

110TH CONGRESS  
1ST SESSION

# H. R. 3260

To require the Secretary of the Treasury to modify regulations to provide that certain Federal subsidies shall not be considered a grant made with respect to a building or its operation for purposes of the low-income housing tax credit.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2007

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

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## A BILL

To require the Secretary of the Treasury to modify regulations to provide that certain Federal subsidies shall not be considered a grant made with respect to a building or its operation for purposes of the low-income housing tax 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. MODIFICATION TO LOW-INCOME HOUSING**  
4                               **CREDIT RULES FOR REDUCTION OF ELIGI-**  
5                               **BLE BASIS BY GRANTS RECEIVED.**

6       (a) IN GENERAL.—The Secretary of the Treasury  
7       shall modify Treasury Regulations section 1.42–16(b) to

1 provide that none of the following shall be considered a  
2 grant made with respect to a building or its operation for  
3 purposes of section 42(d)(5)(A) of the Internal Revenue  
4 Code of 1986:

5 (1) Rental assistance under section 521 of the  
6 Housing Act of 1949 (42 U.S.C. 1490a).

7 (2) Assistance under section 538(f)(5) of the  
8 Housing Act of 1949 (42 U.S.C. 1490p-2(f)(5)).

9 (3) Interest reduction payments under section  
10 236 of the National Housing Act (12 U.S.C. 1715z-  
11 1).

12 (4) Rental assistance under section 202 of the  
13 Housing Act of 1959 (12 U.S.C. 1701q).

14 (5) Rental assistance under section 811 of the  
15 Cranston-Gonzalez National Affordable Housing Act  
16 (42 U.S.C. 8013).

17 (6) Modernization, operating, and rental assist-  
18 ance pursuant to section 202 of the Native Amer-  
19 ican Housing Assistance and Self-Determination Act  
20 of 1996 (25 U.S.C. 4132).

21 (7) Assistance under title IV of the Stewart B.  
22 McKinney Homeless Assistance Act (42 U.S.C.  
23 11361 et seq.).

1           (8) Tenant-based rental assistance under sec-  
2           tion 212 of the Cranston-Gonzalez National Afford-  
3           able Housing Act (42 U.S.C. 12742).

4           (9) Assistane under the AIDS Housing Oppor-  
5           tunity Act (42 U.S.C. 12901 et seq.).

6           (10) Per diem payments under section 2012 of  
7           title 38, United States Code.

8           (11) Rent supplements under section 101 of the  
9           Housing and Urban Development Act of 1965 (12  
10          U.S.C. 1701s).

11          (12) Assistance under section 542 of the Hous-  
12          ing Act of 1949 (42 U.S.C. 1490r).

13          (13) Any other ongoing payment similar to any  
14          of the payments described in paragraphs (1) through  
15          (12) and designed to reduce cash flow needs from  
16          rent to enable the property to be rented to low-in-  
17          come tenants.

18          (b) EFFECTIVE DATE.—The modifications required  
19          by this section shall apply to taxable years beginning after  
20          December 31, 2006.

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