

109TH CONGRESS
1ST SESSION

H. R. 4440

AN ACT

To amend the Internal Revenue Code of 1986 to provide tax benefits for the Gulf Opportunity Zone and certain areas affected by Hurricanes Rita and Wilma, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; ETC.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Gulf Opportunity Zone Act of 2005”.

4 (b) AMENDMENT OF 1986 CODE.—Except as other-
5 wise expressly provided, whenever in this Act an amend-
6 ment or repeal is expressed in terms of an amendment
7 to, or repeal of, a section or other provision, the reference
8 shall be considered to be made to a section or other provi-
9 sion of the Internal Revenue Code of 1986.

10 (c) TABLE OF CONTENTS.—The table of contents of
11 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—ESTABLISHMENT OF GULF OPPORTUNITY ZONE

Sec. 101. Tax benefits for Gulf Opportunity Zone.

Sec. 102. Federal guarantee of certain State bonds.

TITLE II—TAX BENEFITS RELATED TO HURRICANES RITA AND
WILMA

Sec. 201. Extension of certain emergency tax relief for Hurricane Katrina to
Hurricanes Rita and Wilma.

TITLE III—OTHER PROVISIONS

Sec. 301. Secretarial authority to extend period during which traveling expenses
are treated as incurred away from home in case of major dis-
aster.

Sec. 302. Gulf Coast Recovery Bonds.

12 **TITLE I—ESTABLISHMENT OF**
13 **GULF OPPORTUNITY ZONE**

14 **SEC. 101. TAX BENEFITS FOR GULF OPPORTUNITY ZONE.**

15 (a) IN GENERAL.—Subchapter Y of chapter 1 is
16 amended by adding at the end the following new part:

1 **“PART II—TAX BENEFITS FOR GULF**
2 **OPPORTUNITY ZONE**

“Sec. 1400M. Definitions.

“Sec. 1400N. Tax benefits for Gulf Opportunity Zone.

3 **“SEC. 1400M. DEFINITIONS.**

4 “For purposes of this part—

5 “(1) GULF OPPORTUNITY ZONE.—The terms
6 ‘Gulf Opportunity Zone’ and ‘GO Zone’ mean that
7 portion of the Hurricane Katrina disaster area de-
8 termined by the President to warrant individual or
9 individual and public assistance from the Federal
10 Government under the Robert T. Stafford Disaster
11 Relief and Emergency Assistance Act by reason of
12 Hurricane Katrina.

13 “(2) HURRICANE KATRINA DISASTER AREA.—
14 The term ‘Hurricane Katrina disaster area’ means
15 an area with respect to which a major disaster has
16 been declared by the President before September 14,
17 2005, under section 401 of such Act by reason of
18 Hurricane Katrina.

19 “(3) RITA GO ZONE.—The term ‘Rita GO Zone’
20 means that portion of the Hurricane Rita disaster
21 area determined by the President to warrant indi-
22 vidual or individual and public assistance from the
23 Federal Government under such Act by reason of
24 Hurricane Rita.

1 “(4) HURRICANE RITA DISASTER AREA.—The
 2 term ‘Hurricane Rita disaster area’ means an area
 3 with respect to which a major disaster has been de-
 4 clared by the President, before October 6, 2005,
 5 under section 401 of such Act by reason of Hurri-
 6 cane Rita.

7 “(5) WILMA GO ZONE.—The term ‘Wilma GO
 8 Zone’ means that portion of the Hurricane Wilma
 9 disaster area determined by the President to war-
 10 rant individual or individual and public assistance
 11 from the Federal Government under such Act by
 12 reason of Hurricane Wilma.

13 “(6) HURRICANE WILMA DISASTER AREA.—The
 14 term ‘Hurricane Wilma disaster area’ means an area
 15 with respect to which a major disaster has been de-
 16 clared by the President, before November 14, 2005,
 17 under section 401 of such Act by reason of Hurri-
 18 cane Wilma.

19 **“SEC. 1400N. TAX BENEFITS FOR GULF OPPORTUNITY**
 20 **ZONE.**

21 “(a) TAX-EXEMPT BOND FINANCING.—

22 “(1) IN GENERAL.—For purposes of this title—

23 “(A) any qualified Gulf Opportunity Zone
 24 Bond described in paragraph (2)(A)(i) shall be
 25 treated as an exempt facility bond, and

1 “(B) any qualified Gulf Opportunity Zone
2 Bond described in paragraph (2)(A)(ii) shall be
3 treated as a qualified mortgage bond.

4 “(2) QUALIFIED GULF OPPORTUNITY ZONE
5 BOND.—For purposes of this subsection, the term
6 ‘qualified Gulf Opportunity Zone Bond’ means any
7 bond issued as part of an issue if—

8 “(A)(i) 95 percent or more of the net pro-
9 ceeds (as defined in section 150(a)(3)) of such
10 issue are to be used for qualified project costs,
11 or

12 “(ii) such issue meets the requirements of
13 a qualified mortgage issue, except as otherwise
14 provided in this subsection,

15 “(B) such bond is issued by the State of
16 Alabama, Louisiana, or Mississippi, or any po-
17 litical subdivision thereof,

18 “(C) such bond is designated for purposes
19 of this section by—

20 “(i) in the case of a bond which is re-
21 quired under State law to be approved by
22 the bond commission of such State, such
23 bond commission, and

24 “(ii) in the case of any other bond,
25 the Governor of such State, and

1 “(D) such bond is issued after the date of
2 the enactment of this section and before Janu-
3 ary 1, 2011.

4 “(3) LIMITATIONS ON BONDS.—

5 “(A) AGGREGATE AMOUNT DESIGNATED.—
6 The maximum aggregate face amount of bonds
7 which may be designated under this subsection
8 with respect to any State shall not exceed the
9 product of \$2,500 multiplied by the portion of
10 the State population which is in the Gulf Op-
11 portunity Zone (as determined on the basis of
12 the most recent census estimate of resident
13 population released by the Bureau of Census
14 before August 28, 2005).

15 “(B) MOVABLE PROPERTY.—No bonds
16 shall be issued which are to be used for movable
17 fixtures and equipment.

18 “(4) QUALIFIED PROJECT COSTS.—For pur-
19 poses of this subsection, the term ‘qualified project
20 costs’ means the cost of acquisition, construction, re-
21 construction, and renovation of—

22 “(A) nonresidential real property and
23 qualified residential rental property (as defined
24 in section 142(d)) located in the Gulf Oppor-
25 tunity Zone, and

1 “(B) public utility property (as defined in
2 section 168(i)(10)) located in the Gulf Oppor-
3 tunity Zone.

4 “(5) SPECIAL RULES.—In applying this title to
5 any qualified Gulf Opportunity Zone Bond, the fol-
6 lowing modifications shall apply:

7 “(A) Section 142(d)(1) (defining qualified
8 residential rental project) shall be applied—

9 “(i) by substituting ‘60 percent’ for
10 ‘50 percent’ in subparagraph (A) thereof,
11 and

12 “(ii) by substituting ‘70 percent’ for
13 ‘60 percent’ in subparagraph (B) thereof.

14 “(B) Section 143 (relating to mortgage
15 revenue bonds: qualified mortgage bond and
16 qualified veterans’ mortgage bond) shall be ap-
17 plied—

18 “(i) by treating only residences in the
19 Gulf Opportunity Zone as owner-occupied
20 residences,

21 “(ii) by treating any residence in the
22 Gulf Opportunity Zone as a targeted area
23 residence, and

24 “(iii) by substituting ‘\$150,000’ for
25 ‘\$15,000’ in subsection (k)(4) thereof.

1 “(C) Except as provided in section 143, re-
2 payments of principal on financing provided by
3 the issue of which such bond is a part may not
4 be used to provide financing.

5 “(D) Section 146 (relating to volume cap)
6 shall not apply.

7 “(E) Section 147(d)(2) (relating to acqui-
8 sition of existing property not permitted) shall
9 be applied by substituting ‘50 percent’ for ‘15
10 percent’ each place it appears.

11 “(F) Section 148(f)(4)(C) (relating to ex-
12 ception from rebate for certain proceeds to be
13 used to finance construction expenditures) shall
14 apply to the available construction proceeds of
15 bonds which are part of an issue described in
16 paragraph (2)(A)(i).

