

AMENDMENT TO RULES COMMITTEE PRINT 115-

39

OFFERED BY MR. ELLISON OF MINNESOTA

At the end of the bill, add the following new title:

1 **TITLE VI—COMMON SENSE**
2 **HOUSING INVESTMENT**

3 **SEC. 601. REPLACEMENT OF MORTGAGE INTEREST DEDUC-**
4 **TION WITH MORTGAGE INTEREST CREDIT.**

5 (a) **NONREFUNDABLE CREDIT.**—Subpart A of part
6 IV of subchapter A of chapter 1 of the Internal Revenue
7 Code of 1986 (relating to nonrefundable personal credits)
8 is amended by inserting after section 25D the following
9 new section:

10 **“SEC. 25E. INTEREST ON INDEBTEDNESS SECURED BY**
11 **QUALIFIED RESIDENCE.**

12 “(a) **ALLOWANCE OF CREDIT.**—In the case of an in-
13 dividual, there shall be allowed as a credit against the tax
14 imposed by this chapter for the taxable year an amount
15 equal to 15 percent of the qualified residence interest paid
16 or accrued during the taxable year.

17 “(b) **QUALIFIED RESIDENCE INTEREST.**—For pur-
18 poses of this section—

1 “(1) IN GENERAL.—The term ‘qualified resi-
2 dence interest’ means interest which is paid or ac-
3 crued during the taxable year on—

4 “(A) acquisition indebtedness with respect
5 to any qualified residence of the taxpayer, or

6 “(B) home equity indebtedness with re-
7 spect to any qualified residence of the taxpayer.

8 For purposes of the preceding sentence, the deter-
9 mination of whether any property is a qualified resi-
10 dence of the taxpayer shall be made as of the time
11 the interest is accrued.

12 “(2) OVERALL LIMITATION.—The aggregate
13 amount of indebtedness taken into account for any
14 period for purposes of this section shall not exceed
15 \$500,000 (\$250,000 in the case of a married indi-
16 vidual filing a separate return or unmarried individ-
17 uals filing separate returns for the same property).

18 “(3) ACQUISITION INDEBTEDNESS.—The term
19 ‘acquisition indebtedness’ means any indebtedness
20 which—

21 “(A) is incurred in acquiring, constructing,
22 or substantially improving any qualified resi-
23 dence of the taxpayer, and

24 “(B) is secured by such residence.

1 Such term also includes any indebtedness secured by
2 such residence resulting from the refinancing of in-
3 debtedness meeting the requirements of the pre-
4 ceding sentence (or this sentence), but only to the
5 extent the amount of the indebtedness resulting
6 from such refinancing does not exceed the amount of
7 the refinanced indebtedness.

8 “(4) HOME EQUITY INDEBTEDNESS.—

9 “(A) IN GENERAL.—The term ‘home eq-
10 uity indebtedness’ means any indebtedness
11 (other than acquisition indebtedness) secured
12 by a qualified residence to the extent the aggre-
13 gate amount of such indebtedness does not ex-
14 ceed—

15 “(i) the fair market value of such
16 qualified residence, reduced by

17 “(ii) the amount of acquisition indebt-
18 edness with respect to such residence.

19 “(B) LIMITATION.—The aggregate amount
20 treated as home equity indebtedness for any pe-
21 riod shall not exceed \$100,000 (\$50,000 in the
22 case of a married individual filing a separate re-
23 turn).

24 “(c) SPECIAL RULES.—For purposes of this sec-
25 tion—

1 “(1) QUALIFIED RESIDENCE.—The term ‘quali-
2 fied residence’ means—

3 “(A) the principal residence (within the
4 meaning of section 121) of the taxpayer, and

5 “(B) 1 other residence of the taxpayer
6 which is selected by the taxpayer for purposes
7 of this subsection for the taxable year and
8 which is used by the taxpayer as a residence
9 (within the meaning of section 280A(d)(1)).

10 “(2) MARRIED INDIVIDUALS FILING SEPARATE
11 RETURNS.—If a married couple does not file a joint
12 return for the taxable year—

13 “(A) such couple shall be treated as 1 tax-
14 payer for purposes of paragraph (1), and

15 “(B) each individual shall be entitled to
16 take into account 1 residence unless both indi-
17 viduals consent in writing to 1 individual taking
18 into account the principal residence and 1 other
19 residence.

20 “(3) RESIDENCE NOT RENTED.—For purposes
21 of paragraph (1)(B), notwithstanding section
22 280A(d)(1), if the taxpayer does not rent a dwelling
23 unit at any time during a taxable year, such unit
24 may be treated as a residence for such taxable year.

