

107TH CONGRESS
1ST SESSION

H. R. 1788

To amend the Internal Revenue Code of 1986 with respect to the treatment of cooperative housing corporations.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2001

Mr. RANGEL introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 with respect to the treatment of cooperative housing corporations.

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 “Cooperative Housing
5 Act of 2001”.

6 **SEC. 2. MODIFICATION OF GROSS INCOME TEST FOR DE-**
7 **TERMINING WHETHER CORPORATION IS CO-**
8 **OPERATIVE HOUSING CORPORATION.**

9 (a) IN GENERAL.—Subparagraph (D) of section
10 216(b)(1) of the Internal Revenue Code of 1986 (defining

1 cooperative housing corporations) is amended to read as
2 follows:

3 “(D) 80 percent or more of the total base
4 receipts of which for the taxable year in which
5 the taxes and interest described in subsection
6 (a) are paid or incurred are qualified housing
7 receipts.”

8 (b) DEFINITIONS.—Subsection (b) of section 216 of
9 such Code is amended by adding at the end the following
10 new paragraphs:

11 “(7) TOTAL BASE RECEIPTS.—

12 “(A) IN GENERAL.—The term ‘total base
13 receipts’ means the sum of—

14 “(i) gross income, and

15 “(ii) qualified housing receipts to the
16 extent not includible in gross income.

17 “(B) EXCEPTIONS.—For purposes of sub-
18 paragraph (A), gross income shall be deter-
19 mined without regard to amounts received or
20 accrued on account of—

21 “(i) discharge of indebtedness,

22 “(ii) fire, theft, or other casualty in-
23 surance proceeds,

24 “(iii) refunds and interest thereon,

1 “(iv) redemptions of stock of, or pa-
2 tronage dividends from, a cooperative,

3 “(v) interest on reserves to the extent
4 that such reserves are—

5 “(I) maintained in connection
6 with providing housing to the corpora-
7 tion’s tenant-stockholders, and

8 “(II) required by a governmental
9 agency, a lender, or as a matter of or-
10 dinary business prudence, or

11 “(vi) other items that the Secretary
12 determines should be excluded in order to
13 effectuate the intent of this section.

14 “(8) QUALIFIED HOUSING RECEIPTS.—The
15 term ‘qualified housing receipts’ includes amounts
16 (whether or not includible in gross income) received
17 or accrued on account of—

18 “(A) obligations of tenant-stockholders in
19 their capacity as such, including contributions
20 to capital, charges for the tenant-stockholder’s
21 dwelling unit or appurtenant facilities, pay-
22 ments for utilities or other services rendered in
23 connection with the tenant-stockholder’s dwell-
24 ing unit, and interest and late charges in con-
25 nection with any of the foregoing,

1 “(B) similar obligations of occupants of de-
2 fault units, but as to any taxable year only to
3 the extent that the amount does not exceed the
4 amount that would be described in subpara-
5 graph (A) had the dwelling units not become
6 default units,

7 “(C) the operation of laundry, parking,
8 recreational or other facilities substantially all
9 the customers of which are occupants of either
10 tenant-stockholders’ dwelling units or default
11 units,

12 “(D) other items that the Secretary deter-
13 mines should be included in order to effectuate
14 the intent of this section, and

15 “(E) insurance proceeds in lieu of any of
16 the foregoing.

17 “(9) DEFAULT UNIT.—

18 “(A) IN GENERAL.—The term ‘default
19 unit’ means a dwelling unit to which shares
20 were allocated and issued and were last out-
21 standing in the hands of a person who, as a
22 consequence of a default in an obligation to the
23 corporation, lost the right to occupy such dwell-
24 ing unit (whether such shares continue to be

1 held by such person, were acquired by the cor-
2 poration, or were canceled).

3 “(B) APPLICATION OF PROVISIONS TO DE-
4 FAULT UNITS.—The shares allocated to a de-
5 fault unit—

6 “(i) shall not be taken into account
7 for purposes of paragraph (1)(B),

8 “(ii) shall, if reissued, be treated for
9 purposes of paragraph (2) as if they had
10 remained issued, and

11 “(iii) shall be treated as outstanding
12 for purposes of paragraph (3)(A).”

13 **SEC. 3. EFFECTIVE DATE.**

14 (a) IN GENERAL.—Except as provided in subsection
15 (b), the amendments made by this Act shall apply to tax-
16 able years beginning after the date of the enactment of
17 this Act.

18 (b) ELECTION TO HAVE AMENDMENTS APPLY
19 RETROACTIVELY.—Any corporation may elect to have the
20 amendments made by this Act apply to any taxable year,
21 whether beginning before, on, or after the date of the en-
22 actment of this Act, to which such amendments do not
23 otherwise apply if the corporation was a cooperative hous-
24 ing corporation during such taxable year.

1 (c) NO INFERENCE.—Nothing in this Act shall be
2 construed as a change in the treatment of income derived
3 by any cooperative housing corporation or any corporation
4 operating on a cooperative basis under section 1381 of the
5 Internal Revenue Code of 1986, and the treatment of such
6 income for any year to which the amendments made by
7 this Act does not apply shall be made as if this Act had
8 not been enacted.

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