17 “(G) Section 57(a)(5) (relating to tax-ex-
18 empt interest) shall not apply.

19 “(6) SEPARATE ISSUE TREATMENT OF POR-
20 TIONS OF AN ISSUE.—This subsection shall not
21 apply to the portion of an issue which (if issued as
22 a separate issue) would be treated as a qualified
23 bond or as a bond that is not a private activity bond
24 (determined without regard to paragraph (1)), if the
25 issuer elects to so treat such portion.

1 “(b) ADVANCE REFUNDINGS OF CERTAIN TAX-EX-
2 EMPT BONDS.—

3 “(1) IN GENERAL.—With respect to a bond de-
4 scribed in paragraph (3) which is not a qualified
5 501(c)(3) bond, one additional advance refunding
6 after the date of the enactment of this section and
7 before January 1, 2011, shall be allowed under the
8 applicable rules of section 149(d) if—

9 “(A) the Governor of the State designates
10 the advance refunding bond for purposes of this
11 subsection, and

12 “(B) the requirements of paragraph (5)
13 are met.

14 “(2) CERTAIN PRIVATE ACTIVITY BONDS.—
15 With respect to a bond described in paragraph (3)
16 which is an exempt facility bond described in para-
17 graph (1) or (2) of section 142(a), one advance re-
18 funding after the date of the enactment of this sec-
19 tion and before January 1, 2011, shall be allowed
20 under the applicable rules of section 149(d) (not-
21 withstanding paragraph (2) thereof) if the require-
22 ments of subparagraphs (A) and (B) of paragraph
23 (1) are met.

24 “(3) BONDS DESCRIBED.—A bond is described
25 in this paragraph if such bond was outstanding on

1 August 28, 2005, and is issued by the State of Ala-
2 bama, Louisiana, or Mississippi, or a political sub-
3 division thereof.

4 “(4) AGGREGATE LIMIT.—The maximum aggre-
5 gate face amount of bonds which may be designated
6 under this subsection by the Governor of a State
7 shall not exceed—

8 “(A) \$4,500,000,000 in the case of the
9 State of Louisiana,

10 “(B) \$2,250,000,000 in the case of the
11 State of Mississippi, and

12 “(C) \$1,125,000,000 in the case of the
13 State of Alabama.

14 “(5) ADDITIONAL REQUIREMENTS.—The re-
15 quirements of this paragraph are met with respect
16 to any advance refunding of a bond described in
17 paragraph (3) if—

18 “(A) no advance refundings of such bond
19 would be allowed under this title on or after
20 August 28, 2005,

21 “(B) the advance refunding bond is the
22 only other outstanding bond with respect to the
23 refunded bond, and

1 “(C) the requirements of section 148 are
2 met with respect to all bonds issued under this
3 subsection.

4 “(c) LOW-INCOME HOUSING CREDIT.—

5 “(1) ADDITIONAL HOUSING CREDIT DOLLAR
6 AMOUNT.—

7 “(A) IN GENERAL.—For purposes of sec-
8 tion 42, in the case of calendar years 2006,
9 2007, and 2008, the State housing credit ceil-
10 ing of each State, any portion of which is lo-
11 cated in the Gulf Opportunity Zone, shall be in-
12 creased by the lesser of—

13 “(i) the aggregate housing credit dol-
14 lar amount allocated by the State housing
15 credit agency of such State to buildings lo-
16 cated in the Gulf Opportunity Zone for
17 such calendar year, or

18 “(ii) the Gulf Opportunity housing
19 amount for such State for such calendar
20 year.

21 “(B) GULF OPPORTUNITY HOUSING
22 AMOUNT.—For purposes of subparagraph (A),
23 the term ‘Gulf Opportunity housing amount’
24 means, for any calendar year, the amount equal
25 to the product of \$18.00 multiplied by the por-

1 tion of the State population which is in the Gulf
2 Opportunity Zone (as determined on the basis
3 of the most recent census estimate of resident
4 population released by the Bureau of Census
5 before August 28, 2005).

6 “(C) ALLOCATIONS TREATED AS MADE
7 FIRST FROM ADDITIONAL ALLOCATION AMOUNT
8 FOR PURPOSES OF DETERMINING CARRY-
9 OVER.—For purposes of determining the un-
10 used State housing credit ceiling under section
11 42(h)(3)(C) for any calendar year, any increase
12 in the State housing credit ceiling under sub-
13 paragraph (A) shall be treated as an amount
14 described in clause (ii) of such section.

15 “(2) DIFFICULT DEVELOPMENT AREA.—

16 “(A) IN GENERAL.—For purposes of sec-
17 tion 42, in the case of property placed in service
18 during 2006, 2007, or 2008, the Gulf Oppor-
19 tunity Zone—

20 “(i) shall be treated as a difficult de-
21 velopment area designated under subclause
22 (I) of section 42(d)(5)(C)(iii), and

23 “(ii) shall not be taken into account
24 for purposes of applying the limitation
25 under subclause (II) of such section.

1 “(B) APPLICATION.—Subparagraph (A)
2 shall apply only to—

3 “(i) housing credit dollar amounts al-
4 located during the period beginning on
5 January 1, 2006, and ending on December
6 31, 2008, and

7 “(ii) buildings placed in service during
8 such period to the extent that paragraph
9 (1) of section 42(h) does not apply to any
10 building by reason of paragraph (4) there-
11 of, but only with respect to bonds issued
12 after December 31, 2005.

13 “(3) SPECIAL RULE FOR APPLYING INCOME
14 TESTS.—In the case of property placed in service—

15 “(A) during 2006, 2007, or 2008,

16 “(B) in the Gulf Opportunity Zone, and

17 “(C) in a nonmetropolitan area (as defined
18 in section 42(d)(5)(C)(iv)(IV)),

19 section 42 shall be applied by substituting ‘national
20 nonmetropolitan median gross income (determined
21 under rules similar to the rules of section
22 142(d)(2)(B))’ for ‘area median gross income’ in
23 subparagraphs (A) and (B) of section 42(g)(1).

1 “(4) DEFINITIONS.—Any term used in this sub-
2 section which is also used in section 42 shall have
3 the same meaning as when used in such section.

4 “(d) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY
5 ACQUIRED ON OR AFTER AUGUST 28, 2005.—

6 “(1) ADDITIONAL ALLOWANCE.—In the case of
7 any qualified Gulf Opportunity Zone property—

8 “(A) the depreciation deduction provided
9 by section 167(a) for the taxable year in which
10 such property is placed in service shall include
11 an allowance equal to 50 percent of the ad-
12 justed basis of such property, and

13 “(B) the adjusted basis of the qualified
14 Gulf Opportunity Zone property shall be re-
15 duced by the amount of such deduction before
16 computing the amount otherwise allowable as a
17 depreciation deduction under this chapter for
18 such taxable year and any subsequent taxable
19 year.

20 “(2) QUALIFIED GULF OPPORTUNITY ZONE
21 PROPERTY.— For purposes of this subsection—

22 “(A) IN GENERAL.—The term ‘qualified
23 Gulf Opportunity Zone property’ means prop-
24 erty—

1 “(i)(I) which is described in section
2 168(k)(2)(A)(i), or

3 “(II) which is nonresidential real
4 property or residential rental property,

5 “(ii) substantially all of the use of
6 which is in the Gulf Opportunity Zone and
7 is in the active conduct of a trade or busi-
8 ness by the taxpayer in such Zone,

9 “(iii) the original use of which in the
10 Gulf Opportunity Zone commences with
11 the taxpayer on or after August 28, 2005,

12 “(iv) which is acquired by the tax-
13 payer by purchase (as defined in section
14 179(d)) on or after August 28, 2005, but
15 only if no written binding contract for the
16 acquisition was in effect before August 28,
17 2005, and

18 “(v) which is placed in service by the
19 taxpayer on or before December 31, 2007
20 (December 31, 2008, in the case of non-
21 residential real property and residential
22 rental property).

23 “(B) EXCEPTIONS.—

24 “(i) ALTERNATIVE DEPRECIATION
25 PROPERTY.—Such term shall not include

1 any property described in section
2 168(k)(2)(D)(i).

