

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.

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

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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