

108TH CONGRESS
1ST SESSION

H. R. 3610

To amend the Internal Revenue Code of 1986 to replace the recapture bond provisions of the low income housing tax credit program.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 2003

Mr. HOUGHTON (for himself, Mrs. JOHNSON of Connecticut, Mr. RANGEL, and Mr. NEAL of Massachusetts) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to replace the recapture bond provisions of the low income housing tax credit program.

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. REPEAL OF RECAPTURE BOND RULE.**

4 (a) IN GENERAL.—Paragraph (6) of section 42(j) of
5 the Internal Revenue Code of 1986 (relating to recapture
6 of credit) is amended to read as follows:

7 “(6) NO RECAPTURE ON DISPOSITION OF
8 BUILDING (OR INTEREST THEREIN) REASONABLY

1 EXPECTED TO CONTINUE AS A QUALIFIED LOW-IN-
2 COME BUILDING.—

3 “(A) IN GENERAL.—In the case of a dis-
4 position of a building or an interest therein, the
5 taxpayer shall be discharged from liability for
6 any additional tax under this subsection by rea-
7 son of such disposition if it is reasonably ex-
8 pected that such building will continue to be op-
9 erated as a qualified low-income building for
10 the remaining compliance period with respect to
11 such building.

12 “(B) STATUTE OF LIMITATIONS.—

13 “(i) EXTENSION OF PERIOD.—The pe-
14 riod for assessing a deficiency attributable
15 to the application of subparagraph (A)
16 with respect to a building (or interest
17 therein) during the compliance period with
18 respect to such building shall not expire
19 before the expiration of 3 years after the
20 end of such compliance period.

21 “(ii) ASSESSMENT.—Such deficiency
22 may be assessed before the expiration of
23 the 3-year period referred to in clause (i)
24 notwithstanding the provisions of any

1 other law or rule of law which would other-
2 wise prevent such assessment.”.

3 (b) INFORMATION REPORTING.—

4 (1) IN GENERAL.—Subpart B of part III of
5 subchapter A of chapter 61 of such Code (relating
6 to information concerning transactions with other
7 persons) is amended by inserting after section
8 6050T the following new section:

9 **“SEC. 6050U. RETURNS RELATING TO PAYMENT OF LOW-IN-**
10 **COME HOUSING CREDIT REPAYMENT**
11 **AMOUNT.**

12 “(a) REQUIREMENT OF REPORTING.—Every person
13 who, at any time during the taxable year, is an owner of
14 a building (or an interest therein)—

15 “(1) which is in the compliance period at any
16 time during such year, and

17 “(2) with respect to which recapture is required
18 by section 42(j),

19 shall, at such time as the Secretary may prescribe, make
20 the return described in subsection (b).

21 “(b) FORM AND MANNER OF RETURNS.—A return
22 is described in this subsection if such return—

23 “(1) is in such form as the Secretary may pre-
24 scribe, and

25 “(2) contains—

1 “(A) the name, address, and TIN of each
2 person who, with respect to such building or in-
3 terest, was formerly an investor in such owner
4 at any time during the compliance period,

5 “(B) the amount (if any) of any credit re-
6 capture amount required under section 42(j),
7 and

8 “(C) such other information as the Sec-
9 retary may prescribe.

10 “(c) STATEMENTS TO BE FURNISHED TO PERSONS
11 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—

12 Every person required to make a return under subsection
13 (a) shall furnish to each person whose name is required
14 to be set forth in such return a written statement show-
15 ing—

16 “(1) the name and address of the person re-
17 quired to make such return and the phone number
18 of the information contact for such person, and

19 “(2) the information required to be shown on
20 the return with respect to such person.

21 The written statement required under the preceding sen-
22 tence shall be furnished on or before March 31 of the year
23 following the calendar year for which the return under
24 subsection (a) is required to be made.

1 “(d) COMPLIANCE PERIOD.—For purposes of this
2 section, the term ‘compliance period’ has the meaning
3 given such term by section 42(i).”.

4 (2) ASSESSABLE PENALTIES.—

5 (A) Subparagraph (B) of section
6 6724(d)(1) of such Code (relating to defini-
7 tions) is amended by redesignating clauses (xii)
8 through (xviii) as clauses (xiii) through (xix),
9 respectively, and by inserting after clause (xi)
10 the following new clause:

11 “(xii) section 6050U (relating to re-
12 turns relating to payment of low-income
13 housing credit repayment amount),”.

14 (B) Paragraph (2) of section 6724(d) of
15 such Code is amended by striking “or” at the
16 end of subparagraph (AA), by striking the pe-
17 riod at the end of subparagraph (BB) and in-
18 serting “, or”, and by adding after subpara-
19 graph (BB) the following new subparagraph:

20 “(CC) section 6050U (relating to returns
21 relating to payment of low-income housing cred-
22 it repayment amount).”.

23 (C) CLERICAL AMENDMENT.—The table of
24 sections for subpart B of part III of subchapter
25 A of chapter 61 of such Code is amended by in-

1 serting after the item relating to section 6050S
2 the following new item:

“Sec. 6050U. Returns relating to payment of low-income housing credit repayment amount.”.

3 (c) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by
5 this section shall apply with respect to any liability
6 for the credit recapture amount under section 42(j)
7 of the Internal Revenue Code of 1986 that arises
8 after the date of the enactment of this Act.

9 (2) SPECIAL RULE FOR LOW-INCOME HOUSING
10 BUILDINGS SOLD BEFORE DATE OF ENACTMENT OF
11 THIS ACT.—In the case of a building disposed of be-
12 fore the date of the enactment of this Act with re-
13 spect to which the taxpayer posted a bond (or alter-
14 native form of security) under section 42(j) of the
15 Internal Revenue Code of 1986 (as in effect before
16 the enactment of this Act), the taxpayer may elect
17 (by notifying the Secretary of the Treasury in writ-
18 ing)—

19 (A) to cease to be subject to the bond re-
20 quirements under section 42(j)(6) of such Code
21 (as in effect before the enactment of this Act),
22 and

1 (B) to be subject to the requirements of
2 section 42(j) of such Code (as amended by this
3 Act).

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