3 “(ii) TAX-EXEMPT BOND-FINANCED
4 PROPERTY.—Such term shall not include
5 any property any portion of which is fi-
6 nanced with the proceeds of any obligation
7 the interest on which is exempt from tax
8 under section 103.

9 “(iii) QUALIFIED REVITALIZATION
10 BUILDINGS.—Such term shall not include
11 any qualified revitalization building with
12 respect to which the taxpayer has elected
13 the application of paragraph (1) or (2) of
14 section 1400I(a).

15 “(iv) ELECTION OUT.—If a taxpayer
16 makes an election under this clause with
17 respect to any class of property for any
18 taxable year, this subsection shall not
19 apply to all property in such class placed
20 in service during such taxable year.

21 “(3) SPECIAL RULES.—For purposes of this
22 subsection, rules similar to the rules of subpara-
23 graph (E) of section 168(k)(2) shall apply, except
24 that such subparagraph shall be applied—

1 “(A) by substituting ‘August 27, 2005’ for
2 ‘September 10, 2001’ each place it appears
3 therein,

4 “(B) by substituting ‘January 1, 2008’ for
5 ‘January 1, 2005’ in clause (i) thereof, and

6 “(C) by substituting ‘qualified Gulf Oppor-
7 tunity Zone property’ for ‘qualified property’ in
8 clause (iv) thereof.

9 “(4) ALLOWANCE AGAINST ALTERNATIVE MIN-
10 IMUM TAX.—For purposes of this subsection, rules
11 similar to the rules of section 168(k)(2)(G) shall
12 apply.

13 “(5) RECAPTURE.—For purposes of this sub-
14 section, rules similar to the rules under section
15 179(d)(10) shall apply with respect to any qualified
16 Gulf Opportunity Zone property which ceases to be
17 qualified Gulf Opportunity Zone property.

18 “(e) INCREASE IN EXPENSING UNDER SECTION
19 179.—

20 “(1) IN GENERAL.—For purposes of section
21 179—

22 “(A) the dollar amount in effect under sec-
23 tion 179(b)(1) for the taxable year shall be in-
24 creased by the lesser of—

25 “(i) \$100,000, or

1 “(ii) the cost of qualified section 179
2 Gulf Opportunity Zone property placed in
3 service during the taxable year, and

4 “(B) the dollar amount in effect under sec-
5 tion 179(b)(2) for the taxable year shall be in-
6 creased by the lesser of—

7 “(i) \$600,000, or

8 “(ii) the cost of qualified section 179
9 Gulf Opportunity Zone property placed in
10 service during the taxable year.

11 “(2) QUALIFIED SECTION 179 GULF OPPOR-
12 TUNITY ZONE PROPERTY.—For purposes of this sub-
13 section, the term ‘qualified section 179 Gulf Oppor-
14 tunity Zone property’ means section 179 property
15 (as defined in section 179(d)) which is qualified Gulf
16 Opportunity Zone property (as defined in subsection
17 (d)(2)).

18 “(3) COORDINATION WITH EMPOWERMENT
19 ZONES AND RENEWAL COMMUNITIES.—For purposes
20 of sections 1397A and 1400J, qualified section 179
21 Gulf Opportunity Zone property shall not be treated
22 as qualified zone property or qualified renewal prop-
23 erty, unless the taxpayer elects not to take such
24 qualified section 179 Gulf Opportunity Zone prop-
25 erty into account for purposes of this subsection.

1 “(4) RECAPTURE.—For purposes of this sub-
2 section, rules similar to the rules under section
3 179(d)(10) shall apply with respect to any qualified
4 section 179 Gulf Opportunity Zone property which
5 ceases to be qualified section 179 Gulf Opportunity
6 Zone property.

7 “(f) EXPENSING FOR CERTAIN DEMOLITION AND
8 CLEAN-UP COSTS.—

9 “(1) IN GENERAL.—A taxpayer may elect to
10 treat 50 percent of any qualified Gulf Opportunity
11 Zone clean-up cost as an expense which is not
12 chargeable to capital account. Any cost so treated
13 shall be allowed as a deduction for the taxable year
14 in which such cost is paid or incurred.

15 “(2) QUALIFIED GULF OPPORTUNITY ZONE
16 CLEAN-UP COST.—For purposes of this subsection,
17 the term ‘qualified Gulf Opportunity Zone clean-up
18 cost’ means any amount paid or incurred during the
19 period beginning on August 28, 2005, and ending on
20 December 31, 2007, for the removal of debris from,
21 or the demolition of structures on, real property
22 which is located in the Gulf Opportunity Zone and
23 which is—

1 “(A) held by the taxpayer for use in a
2 trade or business or for the production of in-
3 come, or

4 “(B) property described in section
5 1221(a)(1) in the hands of the taxpayer.

6 For purposes of the preceding sentence, amounts
7 paid or incurred shall be taken into account only to
8 the extent that such amount would (but for para-
9 graph (1)) be chargeable to capital account.

10 “(g) EXTENSION OF EXPENSING FOR ENVIRON-
11 MENTAL REMEDIATION COSTS.—With respect to any
12 qualified environmental remediation expenditure (as de-
13 fined in section 198(b)) paid or incurred on or after Au-
14 gust 28, 2005, in connection with a qualified contaminated
15 site located in the Gulf Opportunity Zone, section 198 (re-
16 lating to expensing of environmental remediation costs)
17 shall be applied—

18 “(1) in the case of expenditures paid or in-
19 curred on or after August 28, 2005, and before Jan-
20 uary 1, 2008, by substituting ‘December 31, 2007’
21 for the date contained in section 198(h), and

22 “(2) except as provided in section 198(d)(2), by
23 treating petroleum products (as defined in section
24 4612(a)(3)) as a hazardous substance.

1 “(h) INCREASE IN REHABILITATION CREDIT.—In the
2 case of qualified rehabilitation expenditures (as defined in
3 section 47(c)) paid or incurred during the period begin-
4 ning on August 28, 2005, and ending on December 31,
5 2008, with respect to any qualified rehabilitated building
6 or certified historic structure (as defined in section 47(c))
7 located in the Gulf Opportunity Zone, subsection (a) of
8 section 47 (relating to rehabilitation credit) shall be ap-
9 plied—

10 “(1) by substituting ‘13 percent’ for ‘10 per-
11 cent’ in paragraph (1) thereof, and

12 “(2) by substituting ‘26 percent’ for ‘20 per-
13 cent’ in paragraph (2) thereof.

14 “(i) SPECIAL RULES FOR SMALL TIMBER PRO-
15 DUCERS.—

16 “(1) INCREASED EXPENSING FOR QUALIFIED
17 TIMBER PROPERTY.—In the case of qualified timber
18 property any portion of which is located in the Gulf
19 Opportunity Zone or in that portion of the Rita GO
20 Zone which is not part of the Gulf Opportunity
21 Zone, the limitation under subparagraph (B) of sec-
22 tion 194(b)(1) shall be increased by the lesser of—

23 “(A) the limitation which would (but for
24 this subsection) apply under such subpara-
25 graph, or

1 “(B) the amount of reforestation expendi-
2 tures (as defined in section 194(c)(3)) paid or
3 incurred by the taxpayer with respect to such
4 qualified timber property during the specified
5 portion of the taxable year.

6 “(2) 5 YEAR NOL CARRYBACK OF CERTAIN TIM-
7 BER LOSSES.—For purposes of determining farming
8 loss under section 172(i), income and deductions
9 which are allocable to the specified portion of the
10 taxable year and which are attributable to qualified
11 timber property any portion of which is located in
12 the Gulf Opportunity Zone or in that portion of the
13 Rita GO Zone which is not part of the Gulf Oppor-
14 tunity Zone shall be treated as attributable to farm-
15 ing businesses.

16 “(3) RULES NOT APPLICABLE TO LARGE TIM-
17 BER PRODUCERS.—

18 “(A) EXPENSING.—Paragraph (1) shall
19 not apply to any taxpayer if such taxpayer
20 holds more than 500 acres of qualified timber
21 property at any time during the taxable year.

