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114TH CONGRESS
2D SESSION

H. R. 4696

To amend the Internal Revenue Code of 1986 to allow a deduction for homeowners association assessments.

IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 2016

Ms. ESHOO (for herself and Mr. THOMPSON of California) 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 allow a deduction for homeowners association assessments.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the " Helping Our Middle-Income Earners Act" or the "HOME Act".

SEC. 2. DEDUCTION OF HOMEOWNERS ASSOCIATION ASSESSMENTS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by redesignating section 224 as section 225 and by inserting after section 223 the following new section:

"SEC. 224. HOMEOWNERS ASSOCIATION ASSESSMENTS.

"(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction an amount equal to the qualified homeowners association assessments paid by the taxpayer during the taxable year.

"(b) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—Except as provided in paragraph (2), the deduction allowed by subsection (a) for the taxable year shall not exceed $5,000.

"(2) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—The amount which would (but for this paragraph) be allowable as a deduction under this section shall be reduced (but not below zero) by the amount determined under subparagraph (B).

"(B) AMOUNT OF REDUCTION.—The amount determined under this subparagraph is the amount which bears the same ratio to the amount which would be so taken into account as—

"(i) the excess of—

"(I) the taxpayer's modified adjusted gross income for such taxable year, over

"(II) $100,000 ($150,000 in the case of a joint return), bears to

"(ii) $15,000.

"(C) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

"(D) COST-OF-LIVING ADJUSTMENT.—

"(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2016, the dollar amounts under subparagraph (B)(i)(II) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2015' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) ROUNDING.—If any amount after adjustment under clause (i) is not a multiple of $500, such amount shall be rounded to the next lower multiple of $500.

"(c) QUALIFIED HOMEOWNERS ASSOCIATION ASSESSMENTS.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified homeowners association assessments' means regularly occurring, mandatory financial assessments (other than a special assessment)—

"(A) paid by a taxpayer to a homeowners association with respect to the taxpayer's principal residence (within the meaning of section 121),

"(B) that directly benefit the taxpayer's principal residence, and

"(C) the obligation of which to pay arises from the taxpayer's mandatory and automatic membership in such homeowners association.

"(2) HOMEOWNERS ASSOCIATION.—The term 'homeowners association' has the meaning given such term in section 528(c)(1) (determined without regard to timeshare associations).''.

(b) INFORMATION REPORTING.—Subpart B of part III of subchapter A of chapter 61 of such Code is amended by adding at the end the following new section:

''SEC. 6050X. RETURNS RELATED TO HOMEOWNERS ASSOCIATION ASSESSMENTS.

''(a) IN GENERAL.—Any homeowners association which receives qualified homeowners association assessments from any individual during any calendar year shall make a return (at such time and in such form and manner) setting forth—

''(1) the name, address, and TIN of each such individual, and

''(2) the amount of qualified homeowners association assessments received from each such individual during the calendar year.

''(b) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return under such subsection a written statement showing—

"(1) the name, address, and phone number of the information contact of the person required to make such return, and

"(2) the information required by subsection (a) with respect to the individual.

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.

"(c) DEFINITIONS.—For purposes of this section, the terms 'homeowners association' and 'qualified homeowners association assessments' shall have the respective meanings given such terms by section 224.".

(c) DEDUCTION NOT TREATED AS MISCELLANEOUS ITEMIZED DEDUCTION.—Section 67(b) of such Code is amended by striking "and" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", and", and by adding at the end the following new paragraph:

"(13) the deduction under section 224 (relating to homeowners association assessments).".

(d) CLERICAL AMENDMENT.—The table of sections for Part VII of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 224 and inserting the following:

"Sec. 224. Homeowners association assessments.
"Sec. 225. Cross reference.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

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