

109TH CONGRESS
1ST SESSION

H. R. 4430

To amend the Internal Revenue Code of 1986 to provide that qualified homeowner downpayment assistance is a charitable purpose.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 18, 2005

Mr. WELDON of Florida 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 provide that qualified homeowner downpayment assistance is a charitable purpose.

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. QUALIFIED HOMEOWNER DOWNPAYMENT AS-**
4 **SISTANCE.**

5 (a) IN GENERAL.—Section 501 of the Internal Rev-
6 enue Code of 1986 (relating to exemption of tax on cor-
7 porations, certain trusts, etc.) is amended by redesign-
8 ing subsection (q) as subsection (r) and by inserting
9 after subsection (p) the following new subsection:

1 “(q) QUALIFIED HOMEOWNER DOWNPAYMENT AS-
2 SISTANCE.—

3 “(1) IN GENERAL.—For purposes of subsection
4 (c)(3) and sections 170(c)(2), 2055(a)(2), and
5 2522(a)(2), the term ‘charitable purposes’ includes
6 the provision of qualified homeowner downpayment
7 assistance.

8 “(2) QUALIFIED HOMEOWNER DOWNPAYMENT
9 ASSISTANCE.—For purposes of this subsection, the
10 term ‘qualified homeowner downpayment assistance’
11 means a gift of cash for the purpose of providing
12 any downpayment for the acquisition of any property
13 as a principal residence (within the meaning of sec-
14 tion 121) for a qualified taxpayer if with respect to
15 such property such gift does not exceed the lesser
16 of—

17 “(A) \$60,000, or

18 “(B) 20 percent of the value of such prop-
19 erty, determined as of the time the homeowner
20 downpayment assistance is provided.

21 “(3) QUALIFIED TAXPAYER.—For purposes of
22 paragraph (2), the term ‘qualified taxpayer’ means
23 a taxpayer whose modified adjusted gross income for
24 the taxable year in which the downpayment assist-
25 ance is received does not exceed \$110,000 (\$220,000

1 in the case of a joint return). For purposes of the
 2 preceding sentence, the term ‘modified adjusted
 3 gross income’ means adjusted gross income in-
 4 creased by any amount excluded from gross income
 5 under section 911, 931, or 933.”.

6 (b) NO CHARITABLE DEDUCTION FOR CONTRIBU-
 7 TIONS FOR DOWNPAYMENT ASSISTANCE.—Subsection (f)
 8 of section 170 of the Internal Revenue Code of 1986 (re-
 9 lating to disallowance of deduction in certain cases and
 10 special rules) is amended by adding at the end the fol-
 11 lowing new paragraph:

12 “(12) DENIAL OF DEDUCTION OF CONTRIBU-
 13 TIONS FOR DOWNPAYMENT ASSISTANCE.—No deduc-
 14 tion shall be allowed under this section for a con-
 15 tribution to an organization which provides home-
 16 owner downpayment assistance if the contribution is
 17 made directly or indirectly in connection with a
 18 transaction in which the purchaser of a home re-
 19 ceived downpayment assistance and the contrib-
 20 utor—

21 “(A) received the downpayment assistance,

22 “(B) sold the home to the purchaser,

23 “(C) loaned money to the purchaser, or

24 “(D) otherwise received a commission or
 25 other benefit associated with the transaction.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years ending after the
3 date of the enactment of this Act.