22 “(B) NOL CARRYBACK.—Paragraph (2)
23 shall not apply with respect to any qualified
24 timber property unless—

1 “(i) such property was held by the
2 taxpayer—

3 “(I) on August 28, 2005, in the
4 case of qualified timber property any
5 portion of which is located in the Gulf
6 Opportunity Zone, or

7 “(II) on September 23, 2005, in
8 the case of qualified timber property
9 (other than property described in sub-
10 clause (I)) any portion of which is lo-
11 cated in that portion of the Rita GO
12 Zone which is not part of the Gulf
13 Opportunity Zone, and

14 “(ii) such taxpayer held not more
15 than 500 acres of qualified timber property
16 on such date.

17 “(C) AGGREGATION RULE.—For purposes
18 of subparagraphs (A) and (B), related persons
19 shall be treated as one taxpayer. For purposes
20 of the preceding sentence, the following shall be
21 treated as related persons—

22 “(i) 2 or more persons if the relation-
23 ship between such persons would result in
24 a disallowance of losses under section 267
25 or 707(b), and

1 “(ii) 2 or more persons which are
2 members of the same controlled group
3 (within the meaning of section
4 194(b)(2)(A)) of corporations.

5 For purposes of clause (i), section 267 shall be
6 applied without regard to subsection (b)(1)
7 thereof.

8 “(4) DEFINITIONS.—For purposes of this sub-
9 section—

10 “(A) SPECIFIED PORTION.—The term
11 ‘specified portion’ means—

12 “(i) in the case of qualified timber
13 property any portion of which is located in
14 the Gulf Opportunity Zone, that portion of
15 the taxable year which is on or after Au-
16 gust 28, 2005, and before January 1,
17 2007, and

18 “(ii) in the case of qualified timber
19 property (other than property described in
20 clause (i)) any portion of which is located
21 in the Rita GO Zone, that portion of the
22 taxable year which is on or after Sep-
23 tember 23, 2005, and before January 1,
24 2007.

1 “(B) QUALIFIED TIMBER PROPERTY.—The
2 term ‘qualified timber property’ has the mean-
3 ing given such term in section 194(c)(1).

4 “(j) SPECIAL RULE FOR GULF OPPORTUNITY ZONE
5 PUBLIC UTILITY CASUALTY LOSSES.—

6 “(1) IN GENERAL.—The amount described in
7 section 172(f)(1)(A) for any taxable year shall be in-
8 creased by the Gulf Opportunity Zone public utility
9 casualty loss for such taxable year.

10 “(2) GULF OPPORTUNITY ZONE PUBLIC UTIL-
11 ITY CASUALTY LOSS.—For purposes of this sub-
12 section, the term ‘Gulf Opportunity Zone public util-
13 ity casualty loss’ means any casualty loss of public
14 utility property (as defined in section 168(i)(10)) lo-
15 cated in the Gulf Opportunity Zone if—

16 “(A) such loss is allowed as a deduction
17 under section 165 for the taxable year,

18 “(B) such loss is by reason of Hurricane
19 Katrina, and

20 “(C) the taxpayer elects the application of
21 this subsection with respect to such loss.

22 “(3) REDUCTION FOR GAINS FROM INVOLUN-
23 TARY CONVERSION.—The amount of Gulf Oppor-
24 tunity Zone public utility casualty loss which would
25 (but for this paragraph) be taken into account under

1 paragraph (1) for any taxable year shall be reduced
2 by the amount of any gain recognized by the tax-
3 payer for such year from the involuntary conversion
4 by reason of Hurricane Katrina of public utility
5 property (as so defined) located in the Gulf Oppor-
6 tunity Zone.

7 “(4) COORDINATION WITH GENERAL DISASTER
8 LOSS RULES.—Section 165(i) shall not apply to any
9 Gulf Opportunity Zone public utility casualty loss to
10 the extent such loss is taken into account under
11 paragraph (1).

12 “(5) ELECTION.—Any election under paragraph
13 (2)(C) shall be made in such manner as may be pre-
14 scribed by the Secretary and shall be made by the
15 due date (including extensions of time) for filing the
16 taxpayer’s return for the taxable year of the loss.
17 Such election, once made for any taxable year, shall
18 be irrevocable for such taxable year.

19 “(k) SPECIAL NOL CARRYBACK OF COST RECOVERY
20 DEDUCTIONS FOR QUALIFIED GO ZONE PROPERTY.—

21 “(1) IN GENERAL.—For purposes of section
22 172, the GO Zone cost recovery loss for any taxable
23 year ending on or after August 28, 2005, and before
24 January 1, 2009, shall be a net operating loss

1 carryback to each of the 5 taxable years preceding
2 the taxable year of the loss.

3 “(2) GO ZONE COST RECOVERY LOSS.—For
4 purposes of this subsection, the term ‘GO Zone cost
5 recovery loss’ means, with respect to any taxable
6 year, the lesser of—

7 “(A) the aggregate amount of the deduc-
8 tions allowed under sections 167 and 168 with
9 respect to qualified Gulf Opportunity Zone
10 property (as defined in subsection (d)(2), but
11 without regard to subparagraph (B)(iv) thereof)
12 which is placed in service during such taxable
13 year, or

14 “(B) the excess of—

15 “(i) the net operating loss for such
16 taxable year, over

17 “(ii) the specified liability loss for
18 such taxable year to which a 10-year
19 carryback applies under section
20 172(b)(1)(C).

21 “(3) COORDINATION WITH ORDERING RULE.—
22 For purposes of applying section 172(b)(2), a GO
23 Zone cost recovery loss to which paragraph (1) ap-
24 plies shall be treated in a manner similar to the
25 manner in which a specified liability loss is treated.

1 “(4) ELECTION OUT.—A rule similar to the
2 rule of section 172(j) shall apply for purposes of this
3 subsection.

4 “(1) CREDIT TO HOLDERS OF GULF TAX CREDIT
5 BONDS.—

6 “(1) ALLOWANCE OF CREDIT.—If a taxpayer
7 holds a Gulf tax credit bond on one or more credit
8 allowance dates of the bond occurring during any
9 taxable year, there shall be allowed as a credit
10 against the tax imposed by this chapter for the tax-
11 able year an amount equal to the sum of the credits
12 determined under paragraph (2) with respect to
13 such dates.

14 “(2) AMOUNT OF CREDIT.—

15 “(A) IN GENERAL.—The amount of the
16 credit determined under this paragraph with re-
17 spect to any credit allowance date for a Gulf
18 tax credit bond is 25 percent of the annual
19 credit determined with respect to such bond.

20 “(B) ANNUAL CREDIT.—The annual credit
21 determined with respect to any Gulf tax credit
22 bond is the product of—

23 “(i) the credit rate determined by the
24 Secretary under subparagraph (C) for the

1 day on which such bond was sold, multi-
2 plied by

3 “(ii) the outstanding face amount of
4 the bond.

5 “(C) DETERMINATION.—For purposes of
6 subparagraph (B), with respect to any Gulf tax
7 credit bond, the Secretary shall determine daily
8 or cause to be determined daily a credit rate
9 which shall apply to the first day on which
10 there is a binding, written contract for the sale
11 or exchange of the bond. The credit rate for
12 any day is the credit rate which the Secretary
13 or the Secretary’s designee estimates will per-
14 mit the issuance of Gulf tax credit bonds with
15 a specified maturity or redemption date without
16 discount and without interest cost to the issuer.

17 “(D) CREDIT ALLOWANCE DATE.—For
18 purposes of this subsection, the term ‘credit al-
19 lowance date’ means March 15, June 15, Sep-
20 tember 15, and December 15. Such term also
21 includes the last day on which the bond is out-
22 standing.

23 “(E) SPECIAL RULE FOR ISSUANCE AND
24 REDEMPTION.—In the case of a bond which is
25 issued during the 3-month period ending on a

1 credit allowance date, the amount of the credit
2 determined under this paragraph with respect
3 to such credit allowance date shall be a ratable
4 portion of the credit otherwise determined
5 based on the portion of the 3-month period dur-
6 ing which the bond is outstanding. A similar
7 rule shall apply when the bond is redeemed or
8 matures.

9 “(3) LIMITATION BASED ON AMOUNT OF
10 TAX.—The credit allowed under paragraph (1) for
11 any taxable year shall not exceed the excess of—

12 “(A) the sum of the regular tax liability
13 (as defined in section 26(b)) plus the tax im-
14 posed by section 55, over

15 “(B) the sum of the credits allowable
16 under part IV of subchapter A (other than sub-
17 part C and this subsection).

