

106TH CONGRESS  
2D SESSION

# H. R. 4308

To amend the Internal Revenue Code of 1986 to clarify the definition of contribution in aid of construction.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 2000

Mr. HERGER (for himself, Mr. MATSUI, Mrs. JOHNSON of Connecticut, Mr. RANGEL, and Mr. WATKINS) 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 clarify the definition of contribution in aid of construction.

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. SHORT TITLE.**

4 This Act may be cited as the “Fair Regulation for  
5 Homeowners Act of 2000”.

6 **SEC. 2. CLARIFICATION OF CONTRIBUTION IN AID OF CON-**  
7 **STRUCTION.**

8 (a) IN GENERAL.—Subparagraph (A) of section  
9 118(c)(3) of the Internal Revenue Code of 1986 (relating  
10 to definitions) is amended to read as follows:

1           “(A) CONTRIBUTION IN AID OF CONSTRUC-  
2           TION.—The term ‘contribution in aid of con-  
3           struction’ shall be defined by regulations pre-  
4           scribed by the Secretary, except that such  
5           term—

6                   “(i) shall include amounts paid as  
7                   customer connection fees (including  
8                   amounts paid to connect the customer’s  
9                   line to or extend a main water or sewer  
10                  line), and

11                   “(ii) shall not include amounts paid as  
12                   service charges for starting or stopping  
13                   services.”.

14           (b) EFFECTIVE DATE.—The amendment made by  
15           subsection (a) shall take effect as if included in the  
16           amendments made by section 1613(a) of the Small Busi-  
17           ness Job Protection Act of 1996.

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