

106TH CONGRESS
1ST SESSION

H. R. 3389

To amend the Internal Revenue Code of 1986 to exclude from the gross income of an employee certain housing incentives provided by such employee's employer to purchase and reside in housing located in qualified urban areas.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 16, 1999

Mr. ENGLISH (for himself, Mr. FATTAH, Mrs. JOHNSON of Connecticut, Mr. OWENS, Mr. SMITH of Texas, Mr. FORBES, Ms. DELAURO, and Mrs. CHRISTENSEN) 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 exclude from the gross income of an employee certain housing incentives provided by such employee's employer to purchase and reside in housing located in qualified urban areas.

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 HOUSING FRINGE BENEFIT.**

4 (a) IN GENERAL.—Section 132(a) of the Internal
5 Revenue Code of 1986 (relating to the exclusion from
6 gross income of certain fringe benefits) is amended by

1 striking “or” at the end of paragraph (5), by striking the
2 period at the end of paragraph (6) and inserting “, or”
3 and by adding at the end the following new paragraph:

4 “(7) qualified urban housing fringe.”

5 (b) QUALIFIED URBAN HOUSING FRINGE.—Section
6 132 of such Code is amended by redesignating subsections
7 (h) through (m) as subsections (i) through (n), respec-
8 tively, and by inserting after subsection (g) the following
9 new subsection (h):

10 “(h) QUALIFIED URBAN HOUSING FRINGE.—

11 “(1) IN GENERAL.—For purposes of this sec-
12 tion, the term ‘qualified urban housing fringe’ means
13 1 or more payments by an employer described in
14 clause (ii) or (iii) of section 170(b)(1)(A) to an em-
15 ployee under a written program adopted by such em-
16 ployer for the purpose of supporting the acquisition
17 of qualified urban housing by employees of such em-
18 ployer.

19 “(2) LIMITATION ON EXCLUSION.—The amount
20 excluded from the gross income of an employee
21 under subsection (a)(7) for the taxable year shall
22 not exceed the excess of—

23 “(A) \$25,000 over

24 “(B) the amount excluded from the gross
25 income of such employee or such employee’s

1 spouse under this subsection for all prior tax-
2 able years.

3 In the case of a husband and wife both of whom are
4 employees of the employer, the limitation under sub-
5 paragraph (A) shall be divided equally between such
6 employees unless they agree on a different alloca-
7 tion.

8 “(3) DEFINITIONS.—For purposes of this
9 subsection—

10 “(A) QUALIFIED URBAN HOUSING.—The
11 term ‘qualified urban housing’ means
12 property—

13 “(i) which is used as the employee’s
14 principal residence (within the meaning of
15 section 121), and

16 “(ii) which is located in an area
17 which, at the time of the employee’s acqui-
18 sition of the property, is a qualified census
19 tract.

20 “(B) QUALIFIED CENSUS TRACT.—The
21 term ‘qualified census tract’ means any census
22 tract if—

23 “(i) for the most recent year for
24 which census data are available on house-
25 hold income in such tract, 20 percent or

1 more of the households in such tract have
2 an income which is less than 60 percent of
3 the area median gross income for such
4 year,

5 “(ii) the census tract is located in an
6 urban area (as defined in section 1393),
7 and

8 “(iii) the census tract would meet the
9 requirements of section 1391 if such tract
10 were a nominated area.

11 “(C) EMPLOYEE.—The term ‘employee’ in-
12 cludes individuals described in subparagraph
13 (A) or (B) of subsection (i)(1).

14 “(4) INFLATION ADJUSTMENT.—

15 “(A) IN GENERAL.—In the case of any
16 taxable year beginning in a calendar year after
17 1999, the dollar amount contained in paragraph
18 (2) shall be increased by an amount equal to—

19 “(i) such dollar amount, multiplied by

20 “(ii) the cost-of-living adjustment de-
21 termined under section 1(f)(3) for the cal-
22 endar year in which the taxable year be-
23 gins by substituting ‘calendar year 1998’
24 for ‘calendar year 1992’ in subparagraph
25 (B) thereof.

1 “(B) ROUNDING.—If any increase deter-
2 mined under subparagraph (A) is not a multiple
3 of \$500, such increase shall be rounded to the
4 next lowest multiple of \$500.”.

5 (c) NO DISCRIMINATION IN FAVOR OF HIGHLY COM-
6 PENSATED.—Paragraph (1) of subsection 132(k) of such
7 Code (as redesignated by subsection (b)) is amended to
8 read as follows:

9 “(1) EXCLUSIONS UNDER SUBSECTION (a)(1),
10 (2), AND (7) APPLY TO HIGHLY COMPENSATED EM-
11 PLOYEES ONLY IF NO DISCRIMINATION.—Para-
12 graphs (1), (2), and (7) of subsection (a) shall apply
13 with respect to any fringe benefit described therein
14 provided with respect to any highly compensated em-
15 ployee only if such fringe benefit is available on sub-
16 stantially the same terms to each member of a group
17 of employees which is defined under a reasonable
18 classification set up by the employer which does not
19 discriminate in favor of highly compensated employ-
20 ees.”.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 1998.

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