1 “(4) UNENFORCEABLE SECURITY INTERESTS.—
2 Indebtedness shall not fail to be treated as secured
3 by any property solely because, under any applicable
4 State or local homestead or other debtor protection
5 law in effect on August 16, 1986, the security inter-
6 est is ineffective or the enforceability of the security
7 interest is restricted.

8 “(5) SPECIAL RULES FOR ESTATES AND
9 TRUSTS.—For purposes of determining whether any
10 interest paid or accrued by an estate or trust is
11 qualified residence interest, any residence held by
12 such estate or trust shall be treated as a qualified
13 residence of such estate or trust if such estate or
14 trust establishes that such residence is a qualified
15 residence of a beneficiary who has a present interest
16 in such estate or trust or an interest in the resid-
17 uary of such estate or trust.

18 “(d) COORDINATION WITH DEDUCTION.—In the case
19 of any taxable year beginning in calendar years 2017
20 through 2021, the taxpayer may elect to apply this section
21 in lieu of the deduction under section 163 for qualified
22 residence interest.”.

23 (b) PHASEOUT OF DEDUCTION.—Section 163(h) of
24 such Code is amended by adding at the end the following
25 new paragraph:

1 “(6) PHASEOUT.—

2 “(A) IN GENERAL.—In the case of any
3 taxable year beginning in a calendar year after
4 2017, the amount otherwise allowable as a de-
5 duction by reason of paragraph (2)(D) shall be
6 the applicable percentage of such amount.

7 “(B) APPLICABLE PERCENTAGE.—For
8 purposes of subparagraph (A), the applicable
9 percentage shall be determined in accordance
10 with the following table:

“For taxable years beginning in calendar year:	The applicable percentage is:
2017	100%
2018	80%
2019	60%
2020	40%
2021	20%
2022 and thereafter	0%.”.

11 (c) PHASEDOWN OF MORTGAGE LIMIT.—Subpara-
12 graph (B) of section 163(h)(3) of such Code is amended
13 by adding at the end the following:

14 “(iii) PHASEDOWN.—

15 “(I) IN GENERAL.—In the case
16 of any taxable year beginning in cal-
17 endar years 2017 through 2021,
18 clause (ii) shall be applied by sub-
19 stituting the amounts specified in the
20 table in subclause (II) of this clause

1 for ‘\$1,000,000’ and ‘\$500,000’, re-
2 spectively.

3 “(II) PHASEDOWN AMOUNTS.—
4 For purposes of subclause (I), the
5 amounts specified in this subclause
6 for a taxable year shall be the
7 amounts specified in the following
8 table:

“For taxable years beginning in calendar year:	Amount substituted for \$1,000,000:	Amount substituted for \$500,000:
2017	\$1,000,000	\$500,000
2018	\$900,000	\$450,000
2019	\$800,000	\$400,000
2020	\$700,000	\$350,000
2021	\$600,000	\$300,000.”.

9 (d) CLERICAL AMENDMENT.—The table of sections
10 for subpart A of part IV of subchapter A of chapter 1
11 of such Code is amended by inserting after section 25D
12 the following new item:

“Sec. 25E. Interest on indebtedness secured by qualified residence.”.

13 (e) EFFECTIVE DATE.—The amendments made by
14 this section shall apply with respect to interest paid or
15 accrued after December 31, 2016.

1 **SEC. 602. DEDUCTION ALLOWED FOR INTEREST AND TAXES**
2 **RELATING TO LAND FOR DWELLING PUR-**
3 **POSES OWNED OR LEASED BY COOPERATIVE**
4 **HOUSING CORPORATIONS.**

5 (a) IN GENERAL.—Subparagraph (B) of section
6 216(b)(1) of the Internal Revenue Code of 1986 is amend-
7 ed by inserting “or land,” after “building.”

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall apply to amounts paid or accrued after
10 December 31, 2016.

11 **SEC. 603. USE OF MORTGAGE INTEREST SAVINGS TO IN-**
12 **CREASE LOW-INCOME HOUSING TAX CREDIT.**

13 (a) IN GENERAL.—Subclause (I) of section
14 42(h)(3)(C)(ii) of the Internal Revenue Code of 1986 is
15 amended by striking “\$1.75 (\$1.50 for 2001)” and insert-
16 ing “\$2.70”.

17 (b) INFLATION ADJUSTMENT.—Subparagraph (H) of
18 section 42(h)(3) of such Code is amended to read as fol-
19 lows:

20 “(H) COST-OF-LIVING ADJUSTMENT.—

21 “(i) IN GENERAL.—In the case of a
22 calendar year after 2002, the \$2,000,000
23 amount in subparagraph (C) shall be in-
24 creased by an amount equal to—

25 “(I) such dollar amount, multi-
26 plied by

1 “(II) the cost-of-living adjust-
2 ment determined under section 1(f)(3)
3 for such calendar year by substituting
4 ‘calendar year 2001’ for ‘calendar
5 year 1992’ in subparagraph (B) there-
6 of.

