE
2 FIRST-TIME HOMEBUYERS OF A PRINCIPAL RESIDENCE IN THIS STATE; TO
3 PROVIDE FOR THE AMOUNT OF THE TAX CREDIT; TO PROVIDE FOR THE
4 RECAPTURE OF THE TAX CREDIT UNDER CERTAIN CIRCUMSTANCES; AND FOR
5 RELATED PURPOSES.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

7 **SECTION 1.** (1) As used in this section, the following words
8 and phrases shall have the meanings ascribed in this section
9 unless the context clearly indicates otherwise:

10 (a) "First-time homebuyer" means any individual who had
11 no present ownership interest in a principal residence during the
12 three-year period ending on the date of the purchase of the
13 principal residence to which this section applies.

14 (b) "Modified adjusted income" means adjusted gross
15 income for federal income tax purposes for a taxable year
16 increased by any amount excluded from gross income under 26 USCS
17 Section 911, 931 or 933.

18 (c) "Principal residence" has the same meaning as when
19 used in 26 USCS Section 121.

20 (2) (a) Subject to the provisions of this section, a
21 taxpayer who is a first-time homebuyer of a principal residence in
22 this state shall be allowed a credit against the taxes imposed
23 under this chapter in an amount equal to ten percent (10%) of the
24 purchase price of the residence. However, the amount of the
25 credit authorized under this section shall not exceed the lesser
26 of One Thousand Dollars (\$1,000.00) or the amount of income tax
27 imposed upon the taxpayer for the taxable year reduced by the sum
28 of all other credits allowable to the taxpayer under the state



29 income tax laws, except credit for tax payments made by or on
30 behalf of the taxpayer. Any unused portion of the credit claimed
31 under this section may be carried forward to the next succeeding
32 taxable year.

33 (b) The amount of the credit authorized under this
34 section for a taxable year shall be reduced, but not below zero,
35 by an amount that bears the same ratio to the amount of credit
36 authorized as the excess, if any, of the taxpayer's modified
37 adjusted gross income for the taxable year over Seventy-five
38 Thousand Dollars (\$75,000.00) (One Hundred Fifty Thousand Dollars
39 (\$150,000.00) in the case of a joint return) bears to Twenty
40 Thousand Dollars (\$20,000.00).

41 (c) No credit shall be allowed to a taxpayer for any
42 taxable year with respect to the purchase of a principal residence
43 if the taxpayer disposes of the residence before the end of such
44 taxable year. In addition, the State Tax Commission may recapture
45 all of any credit allowed under this section if a taxpayer
46 disposes of a principal residence, for which a credit was claimed,
47 within thirty-six (36) months after the date the taxpayer
48 purchased the residence.

49 (d) In the case of married individuals who file a joint
50 return, the credit authorized by this section is allowable only if
51 both individuals are first-time homebuyers.

52 (e) If two (2) or more individuals who are not married
53 purchase a principal residence:

54 (i) The credit authorized under this section is
55 allowable only if each of the individuals is a first-time
56 homebuyer; and

57 (ii) The amount of the credit shall be allocated
58 among the individuals in a manner prescribed by the commissioner.

59 **SECTION 2.** Section 1 of this act shall be codified as a
60 separate section in Chapter 7, Title 27, Mississippi Code of 1972.



61 **SECTION 3.** Nothing in this act shall affect or defeat any
62 claim, assessment, appeal, suit, right or cause of action for
63 taxes due or accrued under the income tax laws before the date on
64 which this act becomes effective, whether such claims,
65 assessments, appeals, suits or actions have been begun before the
66 date on which this act becomes effective or are begun thereafter;
67 and the provisions of the income tax laws are expressly continued
68 in full force, effect and operation for the purpose of the
69 assessment, collection and enrollment of liens for any taxes due
70 or accrued and the execution of any warrant under such laws before
71 the date on which this act becomes effective, and for the
72 imposition of any penalties, forfeitures or claims for failure to
73 comply with such laws.

74 **SECTION 4.** This act shall take effect and be in force from
75 and after January 1, 2010.

