

First Time Homebuyer Tax Credit Likely?

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It seems likely that the US Senate will approve a deal to extend the First-Time Homebuyer Tax Credit, but the devil is in the details.

Florida Democrat Sen. Bill Nelson told reporters traveling to Florida with President Obama Monday that he thought that the extension would be approved, but both senators and representatives are among those who think that there should be some fiscal offset for the extension. Spending any more money on the stimulus effort also could stir up a hornets' nest in some circles.

The proposal in the Senate that appears to have the most likelihood of passage would extend the \$8,000 credit through March 31, then its value would drop by \$2,000 for each of the subsequent three quarters of 2010. This plan was offered by Senate Majority Leader Harry Reid of Nevada and Senate Finance Committee Chairman Max Baucus, a Montana Democrat.

Source: Associated Press, Andrew Taylor (10/26/2009) and The Wall Street Journal, John D. McKinnon (10/27/2009)