

105TH CONGRESS
1ST SESSION

H. R. 1350

To amend the Internal Revenue Code of 1986 to allow associations of persons holding timeshare interests in residential property to elect to be taxed as homeowner associations.

IN THE HOUSE OF REPRESENTATIVES

APRIL 16, 1997

Mr. SHAW (for himself, Mr. NEY, and Mr. BOEHNER) 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 associations of persons holding timeshare interests in residential property to elect to be taxed as homeowner associations.

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 “Homeowners Associa-
5 tion Clarification Act of 1997”.

1 **SEC. 2. ASSOCIATIONS OF HOLDERS OF TIMESHARE INTER-**
2 **ESTS TO BE TAXED LIKE OTHER HOME-**
3 **OWNERS ASSOCIATIONS.**

4 (a) TIMESHARE ASSOCIATIONS INCLUDED AS HOME-
5 OWNER ASSOCIATIONS.—

6 (1) IN GENERAL.—Paragraph (1) of section
7 528(c) of the Internal Revenue Code of 1986 (defin-
8 ing homeowners association) is amended—

9 (A) by striking “or a residential real estate
10 management association” and inserting “, a
11 residential real estate management association,
12 or a timeshare association” in the material pre-
13 ceding subparagraph (A),

14 (B) by striking “or” at the end of clause
15 (i) of subparagraph (B), by striking the period
16 at the end of clause (ii) of subparagraph (B)
17 and inserting “, or”, and by adding at the end
18 of subparagraph (B) the following new clause:

19 “(iii) owners of timeshare rights to
20 use, or timeshare ownership interests in,
21 association property in the case of a
22 timeshare association,” and

23 (C) by inserting “and, in the case of a
24 timeshare association, for activities provided to
25 or on behalf of members of the association” be-
26 fore the comma at the end of subparagraph (C).

1 (2) **TIMESHARE ASSOCIATION DEFINED.**—Sub-
2 section (c) of section 528 of such Code is amended
3 by redesignating paragraph (4) as paragraph (5)
4 and by inserting after paragraph (3) the following
5 new paragraph:

6 “(4) **TIMESHARE ASSOCIATION.**—The term
7 ‘timeshare association’ means any organization
8 (other than a condominium management associa-
9 tion) meeting the requirement of subparagraph (A)
10 of paragraph (1) if any member thereof holds a
11 timeshare right to use, or a timeshare ownership in-
12 terest in, real property constituting association prop-
13 erty.”.

14 (b) **EXEMPT FUNCTION INCOME.**—Paragraph (3) of
15 section 528(d) of such Code is amended by striking “or”
16 at the end of subparagraph (A), by striking the period
17 at the end of subparagraph (B) and inserting “, or”, and
18 by adding at the end the following new subparagraph:

19 “(C) owners of timeshare rights to use, or
20 timeshare ownership interests in, real property
21 in the case of a timeshare association.”.

22 (c) **RATE OF TAX.**—Subsection (b) of section 528 of
23 such Code (relating to certain homeowners associations)
24 is amended by inserting before the period “(32 percent
25 of such income in the case of a timeshare association)”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 1996.

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