

116TH CONGRESS
1ST SESSION

H. R. 3478

To amend the Internal Revenue Code of 1986 to modify the low-income housing credit basis limitation rules in the case the acquisition of an existing building.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2019

Mr. NEGUSE 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 modify the low-income housing credit basis limitation rules in the case the acquisition of an existing building.

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 “Affordable Housing
5 Opportunities for Utilization, Sustainment, and Expan-
6 sion Act of 2019” or the “Affordable HOUSE Act”.

7 **SEC. 2. MODIFICATION OF PREVIOUS OWNERSHIP RULES;**
8 **LIMITATION ON ACQUISITION BASIS.**

9 (a) **LIMITATION ON ACQUISITION BASIS.**—

1 (1) IN GENERAL.—Section 42(d)(2)(B)(ii) of
2 the Internal Revenue Code of 1986 is amended by
3 inserting “, or the taxpayer elects the application of
4 subparagraph (C)(ii)” after “service”.

5 (2) LIMITATION.—Section 42(d)(2)(C) of such
6 Code is amended—

7 (A) by striking “for purposes of subpara-
8 graph (A), the adjusted basis” and inserting
9 the following: “For purposes of subparagraph
10 (A)—

11 “(i) IN GENERAL.—The adjusted
12 basis”, and

13 (B) by adding at the end the following new
14 clauses:

15 “(ii) BUILDINGS IN SERVICE WITHIN
16 PREVIOUS 10 YEARS.—If the period be-
17 tween the date of acquisition of the build-
18 ing by the taxpayer and the date the build-
19 ing was last placed in service is less than
20 10 years, the taxpayer’s basis attributable
21 to the acquisition of the building which is
22 taken into account in determining the ad-
23 justed basis shall not exceed the sum of—

24 “(I) the lowest amount paid for
25 acquisition of the building by any per-

1 son during the 10 years preceding the
2 date of the acquisition of the building
3 by the taxpayer, adjusted as provided
4 in clause (iii), and

5 “(II) the value of any capital im-
6 provements made by the person who
7 sells the building to the taxpayer
8 which are reflected in such seller’s
9 basis.

10 “(iii) ADJUSTMENT.—With respect to
11 a basis determination made in any taxable
12 year, the amount described in clause (ii)(I)
13 shall be increased by an amount equal to—

14 “(I) such amount, multiplied by

15 “(II) a cost-of-living adjustment,
16 determined in the same manner as
17 under section 1(f)(3) for the calendar
18 year in which the taxable year begins
19 by taking into account the acquisition
20 year in lieu of calendar year 2016 in
21 subparagraph (A)(ii) thereof.

22 For purposes of the preceding sentence,
23 the acquisition year is the calendar year in
24 which the lowest amount referenced in

1 clause (ii)(I) was paid for the acquisition
2 of the building.”.

3 (3) CONFORMING AMENDMENTS.—Section
4 42(d)(2)(D)(i) of such Code is amended—

5 (A) by striking “FOR SUBPARAGRAPH (B)”
6 in the heading, and

7 (B) by striking “subparagraph (B)” in the
8 matter preceding subclause (I) and inserting
9 “subparagraph (B)(ii) or (C)(ii)”.

10 (b) MODIFICATION OF PLACED IN SERVICE RULE.—

11 Section 42(d)(2)(B)(iii) of such Code is amended to read
12 as follows:

13 “(iii) the building was not owned by
14 the taxpayer or by any person related (as
15 of the date of acquisition by the taxpayer)
16 to the taxpayer at any time during the 5-
17 year period ending on the date of acqui-
18 sition by the taxpayer, and”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to buildings placed in service after
21 December 31, 2018.

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