

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5198

To amend the Internal Revenue Code of 1986 to provide an appeal process for designation as qualified census tracts and difficult development areas under the low-income housing credit.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 24, 2014

Mr. GALLEGO introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide an appeal process for designation as qualified census tracts and difficult development areas under 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,*

1 **SECTION 1. APPEAL PROCESS FOR DESIGNATION AS**  
2 **QUALIFIED CENSUS TRACTS AND DIFFICULT**  
3 **DEVELOPMENT AREAS UNDER THE LOW-IN-**  
4 **COME HOUSING CREDIT.**

5 (a) IN GENERAL.—Section 42(d)(5) of the Internal  
6 Revenue Code of 1986 is amended by adding at the end  
7 the following new subparagraph:

8 “(C) APPEAL OF QUALIFIED CENSUS  
9 TRACT AND DIFFICULT DEVELOPMENT AREA  
10 DESIGNATIONS.—

11 “(i) IN GENERAL.—Any State or local  
12 government agency may petition the Sec-  
13 retary of Housing and Urban Development  
14 to review such Secretary’s designation (or  
15 failure to designate) for any area within  
16 such agency’s jurisdiction as a qualified  
17 census tract or difficult development area  
18 by filing an appeal with such Secretary  
19 during the 120-day period beginning on  
20 the date that such Secretary publishes the  
21 list of qualified census tracts and difficult  
22 development areas for the calendar year.

23 “(ii) APPLICATION OF POPULATION  
24 LIMITATION.—If a designation is made  
25 pursuant to an appeal under clause (i) and  
26 such designation would (without regard to

1 this clause) result in a violation of the limi-  
2 tation imposed under clause (ii)(II) or  
3 (iii)(II) of subparagraph (B) with respect  
4 to the relevant metropolitan statistical  
5 area, then the Secretary of Housing and  
6 Urban Development shall conduct a review  
7 of all of the qualified census tract or dif-  
8 ficult development area designations in  
9 such metropolitan statistical area. If, after  
10 making any additional designations, or rev-  
11 ocation of designations as a result of such  
12 review, such limitation is still exceeded, the  
13 census tract which is the subject of the ap-  
14 peal and such additional designations shall  
15 be substituted for so many of the last  
16 areas designated when such Secretary  
17 made its annual review and determination  
18 as is necessary to comply with such limita-  
19 tions.

20 “(iii) RETROACTIVE APPLICATION OF  
21 CORRECTIONS.—Any designation, or rev-  
22 ocation of designation, under clause (i) or  
23 (ii) with respect to any appeal shall be  
24 valid retroactive to the beginning of the  
25 calendar year to which the appeal relates.

1                   “(iv) PETITION WITH RESPECT TO  
2                   CENSUS BLOCK GROUPS.—Any landowner  
3                   whose property is located within a census  
4                   block group or equivalent geographic area  
5                   defined by the Bureau of the Census that  
6                   meets the criteria for designation of a  
7                   qualified census tract can petition the Sec-  
8                   retary of Housing and Urban Develop-  
9                   ment, and upon verification by such Sec-  
10                  retary that such area meets such criteria,  
11                  such Secretary shall designate such area as  
12                  a qualified census tract. Subparagraph  
13                  (B)(ii)(II) shall be applied without regard  
14                  to any area designated under this clause.”.

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