

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

A Bill

HOUSE BILL 1986

5 By: Representative Biviano
6

For An Act To Be Entitled

8 AN ACT TO PROVIDE FUNDS TO FIRST-TIME HOMEBUYERS; AND
9 FOR OTHER PURPOSES.
10

Subtitle

11 TO PROVIDE FUNDS TO FIRST-TIME
12 HOMEBUYERS.
13

14
15
16
17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
18

19 SECTION 1. Arkansas Code Title 15, Chapter 5 is amended to add an
20 additional subchapter to read as follows:

21 Subchapter 18 -- First-time Homebuyer's Monetary Allowance

22 15-5-1801. Definitions.

23 (a) As used in this section:

24 (1)(A) "First-time homebuyer" means an individual who did not
25 have an ownership interest in a principal residence during the three-year
26 period ending on the date of the purchase of the principal residence.

27 (B) "First-time homebuyer" includes the individual's
28 spouse, if the individual is married;

29 (2) "Principal residence" means a principal residence as defined
30 by 26 C.F.R. § 1.121-1, as in effect on January 1, 2011;

31 (3)(A) "Purchase" means an acquisition of a principal residence,
32 but only if:

33 (i) The principal residence is not acquired from a
34 related person; and

35 (ii) The basis of the principal residence in the
36 hands of the individual acquiring the principal residence is not determined;



1 (a) In whole or in part by reference to the
2 adjusted basis of the principal residence in the hands of the person from
3 whom it was acquired; or

4 (b) Under 26 U.S.C. § 1014(a), as in effect on
5 January 1, 2011.

6 (B) A principal residence that is constructed by the
7 individual shall be treated as purchased by the individual on the date the
8 individual first occupies the principal residence;

9 (4) "Purchase price" means the adjusted basis of the principal
10 residence on the date the principal residence is purchased; and

11 (5) "Related person" means a relationship between persons that
12 would result in the disallowance of losses under 26 U.S.C. § 267, as in
13 effect on January 2, 2011, except that in applying 26 U.S.C. §§ 267(b) and
14 (c) for purposes of this section, 26 U.S.C. § 267(c)(4) shall be treated as
15 providing that the family of an individual includes only his or her spouse,
16 ancestors, and lineal descendants.

17
18 15-5-1802. First-time homebuyer monetary allowance.

19 (a) An individual who is a first-time homebuyer and purchases a
20 principal residence in the state may receive a monetary allowance determined
21 in accordance with subsection (b) of this section.

22 (b)(1) Except as otherwise provided in this subsection, the monetary
23 allowance is equal to the lesser of two thousand five hundred dollars
24 (\$2,500) or ten percent (10%) of the purchase price of the principal
25 residence.

26 (2) If two (2) or more individuals purchase a principal
27 residence, the amount of the monetary allowance under subsection (b) of this
28 section shall be allocated among the individuals as prescribed by the
29 Director of the Arkansas Development Finance Authority, except that the total
30 monetary allowance to all the individuals shall not exceed two thousand five
31 hundred dollars (\$2,500).

32 (3) The amount allowable under this subsection shall be reduced,
33 but not below zero dollars (\$0.00) by the amount which bears the same ratio
34 to the amount that is allowable as the excess of the individual's modified
35 adjusted gross income for the taxable year, over:

36 (A) Seventy-five thousand dollars (\$75,000) for a single

1 individual; or

2 (B) One hundred fifty thousand dollars (\$150,000) for a
 3 married couple.

4 (c) The monetary allowance under subsection (b) of this section is not
 5 allowed to an individual with respect to the purchase of a principal
 6 residence if the individual:

7 (1) Is not a resident of the state;

8 (2) Is a nonresident alien; or

9 (3) Disposes of the principal residence or the principal
 10 residence ceases to be the principal residence of the individual and, if
 11 married, ceases to be the principal residence of the individual's spouse
 12 within twelve (12) months.

13 (d)(1)(A) From July 1, 2011, until March 31, 2012, the monetary
 14 allowance under this section is split between the state's four (4)
 15 Congressional districts so that each district is allowed seven hundred (700)
 16 monetary allowances.

17 (B) Any funds from each of the four (4) Congressional
 18 districts that have not been depleted by March 31, 2012, may be used
 19 statewide until June 30, 2012.

20 (2) A monetary allowance for the purchase of a principal
 21 residence claimed by two (2) or more individuals, whether married or not
 22 married, shall be considered only one (1) monetary allowance under this
 23 section for the purpose of determining the number of monetary allowances
 24 under this section.

25 (3) The total amount of monetary allowances awarded under this
 26 section cannot exceed seven million dollars (\$7,000,000).

27 (e) The director shall promulgate rules to implement this section.

28
 29 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
 30 General Assembly of the State of Arkansas that Arkansas has been hurt
 31 economically in recent years; that the housing industry in Arkansas needs a
 32 boost; that by boosting the housing industry, jobs will be created jobs for
 33 Arkansans; and that helping first-time homebuyers to purchase a home will
 34 boost the housing industry. Therefore, an emergency is declared to exist and
 35 this act being necessary for the preservation of the public peace, health,
 36 and safety shall become effective on July 1, 2011.