7 “(ii) PER CAPITA AMOUNT.—In the
8 case of a calendar year after 2017, the
9 \$2.70 amount in subparagraph (C) shall
10 be increased by an amount equal to—

11 “(I) such dollar amount, multi-
12 plied by

13 “(II) the cost-of-living adjust-
14 ment determined under section 1(f)(3)
15 for such calendar year by substituting
16 ‘calendar year 2016’ for ‘calendar
17 year 1992’ in subparagraph (B) there-
18 of.

19 “(iii) ROUNDING.—

20 “(I) In the case of the
21 \$2,000,000 amount, any increase
22 under clause (i) which is not a mul-
23 tiple of \$5,000 shall be rounded to the
24 next lowest multiple of \$5,000.

1 “(II) In the case of the \$2.70
2 amount, any increase under clause (ii)
3 which is not a multiple of 5 cents
4 shall be rounded to the next lowest
5 multiple of 5 cents.”.

6 (c) ELIGIBLE BASIS.—Clause (i) of section
7 42(d)(5)(B) of such Code is amended by striking “and”
8 at the end of subclause (I), by striking the period at the
9 end of subclause (II) and inserting “, and”, and by adding
10 at the end the following:

11 “(III) in the case of a building
12 containing units which are designated
13 to serve extremely low-income house-
14 holds by the State housing credit
15 agency and require the increase in
16 credit under this subparagraph in
17 order for such building to be finan-
18 cially feasible as part of a qualified
19 low-income housing project, the eligi-
20 ble basis of such building determined
21 by the portion of such units shall be
22 150 percent of such basis determined
23 without regard to this subpara-
24 graph.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to allocations made in calendar
3 years beginning after December 31, 2017.

4 **SEC. 604. USE OF MORTGAGE INTEREST SAVINGS FOR AF-**
5 **FORDABLE HOUSING PROGRAMS.**

6 (a) USE OF SAVINGS.—For each year, the Secretary
7 of the Treasury shall determine the amount of revenues
8 accruing to the general fund of the Treasury by reason
9 of the enactment of section 601 of this Act that remain
10 after use of such revenues in accordance with section 603
11 of this Act and shall credit an amount equal to such re-
12 maining revenues as follows:

13 (1) HOUSING TRUST FUND.—The Secretary
14 shall credit the Housing Trust Fund established
15 under section 1338 of the Federal Housing Enter-
16 prises Financial Safety and Soundness Act of 1992
17 (12 U.S.C. 4568) with an amount equal to 60 per-
18 cent of the amount of such remaining revenues.

19 (2) RENTAL ASSISTANCE.—An amount equal to
20 30 percent of the amount of such remaining reve-
21 nues shall be credited for rental assistance, which
22 may include a new Renter’s Tax Credit and an ex-
23 pansion of rental assistance by the Secretary of
24 Housing and Urban Development under any pro-
25 gram of such Department providing such assistance

1 or by the Secretary of Agriculture under any rural
2 housing program of such Department providing such
3 assistance.

4 (3) PUBLIC HOUSING CAPITAL FUND.—The
5 Secretary shall credit an amount equal to 10 percent
6 of the amount of such remaining revenues to the
7 Public Housing Capital Fund under section 9(d) of
8 the United States Housing Act of 1937 (42 U.S.C.
9 1437g(d)).

10 (b) CHANGES TO HOUSING TRUST FUND.—Not later
11 than the expiration of the 6-month period beginning on
12 the date of the enactment of this Act, the Secretary of
13 Housing and Urban Development shall revise the regula-
14 tions relating to the Housing Trust Fund established
15 under section 1338 of the Federal Housing Enterprises
16 Financial Safety and Soundness Act of 1992 (12 U.S.C.
17 4568) to provide that such section is carried out with the
18 maximum amount of flexibility possible while complying
19 with such section, which shall include revising such regula-
20 tions—

21 (1) to increase the limitation on amounts from
22 the Fund that are available for use for operating as-
23 sistance for housing;

24 (2) to allow public housing agencies and tribally
25 designated housing entities to be recipient of grants

1 amounts from the Fund that are allocated to a State
2 or State designated entity; and

3 (3) eliminate the applicability of rules for the
4 Fund that are based on the HOME Investment
5 Partnerships Act (42 U.S.C. 1721 et seq.).