18 “(4) GULF TAX CREDIT BOND.—For purposes
19 of this subsection—

20 “(A) IN GENERAL.—The term ‘Gulf tax
21 credit bond’ means any bond issued as part of
22 an issue if—

23 “(i) the bond is issued by the State of
24 Alabama, Louisiana, or Mississippi,

1 “(ii) 95 percent or more of the pro-
2 ceeds of such issue are to be used to—

3 “(I) pay principal, interest, or
4 premiums on qualified bonds issued
5 by such State or any political subdivi-
6 sion of such State, or

7 “(II) make a loan to any political
8 subdivision of such State to pay prin-
9 cipal, interest, or premiums on quali-
10 fied bonds issued by such political
11 subdivision,

12 “(iii) the Governor of such State des-
13 ignates such bond for purposes of this sub-
14 section,

15 “(iv) the bond is a general obligation
16 of such State and is in registered form
17 (within the meaning of section 149(a)),

18 “(v) the maturity of such bond does
19 not exceed 2 years, and

20 “(vi) the bond is issued after Decem-
21 ber 31, 2005, and before January 1, 2007.

22 “(B) STATE MATCHING REQUIREMENT.—A
23 bond shall not be treated as a Gulf tax credit
24 bond unless—

1 “(i) the issuer of such bond pledges as
2 of the date of the issuance of the issue an
3 amount equal to the face amount of such
4 bond to be used for payments described in
5 subclause (I) of subparagraph (A)(ii), or
6 loans described in subclause (II) of such
7 subparagraph, as the case may be, with re-
8 spect to the issue of which such bond is a
9 part, and

10 “(ii) any such payment or loan is
11 made in equal amounts from the proceeds
12 of such issue and from the amount pledged
13 under clause (i).

14 The requirement of clause (ii) shall be treated
15 as met with respect to any such payment or
16 loan made during the 1-year period beginning
17 on the date of the issuance (or any successor 1-
18 year period) if such requirement is met when
19 applied with respect to the aggregate amount of
20 such payments and loans made during such pe-
21 riod.

22 “(C) AGGREGATE LIMIT ON BOND DES-
23 IGNATIONS.—The maximum aggregate face
24 amount of bonds which may be designated

1 under this subsection by the Governor of a
2 State shall not exceed—

3 “(i) \$200,000,000 in the case of the
4 State of Louisiana,

5 “(ii) \$100,000,000 in the case of the
6 State of Mississippi, and

7 “(iii) \$50,000,000 in the case of the
8 State of Alabama.

9 “(D) SPECIAL RULES RELATING TO ARBI-
10 TRAGE.—A bond which is part of an issue shall
11 not be treated as a Gulf tax credit bond unless,
12 with respect to the issue of which the bond is
13 a part, the issuer satisfies the arbitrage require-
14 ments of section 148 with respect to proceeds
15 of the issue and any loans made with such pro-
16 ceeds.

17 “(5) QUALIFIED BOND.—For purposes of this
18 subsection—

19 “(A) IN GENERAL.—The term ‘qualified
20 bond’ means any obligation of a State or polit-
21 ical subdivision thereof which was outstanding
22 on August 28, 2005.

23 “(B) EXCEPTION FOR PRIVATE ACTIVITY
24 BONDS.—Such term shall not include any pri-
25 vate activity bond.

1 “(C) EXCEPTION FOR ADVANCE
2 REFUNDINGS.—Such term shall not include any
3 bond with respect to which there is any out-
4 standing refunded or refunding bond during the
5 period in which a Gulf tax credit bond is out-
6 standing with respect to such bond.

7 “(6) CREDIT INCLUDED IN GROSS INCOME.—
8 Gross income includes the amount of the credit al-
9 lowed to the taxpayer under this subsection (deter-
10 mined without regard to paragraph (3)) and the
11 amount so included shall be treated as interest in-
12 come.

13 “(7) OTHER DEFINITIONS AND SPECIAL
14 RULES.—For purposes of this subsection—

15 “(A) BOND.—The term ‘bond’ includes
16 any obligation.

17 “(B) PARTNERSHIP; S CORPORATION; AND
18 OTHER PASS-THRU ENTITIES.—

19 “(i) IN GENERAL.—Under regulations
20 prescribed by the Secretary, in the case of
21 a partnership, trust, S corporation, or
22 other pass-thru entity, rules similar to the
23 rules of section 41(g) shall apply with re-
24 spect to the credit allowable under para-
25 graph (1).

1 “(ii) NO BASIS ADJUSTMENT.—In the
2 case of a bond held by a partnership or an
3 S corporation, rules similar to the rules
4 under section 1397E(i) shall apply.

5 “(C) BONDS HELD BY REGULATED IN-
6 VESTMENT COMPANIES.—If any Gulf tax credit
7 bond is held by a regulated investment com-
8 pany, the credit determined under paragraph
9 (1) shall be allowed to shareholders of such
10 company under procedures prescribed by the
11 Secretary.

12 “(D) REPORTING.—Issuers of Gulf tax
13 credit bonds shall submit reports similar to the
14 reports required under section 149(e).

15 “(E) CREDIT TREATED AS NONREFUND-
16 ABLE BONDHOLDER CREDIT.—For purposes of
17 this title, the credit allowed by this subsection
18 shall be treated as a credit allowable under sub-
19 part H of part IV of subchapter A of this chap-
20 ter.

21 “(m) TAX BENEFITS NOT AVAILABLE WITH RE-
22 SPECT TO FACILITIES FOR GAMBLING, ETC.—

23 “(1) TAX-EXEMPT BOND FINANCING.—Sub-
24 section (a) shall not apply to any bond issued as
25 part of an issue if any portion of the proceeds of

1 such issue is to be used to provide any property de-
2 scribed in section 144(c)(6)(B).

3 “(2) ADVANCE REFUNDING BONDS.—Sub-
4 section (b) shall not apply to any advance refunding
5 of a bond which is issued as part of an issue if any
6 portion of the proceeds of such issue (or any prior
7 issue) was (or is to be) used to provide any property
8 described in section 144(c)(6)(B).

9 “(3) LOW-INCOME HOUSING CREDIT.—For pur-
10 poses of subsection (c), property shall not be treated
11 as located or placed in service in the Gulf Oppor-
12 tunity Zone if such property is described in section
13 144(c)(6)(B).

14 “(4) SPECIAL ALLOWANCE FOR CERTAIN PROP-
15 erty; SECTION 179 EXPENSING; CARRYBACK OF
16 COST RECOVERY DEDUCTIONS.—For purposes of
17 subsections (d), (e), and (k), the term ‘qualified Gulf
18 Opportunity Zone property’ shall not include any
19 property described in section 144(c)(6)(B).

20 “(5) DEMOLITION AND CLEAN-UP COSTS; RE-
21 MEDIATION; REHABILITATION EXPENSES.—Sub-
22 sections (f), (g), and (h) shall not apply with respect
23 to any amount paid or incurred with respect to any
24 property described in section 144(c)(6)(B).

1 “(6) TIMBER PRODUCERS.—For purposes of
2 subsection (i), qualified timber property shall not in-
3 clude any property described in section
4 144(c)(6)(B).

5 “(7) PUBLIC UTILITY CASUALTY LOSSES.—For
6 purposes of subsection (j), public utility property
7 shall not include any property described in section
8 144(c)(6)(B).

9 “(8) GULF TAX CREDIT BONDS.—Subsection (l)
10 shall not apply to any bond issued as part of an
11 issue if any portion of the proceeds of such issue is
12 to be used to provide any property described in sec-
13 tion 144(c)(6)(B).”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Paragraph (2) of section 54(c) is amended
16 by inserting “, section 1400N(l),” after “subpart
17 C”.

18 (2) Subparagraph (A) of section 6049(d)(8) is
19 amended—

20 (A) by inserting “or 1400N(l)(6)” after
21 “section 54(g)”, and

22 (B) by inserting “or 1400N(l)(2)(D), as
23 the case may be” after “section 54(b)(4)”.

