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Senate OKs $15,000 tax break for homebuyers



Associated Press

Sen. Jeff Sessions, R-Ala., left, talks to Sen. Lindsey Graham, R-S.C., as Sen. Jim DeMint, R-S.C., second from right, and other Republican lawmakers, participate in a news conference on Capitol Hill in Washington on Wednesday.

WASHINGTON (AP) — The Senate voted Wednesday night to give a tax break of up to $15,000 to homebuyers in hopes of revitalizing the housing industry, a victory for Republicans eager to leave their mark on a mammoth economic stimulus bill at the heart of President Barack Obama's recovery plan.

The tax break was approved without dissent and came on a day in which Obama pushed back pointedly against Republican critics of the legislation even as he reached across party lines to consider a reduction in the spending it contains.

"Let's not make the perfect the enemy of the essential," Obama said as Senate Republicans stepped up their criticism of the bill's spending and pressed for additional tax cuts and relief for homeowners. He warned that failure to act quickly "will turn crisis into a catastrophe and guarantee a longer recession."

Democratic leaders have pledged to have legislation ready for Obama's signature by the end of next week.

While they concede privately they will have to accept some spending reductions along the way, conservative Republicans failed in their initial attempts to force deep cuts in the bill.

Sen. Johnny Isakson, R-Ga., who advanced the homebuyers tax break, said it was intended to help revive the housing industry, which has virtually collapsed in the wake of a credit crisis that began last fall.

The proposal would allow a tax credit of 10 percent of the value of new or existing residences, up to a $15,000 limit. Current law provides for a $7,500 tax break but only for first-time homebuyers.

Isakson's office said the proposal would cost the government an estimated $19 billion.

Democrats readily agreed to the proposal, although it may be changed or even deleted as the stimulus measure makes its way through Congress over the next 10 days or so.