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C.A.R. applauds Gov. Schwarzenegger's signing Homebuyer Tax Credit legislation into law

LOS ANGELES (March 25) – The CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) today praised California Governor Arnold Schwarzenegger for his leadership in signing the Homebuyer Tax Credit legislation into law.

"We are pleased that Governor Schwarzenegger recognized the positive impact the tax credit will have for families hoping to buy their first home," said C.A.R. President Steve Goddard. "Successful passage of this legislation was the result of our efforts in Sacramento over the last several weeks as REALTORS® and our team in the capital worked for the bill's passage before it landed on the governor's desk earlier this week."

California's previous home buyer tax credit program was so successful that it ran out of tax credits by the end of June 2009, eight months before it was set to expire and just as housing markets appeared to be turning a corner. Unlike last year's legislation, the Homebuyer Tax Credit signed into law today adds a tax credit for the purchase of an existing home by a first-time home buyer.

"The positive impact of the home buyer tax credit at the federal level is clear," Goddard said. "Nearly 40 percent of first-time home buyers said they would not have purchased a home if the federal tax credit for first-time home buyers was not offered, according to C.A.R. research conducted last year. We expect the state tax credit for home buyers to have the same impact."

AB 183 will provide \$200 million for home buyer tax credits, allocating \$100 million for qualified first-time home buyers of existing homes and \$100 million for purchasers of new, or previously unoccupied, homes. The eligible taxpayer who purchases a qualified personal residence on and after May 1, 2010, and on or before Dec. 31, 2010, or who purchases a qualified principal residence on and after Dec. 31, 2010, and before Aug. 1, 2011, pursuant to an enforceable contract executed on or before Dec. 31, 2010, will be able to take the allowed tax credit. The credit is equal to the lesser of 5 percent of the purchase price or \$10,000, in equal installments over three consecutive years. Under AB 183, purchasers will be required to live in the home for at least two years or forfeit the credit (i.e., repay it to the state).

"AB 183 also will significantly contribute to efforts to stimulate jobs creation within California's housing market by helping to incentivize first-time home buyers to purchase homes that have been abandoned, foreclosed upon, and returned to the lender; or have been sitting on the market for extended periods of time," Goddard said. "It is these homes that will require substantial rehabilitation by the new owners, which will in turn generate a tremendous increase in jobs and accessory purchases connected to home improvement activities."

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ASSOCIATION OF REALTORS® (www.car.org) is one of the largest state trade organizations in the United States, with nearly 150,000 members dedicated to the advancement of professionalism in real estate. C.A.R. is headquartered in Los Angeles.

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