1 (3) So much of subchapter Y of chapter 1 as
2 precedes section 1400L is amended to read as fol-
3 lows:

4 **“Subchapter Y—Short-term Regional Benefits**

“PART I—TAX BENEFITS FOR NEW YORK LIBERTY ZONE

“PART II—TAX BENEFITS FOR GULF OPPORTUNITY ZONE

5 **“PART I—TAX BENEFITS FOR NEW YORK LIBERTY**
6 **ZONE**

“Sec. 1400L. Tax benefits for New York Liberty Zone.”.

7 (4) The item relating to subchapter Y in the
8 table of subchapters for chapter 1 is amended to
9 read as follows:

“SUBCHAPTER Y—SHORT-TERM REGIONAL BENEFITS”.

10 (c) EFFECTIVE DATE.—

11 (1) IN GENERAL.—Except as provided in para-
12 graph (2), the amendments made by this section
13 shall apply to taxable years ending on or after Au-
14 gust 28, 2005.

15 (2) CARRYBACKS.—Subsections (i)(2), (j), and
16 (k) of section 1400N of the Internal Revenue Code
17 of 1986 (as added by this section) shall apply to
18 losses arising in such taxable years.

19 **SEC. 102. FEDERAL GUARANTEE OF CERTAIN STATE**
20 **BONDS.**

21 (a) STATE BONDS DESCRIBED.—

1 (1) IN GENERAL.—This section shall apply to a
2 bond issued as part of an issue if—

3 (A) the issue of which such bond is part is
4 an issue of the State of Alabama, Louisiana, or
5 Mississippi,

6 (B) the bond is a general obligation of the
7 issuing State and is in registered form,

8 (C) the proceeds of the bond are distrib-
9 uted to one or more political subdivisions of the
10 issuing State,

11 (D) the maturity of such bond does not ex-
12 ceed 5 years,

13 (E) the bond is issued after the date of the
14 enactment of this Act and before January 1,
15 2008, and

16 (F) the bond is designated by the Sec-
17 retary of the Treasury for purposes of this sec-
18 tion.

19 (2) FACILITIES FOR GAMBLING, ETC.—The Sec-
20 retary of the Treasury may not designate any bond
21 for purposes of this section if such bond is issued as
22 part of an issue any portion of the proceeds of which
23 is to be used to provide any property described in
24 section 144(c)(6)(B).

25 (b) APPLICATION.—

1 (1) IN GENERAL.—The Secretary of the Treas-
2 ury may only designate a bond for purposes of this
3 section pursuant to an application submitted to the
4 Secretary by the State which demonstrates the need
5 for such designation on the basis of the criteria
6 specified in paragraph (2).

7 (2) CRITERIA.—For purposes of paragraph (1),
8 the criteria specified in this paragraph are—

9 (A) the loss of revenue base of one or more
10 political subdivisions of the State by reason of
11 Hurricane Katrina,

12 (B) the need for resources to fund infra-
13 structure within, or operating expenses of, any
14 such political subdivision,

15 (C) the lack of access of such political sub-
16 division to capital, and

17 (D) any other criteria as may be deter-
18 mined by the Secretary.

19 (3) GUIDANCE FOR SUBMISSION AND CONSID-
20 ERATION OF APPLICATIONS.—The Secretary of the
21 Treasury shall prescribe regulations or other guid-
22 ance which provide for the time and manner for the
23 submission and consideration of applications under
24 this subsection.

1 (c) FEDERAL GUARANTEE.—A bond described in
 2 subsection (a) is guaranteed by the United States in an
 3 amount equal to 50 percent of the outstanding principal
 4 with respect to such bond.

5 (d) AGGREGATE LIMIT ON BOND DESIGNATIONS.—
 6 The maximum aggregate face amount of bonds which may
 7 be issued under this section shall not exceed
 8 \$3,000,000,000.

9 **TITLE II—TAX BENEFITS RE-**
 10 **LATED TO HURRICANES RITA**
 11 **AND WILMA**

12 **SEC. 201. EXTENSION OF CERTAIN EMERGENCY TAX RE-**
 13 **LIEF FOR HURRICANE KATRINA TO HURRI-**
 14 **CANES RITA AND WILMA.**

15 (a) IN GENERAL.—Part II of subchapter Y of chap-
 16 ter 1 (as added by this Act) is amended by adding at the
 17 end the following new sections:

18 **“SEC. 14000. SPECIAL RULES FOR USE OF RETIREMENT**
 19 **FUNDS.**

20 **“(a) TAX-FAVORED WITHDRAWALS FROM RETIRE-**
 21 **MENT PLANS.—**

22 **“(1) IN GENERAL.—**Section 72(t) shall not
 23 apply to any qualified hurricane distribution.

24 **“(2) AGGREGATE DOLLAR LIMITATION.—**

1 “(A) IN GENERAL.—For purposes of this
2 subsection, the aggregate amount of distribu-
3 tions received by an individual which may be
4 treated as qualified hurricane distributions for
5 any taxable year shall not exceed the excess (if
6 any) of—

7 “(i) \$100,000, over

8 “(ii) the aggregate amounts treated as
9 qualified hurricane distributions received
10 by such individual for all prior taxable
11 years.

12 “(B) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would
13 (without regard to subparagraph (A)) be a
14 qualified hurricane distribution, a plan shall not
15 be treated as violating any requirement of this
16 title merely because the plan treats such dis-
17 tribution as a qualified hurricane distribution,
18 unless the aggregate amount of such distribu-
19 tions from all plans maintained by the employer
20 (and any member of any controlled group which
21 includes the employer) to such individual ex-
22 ceeds \$100,000.

23 “(C) CONTROLLED GROUP.—For purposes
24 of subparagraph (B), the term ‘controlled
25

1 group' means any group treated as a single em-
2 ployer under subsection (b), (c), (m), or (o) of
3 section 414.

4 “(3) AMOUNT DISTRIBUTED MAY BE REPAID.—

5 “(A) IN GENERAL.—Any individual who
6 receives a qualified hurricane distribution may,
7 at any time during the 3-year period beginning
8 on the day after the date on which such dis-
9 tribution was received, make one or more con-
10 tributions in an aggregate amount not to exceed
11 the amount of such distribution to an eligible
12 retirement plan of which such individual is a
13 beneficiary and to which a rollover contribution
14 of such distribution could be made under sec-
15 tion 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or
16 457(e)(16), as the case may be.

17 “(B) TREATMENT OF REPAYMENTS OF
18 DISTRIBUTIONS FROM ELIGIBLE RETIREMENT
19 PLANS OTHER THAN IRAS.—For purposes of
20 this title, if a contribution is made pursuant to
21 subparagraph (A) with respect to a qualified
22 hurricane distribution from an eligible retire-
23 ment plan other than an individual retirement
24 plan, then the taxpayer shall, to the extent of
25 the amount of the contribution, be treated as

1 having received the qualified hurricane distribu-
2 tion in an eligible rollover distribution (as de-
3 fined in section 402(c)(4)) and as having trans-
4 ferred the amount to the eligible retirement
5 plan in a direct trustee to trustee transfer with-
6 in 60 days of the distribution.

7 “(C) TREATMENT OF REPAYMENTS FOR
8 DISTRIBUTIONS FROM IRAS.—For purposes of
9 this title, if a contribution is made pursuant to
10 subparagraph (A) with respect to a qualified
11 hurricane distribution from an individual retire-
12 ment plan (as defined by section 7701(a)(37)),
13 then, to the extent of the amount of the con-
14 tribution, the qualified hurricane distribution
15 shall be treated as a distribution described in
16 section 408(d)(3) and as having been trans-
17 ferred to the eligible retirement plan in a direct
18 trustee to trustee transfer within 60 days of the
19 distribution.

20 “(4) DEFINITIONS.—For purposes of this sub-
21 section—

22 “(A) QUALIFIED HURRICANE DISTRIBUTI-
23 TION.—Except as provided in paragraph (2),
24 the term ‘qualified hurricane distribution’
25 means—

1 “(i) any distribution from an eligible
2 retirement plan made on or after August
3 25, 2005, and before January 1, 2007, to
4 an individual whose principal place of
5 abode on August 28, 2005, is located in
6 the Hurricane Katrina disaster area and
7 who has sustained an economic loss by rea-
8 son of Hurricane Katrina,

9 “(ii) any distribution (which is not de-
10 scribed in clause (i)) from an eligible re-
11 tirement plan made on or after September
12 23, 2005, and before January 1, 2007, to
13 an individual whose principal place of
14 abode on September 23, 2005, is located in
15 the Hurricane Rita disaster area and who
16 has sustained an economic loss by reason
17 of Hurricane Rita, and

18 “(iii) any distribution (which is not
19 described in clause (i) or (ii)) from an eli-
20 gible retirement plan made on or after Oc-
21 tober 23, 2005, and before January 1,
22 2007, to an individual whose principal
23 place of abode on October 23, 2005, is lo-
24 cated in the Hurricane Wilma disaster

1 area and who has sustained an economic
2 loss by reason of Hurricane Wilma.

