

108TH CONGRESS
1ST SESSION

S. 1918

To amend the Internal Revenue Code of 1986 to provide that qualified homeowner downpayment assistance is a charitable purpose.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 21, 2003

Mr. SANTORUM (for himself and Mrs. FEINSTEIN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide that qualified homeowner downpayment assistance is a charitable purpose.

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 HOMEOWNER DOWNPAYMENT AS-**
4 **SISTANCE.**

5 (a) IN GENERAL.—Section 501 of the Internal Rev-
6 enue Code of 1986 (relating to exemption of tax on cor-
7 porations, certain trusts, etc.) is amended by redesi-
8 gnating subsection (q) as subsection (r) and by inserting
9 after subsection (p) the following new subsection:

1 “(q) QUALIFIED HOMEOWNER DOWNPAYMENT AS-
2 SISTANCE.—

3 “(1) IN GENERAL.—For purposes of subsection
4 (c)(3) and sections 170(c)(2), 2055(a)(2), and
5 2522(a)(2), the term ‘charitable purposes’ includes
6 the provision of qualified homeowner downpayment
7 assistance.

8 “(2) QUALIFIED HOMEOWNER DOWNPAYMENT
9 ASSISTANCE.—For purposes of this subsection, the
10 term ‘qualified homeowner downpayment assistance’
11 means a gift of cash for the purpose of providing
12 any downpayment for a qualified home purchase.

13 “(3) QUALIFIED HOME PURCHASE.—

14 “(A) IN GENERAL.—For purposes of this
15 subsection, the term ‘qualified home purchase’
16 means the acquisition of any property as a prin-
17 cipal residence (within the meaning of section
18 121) if the amount of the acquisition indebted-
19 ness (within the meaning of section 163(h)(3))
20 with respect to such property is less than the
21 maximum mortgage amount applicable at the
22 time the indebtedness is incurred for the area
23 in which the property is located.

24 “(B) MAXIMUM MORTGAGE AMOUNT.—For
25 purposes of this paragraph, the term ‘maximum

1 mortgage amount' means the maximum single-
 2 family home mortgage loan which would be eli-
 3 gible for insurance from the Department of
 4 Housing and Urban Development pursuant to
 5 section 203(b) or 234(c) of the National Hous-
 6 ing Act.”.

7 (b) NO CHARITABLE DEDUCTION FOR CONTRIBU-
 8 TIONS FOR DOWNPAYMENT ASSISTANCE.—Subsection (f)
 9 of section 170 of the Internal Revenue Code of 1986 (re-
 10 lating to disallowance of deduction in certain cases and
 11 special rules) is amended by adding at the end the fol-
 12 lowing new paragraph:

13 “(11) DENIAL OF DEDUCTION OF CONTRIBU-
 14 TIONS FOR DOWNPAYMENT ASSISTANCE.—No deduc-
 15 tion shall be allowed under this section for a con-
 16 tribution to an organization which provides home-
 17 owner downpayment assistance if the contribution is
 18 made directly or indirectly in connection with a
 19 transaction in which the purchaser of a home re-
 20 ceived downpayment assistance and the contrib-
 21 utor—

22 “(A) received the downpayment assistance,

23 “(B) sold the home to the purchaser,

24 “(C) loaned money to the purchaser, or

1 “(D) otherwise received a commission or
2 other benefit associated with the transaction.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years ending after the
5 date of the enactment of this Act.

○