AMENDMENT TO RULES
COMMITTEE PRINT 115–39
OFFERED BY MR. ELLISON OF MINNESOTA

Add at the end the following new title:

TITLE VI—MANUFACTURED HOUSING COMMUNITY SUSTAINABILITY

SEC. 6001. SHORT TITLE.

This title may be cited as the “Frank Adelmann Manufactured Housing Community Sustainability Act”.

SEC. 6002. TAX CREDIT FOR MANUFACTURED HOME COMMUNITY SALE TO RESIDENTS OR NONPROFIT ENTITY.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by adding at the end the following new section:

“SEC. 45S. MANUFACTURED HOME COMMUNITY SALE TO RESIDENTS OR NONPROFIT ENTITY.

“(a) ALLOWANCE OF CREDIT.—For purposes of section 38, the manufactured home community sale credit determined under this section for any taxable year is an
amount equal to 75 percent of the qualified gain received by the taxpayer during the taxable year.

“(b) DEFINITIONS.—For purposes of this section—

“(1) QUALIFIED GAIN.—The term ‘qualified gain’ means gain from the sale or exchange of real property to a qualified manufactured home community cooperative or corporation if—

“(A) the real property is acquired for use as a manufactured home community, and

“(B) the requirements of paragraph (2) are met.

“(2) REQUIREMENTS.—The requirements of this paragraph are met if—

“(A) the seller (or any related person) owned the property for not less than the 2-year period ending before the sale or exchange, and

“(B) the property is transferred subject to a binding covenant that the property will be used as a manufactured home community for not less than 50 years.

“(3) MANUFACTURED HOME COMMUNITY.—The term ‘manufactured home community’ means a community comprised primarily of manufactured homes used solely for residential purposes and owned by a

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manufactured home community cooperative or corporation.

“(4) MANUFACTURED HOME COMMUNITY COOPERATIVE OR CORPORATION.—

“(A) IN GENERAL.—The term ‘qualified manufactured home community cooperative or corporation’ means a cooperative or a nonprofit corporation established pursuant to the laws of the State in which the property used as a manufactured home community is located and which—

“(i) in the case of a community owned by a nonprofit corporation whose membership interests are sold on a nonappreciating basis, has only one class of membership consisting of residents, and

“(ii) in the case of a community owned by a cooperative, has no more than two classes of membership, which includes both members and a tax-exempt organization actively engaged in supporting affordable housing and resident-owned manufactured home communities.

“(B) GOVERNANCE.—An entity shall not be treated as a qualified manufactured home
community cooperative or corporation for purposes of subparagraph (A) unless governance of the entity is carried out by members elected to a board of directors with voting structured equitably among all members.

“(C) MEMBER.—The term ‘member’ means—

“(i) an individual—

“(I) has attained the age of 18,

“(II) is entitled by reason of the individual’s membership interest to execute an occupancy agreement with the manufactured home community cooperative nonprofit with respect to one site in the manufactured home community for the purposes of situating a manufactured home owned by the member or, as permitted by the manufactured community cooperative or corporation, the member’s trust or other entity, and

“(III) is a resident of the manufactured home community, and

“(ii) a tax exempt organization.
“(5) MEMBERSHIP INTEREST.—The term ‘membership interest’ means an ownership interest in a manufactured home community cooperative or corporation or a membership interest in a manufactured home community nonprofit corporation.

“(6) MANUFACTURED HOME.—The term ‘manufactured home’ means a structure, transportable in one or more sections, which—

“(A) in the traveling mode, is 8 body feet or more in width and 40 body feet or more in length, or when erected on site, is 320 square feet or more,

“(B) is built on a permanent chassis and designed to be used as a dwelling (with or without a permanent foundation when connected to required utilities) and includes plumbing, heating, and electrical heating systems, and

“(C) in the case of a structure manufactured after June 15, 1976, is certified as meeting the Manufactured Home Construction and Safety Standards issued under the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401–5426) by the Department of Housing and Urban Development and displays a label of such certifi-
cation on the exterior of each transportable sec-
tion.

“(c) Special Rules.—

“(1) Related Person.—For purposes of sub-
section (b)(2)(A), a person (hereafter in this sub-
paragraph referred to as the ‘related person’) is re-
lated to the seller if—

“(A) the related person bears a relation-
ship to the seller specified in section 267(b) or
707(b)(1), or

“(B) the related person and the seller are
engaged in trades or businesses under common
control (within the meaning of subsections (a)
and (b) of section 52).

“(2) Election by Both Seller and
Buyer.—The credit is allowable under this section
only if—

“(A) elected by both the seller and the
buyer of the real property and evidenced by an
affidavit executed by both parties, and

“(B) the buyer of the real property records
the affidavit and the affidavit is referenced in
its deed to the real property.

The seller shall elect the credit under this section on
its return of tax.
“(d) Tax Upon Violation of Covenant.—There is imposed a tax on the buyer for a violation of the covenant specified in subsection (b)(2)(B). The amount of such tax shall be 20 percent of the net proceeds after settlement for the sale or exchange of the real property referred to in subsection (b)(2). For purposes of section 501(a), the tax imposed by this subsection shall not be treated as a tax imposed by this subtitle.

“(e) Regulations.—The Secretary shall issue such regulations or other guidance as may be necessary to carry out this section, including the recapture of the tax benefit under this section in any case in which the real property described in subsection (b) is not used as a manufactured home community for at least 50 years.”.

(b) Credit Allowed as Part of General Business Credit.—Section 38(b) of such Code is amended by striking “plus” at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting “, plus”, and by adding at the end the following new paragraph:

“(37) the manufactured home community sale credit determined under section 45S(a).”.

(e) Conforming Amendments.—

(1) Subsection (c) of section 196 of such Code is amended by striking “and” at the end of para-
graph (13), by striking the period at the end of paragraph (14) and inserting “, and”, and by adding at the end the following new paragraph:

“(15) the manufactured home community sale credit determined under section 45S(a).”.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

“Sec. 45S. Manufactured home community sale to residents or nonprofit entity.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.