3 “(B) ELIGIBLE RETIREMENT PLAN.—The
4 term ‘eligible retirement plan’ shall have the
5 meaning given such term by section
6 402(c)(8)(B).

7 “(5) INCOME INCLUSION SPREAD OVER 3-YEAR
8 PERIOD.—

9 “(A) IN GENERAL.—In the case of any
10 qualified hurricane distribution, unless the tax-
11 payer elects not to have this paragraph apply
12 for any taxable year, any amount required to be
13 included in gross income for such taxable year
14 shall be so included ratably over the 3-taxable
15 year period beginning with such taxable year.

16 “(B) SPECIAL RULE.—For purposes of
17 subparagraph (A), rules similar to the rules of
18 subparagraph (E) of section 408A(d)(3) shall
19 apply.

20 “(6) SPECIAL RULES.—

21 “(A) EXEMPTION OF DISTRIBUTIONS FROM
22 TRUSTEE TO TRUSTEE TRANSFER AND WITH-
23 HOLDING RULES.—For purposes of sections
24 401(a)(31), 402(f), and 3405, qualified hurri-

1 cane distributions shall not be treated as eligi-
2 ble rollover distributions.

3 “(B) QUALIFIED HURRICANE DISTRIBUTU-
4 TIONS TREATED AS MEETING PLAN DISTRIBUTU-
5 TION REQUIREMENTS.—For purposes this title,
6 a qualified hurricane distribution shall be treat-
7 ed as meeting the requirements of sections
8 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11),
9 and 457(d)(1)(A).

10 “(b) RECONTRIBUTIONS OF WITHDRAWALS FOR
11 HOME PURCHASES.—

12 “(1) RECONTRIBUTIONS.—

13 “(A) IN GENERAL.—Any individual who
14 received a qualified distribution may, during the
15 applicable period, make one or more contribu-
16 tions in an aggregate amount not to exceed the
17 amount of such qualified distribution to an eli-
18 gible retirement plan (as defined in section
19 402(c)(8)(B)) of which such individual is a ben-
20 eficiary and to which a rollover contribution of
21 such distribution could be made under section
22 402(c), 403(a)(4), 403(b)(8), or 408(d)(3), as
23 the case may be.

24 “(B) TREATMENT OF REPAYMENTS.—
25 Rules similar to the rules of subparagraphs (B)

1 and (C) of subsection (a)(3) shall apply for pur-
2 poses of this subsection.

3 “(2) QUALIFIED DISTRIBUTION.—For purposes
4 of this subsection—

5 “(A) IN GENERAL.—The term ‘qualified
6 distribution’ means any qualified Katrina dis-
7 tribution, any qualified Rita distribution, and
8 any qualified Wilma distribution.

9 “(B) QUALIFIED KATRINA DISTRIBUTION.—The term ‘qualified Katrina distribu-
10 tion’ means any distribution—
11

12 “(i) described in section
13 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but
14 only to the extent such distribution relates
15 to financial hardship), 403(b)(11)(B), or
16 72(t)(2)(F),

17 “(ii) received after February 28,
18 2005, and before August 29, 2005, and

19 “(iii) which was to be used to pur-
20 chase or construct a principal residence in
21 the Hurricane Katrina disaster area, but
22 which was not so purchased or constructed
23 on account of Hurricane Katrina.

24 “(C) QUALIFIED RITA DISTRIBUTION.—
25 The term ‘qualified Rita distribution’ means

1 any distribution (other than a qualified Katrina
2 distribution)—

3 “(i) described in section
4 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but
5 only to the extent such distribution relates
6 to financial hardship), 403(b)(11)(B), or
7 72(t)(2)(F),

8 “(ii) received after February 28,
9 2005, and before September 24, 2005, and

10 “(iii) which was to be used to pur-
11 chase or construct a principal residence in
12 the Hurricane Rita disaster area, but
13 which was not so purchased or constructed
14 on account of Hurricane Rita.

15 “(D) QUALIFIED WILMA DISTRIBUTION.—

16 The term ‘qualified Wilma distribution’ means
17 any distribution (other than a qualified Katrina
18 distribution or a qualified Rita distribution)—

19 “(i) described in section
20 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but
21 only to the extent such distribution relates
22 to financial hardship), 403(b)(11)(B), or
23 72(t)(2)(F),

24 “(ii) received after February 28,
25 2005, and before October 24, 2005, and

1 “(iii) which was to be used to pur-
2 chase or construct a principal residence in
3 the Hurricane Wilma disaster area, but
4 which was not so purchased or constructed
5 on account of Hurricane Wilma.

6 “(3) APPLICABLE PERIOD.—For purposes of
7 this subsection, the term ‘applicable period’ means—

8 “(A) with respect to any qualified Katrina
9 distribution, the period beginning on August
10 25, 2005, and ending on February 28, 2006,

11 “(B) with respect to any qualified Rita dis-
12 tribution, the period beginning on September
13 23, 2005, and ending on February 28, 2006,
14 and

15 “(C) with respect to any qualified Wilma
16 distribution, the period beginning on October
17 23, 2005, and ending on February 28, 2006.

18 “(c) LOANS FROM QUALIFIED PLANS.—

19 “(1) INCREASE IN LIMIT ON LOANS NOT TREAT-
20 ED AS DISTRIBUTIONS.—In the case of any loan
21 from a qualified employer plan (as defined under
22 section 72(p)(4)) to a qualified individual made dur-
23 ing the applicable period—

1 “(A) clause (i) of section 72(p)(2)(A) shall
2 be applied by substituting ‘\$100,000’ for
3 ‘\$50,000’, and

4 “(B) clause (ii) of such section shall be ap-
5 plied by substituting ‘the present value of the
6 nonforfeitable accrued benefit of the employee
7 under the plan’ for ‘one-half of the present
8 value of the nonforfeitable accrued benefit of
9 the employee under the plan’.

10 “(2) DELAY OF REPAYMENT.—In the case of a
11 qualified individual with an outstanding loan on or
12 after the qualified beginning date from a qualified
13 employer plan (as defined in section 72(p)(4))—

14 “(A) if the due date pursuant to subpara-
15 graph (B) or (C) of section 72(p)(2) for any re-
16 payment with respect to such loan occurs dur-
17 ing the period beginning on the qualified begin-
18 ning date and ending on December 31, 2006,
19 such due date shall be delayed for 1 year,

20 “(B) any subsequent repayments with re-
21 spect to any such loan shall be appropriately
22 adjusted to reflect the delay in the due date
23 under paragraph (1) and any interest accruing
24 during such delay, and

1 “(C) in determining the 5-year period and
2 the term of a loan under subparagraph (B) or
3 (C) of section 72(p)(2), the period described in
4 subparagraph (A) shall be disregarded.

5 “(3) QUALIFIED INDIVIDUAL.—For purposes of
6 this subsection—

7 “(A) IN GENERAL.—The term ‘qualified
8 individual’ means any qualified Hurricane
9 Katrina individual, any qualified Hurricane
10 Rita individual, and any qualified Hurricane
11 Wilma individual.

12 “(B) QUALIFIED HURRICANE KATRINA IN-
13 DIVIDUAL.—The term ‘qualified Hurricane
14 Katrina individual’ means an individual whose
15 principal place of abode on August 28, 2005, is
16 located in the Hurricane Katrina disaster area
17 and who has sustained an economic loss by rea-
18 son of Hurricane Katrina.

19 “(C) QUALIFIED HURRICANE RITA INDI-
20 VIDUAL.—The term ‘qualified Hurricane Rita
21 individual’ means an individual (other than a
22 qualified Hurricane Katrina individual) whose
23 principal place of abode on September 23,
24 2005, is located in the Hurricane Rita disaster

1 area and who has sustained an economic loss by
2 reason of Hurricane Rita.

