

107TH CONGRESS  
2D SESSION

# S. 2006

To amend the Internal Revenue Code of 1986 to clarify the eligibility of certain expenses for the low-income housing credit.

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IN THE SENATE OF THE UNITED STATES

MARCH 12, 2002

Mr. GRAHAM (for himself, Mr. HATCH, Mr. JEFFORDS, Mr. KERRY and Mr. TORRICELLI) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to clarify the eligibility of certain expenses for the low-income housing credit.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. ELIGIBILITY OF CERTAIN EXPENSES FOR LOW-**  
4 **INCOME HOUSING CREDIT.**

5 (a) IN GENERAL.—Subsection (d) of section 42 of the  
6 Internal Revenue Code of 1986 (relating to low-income  
7 housing credit) is amended by adding at the end the fol-  
8 lowing new paragraph:

1           “(8) ASSOCIATED DEVELOPMENT COSTS IN-  
2           CLUDED IN BASIS.—

3           “(A) IN GENERAL.—Solely for purposes of  
4           this section, associated development costs shall  
5           be taken into account in determining the basis  
6           of any building which is part of a low-income  
7           housing project to the extent not otherwise so  
8           taken into account.

9           “(B) ASSOCIATED DEVELOPMENT  
10           COSTS.—For purposes of subparagraph (A), the  
11           term ‘associated development costs’ means, with  
12           respect to any building, such building’s allo-  
13           cable share of—

14           “(i) any cost incurred in preparing  
15           the site which is reasonably related to the  
16           development of the qualified low-income  
17           housing project of which the building is a  
18           part,

19           “(ii) any fee imposed by a State or  
20           local government as a condition to develop-  
21           ment of such project,

22           “(iii) any reasonable fee paid to any  
23           developer of such project,

1                   “(iv) any professional fee relating to  
2                   any item includible in the basis of the  
3                   building pursuant to this paragraph, and

4                   “(v) any cost of financing attributable  
5                   to construction of the building (without re-  
6                   gard to the source of such financing) which  
7                   is required to be capitalized.”

8           (b) **EFFECTIVE DATE.**—The amendments made by  
9 this section shall apply to—

10           (1) housing credit dollar amounts allocated  
11           after December 31, 2001, and

12           (2) buildings placed in service after such date  
13           to the extent paragraph (1) of section 42(h) of the  
14           Internal Revenue Code of 1986 does not apply to  
15           any building by reason of paragraph (4) thereof, but  
16           only with respect to bonds issued after such date.

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