

109TH CONGRESS
1ST SESSION

S. 83

To amend the Internal Revenue Code of 1986 to provide tax relief for the conversion of cooperative housing corporations into condominiums.

IN THE SENATE OF THE UNITED STATES

JANUARY 24, 2005

Mr. INOUE 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 tax relief for the conversion of cooperative housing corporations into condominiums.

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. NONRECOGNITION OF GAIN OR LOSS ON DIS-**
4 **TRIBUTIONS BY COOPERATIVE HOUSING**
5 **CORPORATIONS.**

6 (a) IN GENERAL.—Section 216(e) of the Internal
7 Revenue Code of 1986 (relating to distributions by cooper-
8 ative housing corporations) is amended to read as follows:

9 “(e) DISTRIBUTIONS BY COOPERATIVE HOUSING
10 CORPORATIONS.—

1 “(1) IN GENERAL.—Except as provided in regu-
2 lations—

3 “(A) no gain or loss shall be recognized to
4 a cooperative housing corporation on the dis-
5 tribution by such corporation of a dwelling unit
6 to a stockholder in such corporation if such dis-
7 tribution is in exchange for the stockholder’s
8 stock in such corporation, and

9 “(B) no gain or loss shall be recognized to
10 a stockholder of such corporation on the trans-
11 fer of such stockholder’s stock in an exchange
12 described in subparagraph (A).

13 “(2) BASIS.—The basis of a dwelling unit ac-
14 quired in a distribution to which paragraph (1) ap-
15 plies shall be the same as the basis of the stock in
16 the cooperative housing corporation for which it is
17 exchanged, decreased in the amount of any money
18 received by the taxpayer in such exchange.

19 “(3) APPLICABILITY.—This subsection shall not
20 apply with respect to any dwelling unit the basis of
21 which includes financing under any Federal, State,
22 or local program for the purpose of assisting the
23 construction of affordable housing cooperatives or
24 the conversion of rental units to affordable housing
25 cooperatives.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to distributions after the date of
3 the enactment of this Act.

