BUSINESS

More tax credit time

Senate approves plan to give homebuyers 3 more months

By Andrew Taylor
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WASHINGTON — The Senate on Wednesday approved a plan to give homebuyers an extra three months to finish qualifying for federal tax incentives that boosted home sales this spring.

The move by Senate Majority Leader Harry Reid would give buyers until Sept. 30 to complete their purchases and qualify for tax credits of up to $8,000. Under the current terms, buyers had until April 30 to get a signed sales contract and until June 30 to complete the sale.

The proposal, approved by a 60-37 vote, would only allow people who already have signed contracts to finish at the later date. About 180,000 homebuyers who already signed purchase agreements would otherwise miss the deadline.

Reid, D-Nev., added the proposal to a bill extending jobless benefits through the end of November. Nevada has the nation's highest foreclosure rate, and Reid is facing a tough reelection campaign.

The Realtors group has been pushing hard in Congress for the extension. Mortgage lenders, the trade group says, have been swamped with borrowers trying to get approved by the end of the month.

"If Congress fails to act promptly, then prospective homebuyers might not get the benefit of the homebuyer tax credit, even though they have completed contracts," the Realtors

possible

said a a letter to lawmakers.

First-time buyers were eligible for a tax credit of up to $8,000. Current owners who bought and moved into another home could qualify for a credit of up to $6,500.

The $140 million cost of the measure would be financed by denying businesses the ability to deduct from their taxes punitive damages paid when losing lawsuits or judgments.