

108TH CONGRESS  
1ST SESSION

# H. R. 3395

To amend the Internal Revenue Code of 1986 to clarify the definition of contribution in aid of construction.

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IN THE HOUSE OF REPRESENTATIVES

OCTOBER 29, 2003

Mr. HERGER (for himself and Mr. MATSUI) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to clarify  
the definition of contribution in aid of construction.

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 “Lower Regulatory Bur-

5 den for Homeowners Act of 2003”.

6 **SEC. 2. CLARIFICATION OF CONTRIBUTION IN AID OF CON-**  
7 **STRUCTION.**

8 (a) IN GENERAL.—Subparagraph (A) of section  
9 118(c)(3) of the Internal Revenue Code of 1986 (relating  
10 to definitions) is amended to read as follows:

1           “(A) CONTRIBUTION IN AID OF CONSTRUC-  
2           TION.—The term ‘contribution in aid of con-  
3           struction’ shall be defined by regulations pre-  
4           scribed by the Secretary, except that such  
5           term—

6                   “(i) shall include amounts paid as  
7                   customer connection fees (including  
8                   amounts paid to connect the customer’s  
9                   water service line or sewer lateral line to  
10                  the utility’s distribution or collection sys-  
11                  tem or extend a main water or sewer line  
12                  to provide service to a customer), and

13                   “(ii) shall not include amounts paid as  
14                   service charges for starting or stopping  
15                   services.”.

16           (b) EFFECTIVE DATE.—The amendment made by  
17           subsection (a) shall apply to amounts received after the  
18           date of the enactment of this Act.

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