3 “(D) QUALIFIED HURRICANE WILMA INDI-
4 VIDUAL.—The term ‘qualified Hurricane Wilma
5 individual’ means an individual (other than a
6 qualified Hurricane Katrina individual or a
7 qualified Hurricane Rita individual) whose prin-
8 cipal place of abode on October 23, 2005, is lo-
9 cated in the Hurricane Wilma disaster area and
10 who has sustained an economic loss by reason
11 of Hurricane Wilma.

12 “(4) APPLICABLE PERIOD; QUALIFIED BEGIN-
13 NING DATE.—For purposes of this subsection—

14 “(A) HURRICANE KATRINA.—In the case
15 of any qualified Hurricane Katrina individual—

16 “(i) the applicable period is the period
17 beginning on September 24, 2005, and
18 ending on December 31, 2006, and

19 “(ii) the qualified beginning date is
20 August 25, 2005.

21 “(B) HURRICANE RITA.—In the case of
22 any qualified Hurricane Rita individual—

23 “(i) the applicable period is the period
24 beginning on the date of the enactment of

1 this subsection and ending on December
2 31, 2006, and

3 “(ii) the qualified beginning date is
4 September 23, 2005.

5 “(C) HURRICANE WILMA.—In the case of
6 any qualified Hurricane Wilma individual—

7 “(i) the applicable period is the period
8 beginning on the date of the enactment of
9 this subparagraph and ending on Decem-
10 ber 31, 2006, and

11 “(ii) the qualified beginning date is
12 October 23, 2005.

13 “(d) PROVISIONS RELATING TO PLAN AMEND-
14 MENTS.—

15 “(1) IN GENERAL.—If this subsection applies to
16 any amendment to any plan or annuity contract,
17 such plan or contract shall be treated as being oper-
18 ated in accordance with the terms of the plan during
19 the period described in paragraph (2)(B)(i).

20 “(2) AMENDMENTS TO WHICH SUBSECTION AP-
21 PLIES.—

22 “(A) IN GENERAL.—This subsection shall
23 apply to any amendment to any plan or annuity
24 contract which is made—

1 “(i) pursuant to any provision of this
2 section, or pursuant to any regulation
3 issued by the Secretary or the Secretary of
4 Labor under any provision of this section,
5 and

6 “(ii) on or before the last day of the
7 first plan year beginning on or after Janu-
8 ary 1, 2007, or such later date as the Sec-
9 retary may prescribe.

10 In the case of a governmental plan (as defined
11 in section 414(d)), clause (ii) shall be applied
12 by substituting the date which is 2 years after
13 the date otherwise applied under clause (ii).

14 “(B) CONDITIONS.—This subsection shall
15 not apply to any amendment unless—

16 “(i) during the period—

17 “(I) beginning on the date that
18 this section or the regulation de-
19 scribed in subparagraph (A)(i) takes
20 effect (or in the case of a plan or con-
21 tract amendment not required by this
22 section or such regulation, the effec-
23 tive date specified by the plan), and

24 “(II) ending on the date de-
25 scribed in subparagraph (A)(ii) (or, if

1 earlier, the date the plan or contract
2 amendment is adopted),
3 the plan or contract is operated as if such
4 plan or contract amendment were in effect;
5 and
6 “(ii) such plan or contract amendment
7 applies retroactively for such period.

8 **“SEC. 1400P. EMPLOYMENT RELIEF.**

9 “(a) **EMPLOYEE RETENTION CREDIT FOR EMPLOY-**
10 **ERS AFFECTED BY HURRICANE KATRINA.—**

11 “(1) **IN GENERAL.—**For purposes of section 38,
12 in the case of an eligible employer, the Hurricane
13 Katrina employee retention credit for any taxable
14 year is an amount equal to 40 percent of the quali-
15 fied wages with respect to each eligible employee of
16 such employer for such taxable year. For purposes
17 of the preceding sentence, the amount of qualified
18 wages which may be taken into account with respect
19 to any individual shall not exceed \$6,000.

20 “(2) **DEFINITIONS.—**For purposes of this sub-
21 section—

22 “(A) **ELIGIBLE EMPLOYER.—**The term ‘eli-
23 gible employer’ means any employer—

1 “(i) which conducted an active trade
2 or business on August 28, 2005, in the GO
3 Zone, and

4 “(ii) with respect to whom the trade
5 or business described in clause (i) is inop-
6 erable on any day after August 28, 2005,
7 and before January 1, 2006, as a result of
8 damage sustained by reason of Hurricane
9 Katrina.

10 “(B) ELIGIBLE EMPLOYEE.—The term ‘el-
11 igible employee’ means with respect to an eligi-
12 ble employer an employee whose principal place
13 of employment on August 28, 2005, with such
14 eligible employer was in the GO Zone.

15 “(C) QUALIFIED WAGES.—The term
16 ‘qualified wages’ means wages (as defined in
17 section 51(c)(1), but without regard to section
18 3306(b)(2)(B)) paid or incurred by an eligible
19 employer with respect to an eligible employee on
20 any day after August 28, 2005, and before Jan-
21 uary 1, 2006, which occurs during the period—

22 “(i) beginning on the date on which
23 the trade or business described in subpara-
24 graph (A) first became inoperable at the
25 principal place of employment of the em-

1 ployee immediately before Hurricane
2 Katrina, and

3 “(ii) ending on the date on which such
4 trade or business has resumed significant
5 operations at such principal place of em-
6 ployment.

7 Such term shall include wages paid without re-
8 gard to whether the employee performs no serv-
9 ices, performs services at a different place of
10 employment than such principal place of em-
11 ployment, or performs services at such principal
12 place of employment before significant oper-
13 ations have resumed.

14 “(3) CREDIT NOT ALLOWED FOR LARGE BUSI-
15 NESSES.—The term ‘eligible employer’ shall not in-
16 clude any trade or business for any taxable year if
17 such trade or business employed an average of more
18 than 200 employees on business days during the tax-
19 able year.

20 “(4) CERTAIN RULES TO APPLY.—For purposes
21 of this subsection, rules similar to the rules of sec-
22 tions 51(i)(1), 52, and 280C(a) shall apply.

23 “(5) EMPLOYEE NOT TAKEN INTO ACCOUNT
24 MORE THAN ONCE.—An employee shall not be treat-
25 ed as an eligible employee for purposes of this sub-

1 section for any period with respect to any employer
2 if such employer is allowed a credit under section 51
3 with respect to such employee for such period.

4 “(b) EMPLOYEE RETENTION CREDIT FOR EMPLOY-
5 ERS AFFECTED BY HURRICANE RITA.—

6 “(1) IN GENERAL.—For purposes of section 38,
7 in the case of an eligible employer, the Hurricane
8 Rita employee retention credit for any taxable year
9 is an amount equal to 40 percent of the qualified
10 wages with respect to each eligible employee of such
11 employer for such taxable year. For purposes of the
12 preceding sentence, the amount of qualified wages
13 which may be taken into account with respect to any
14 individual shall not exceed \$6,000.

15 “(2) DEFINITIONS.—For purposes of this sub-
16 section—

17 “(A) ELIGIBLE EMPLOYER.—The term ‘eli-
18 gible employer’ means any employer—

19 “(i) which conducted an active trade
20 or business on September 23, 2005, in the
21 Rita GO Zone, and

22 “(ii) with respect to whom the trade
23 or business described in clause (i) is inop-
24 erable on any day after September 23,
25 2005, and before January 1, 2006, as a re-

1 sult of damage sustained by reason of
2 Hurricane Rita.

3 “(B) ELIGIBLE EMPLOYEE.—The term ‘el-
4 igible employee’ means with respect to an eligi-
5 ble employer an employee whose principal place
6 of employment on September 23, 2005, with
7 such eligible employer was in the Rita GO
8 Zone.

9 “(C) QUALIFIED WAGES.—The term
10 ‘qualified wages’ means wages (as defined in
11 section 51(c)(1), but without regard to section
12 3306(b)(2)(B)) paid or incurred by an eligible
13 employer with respect to an eligible employee on
14 any day after September 23, 2005, and before
15 January 1, 2006, which occurs during the pe-
16 riod—

17 “(i) beginning on the date on which
18 the trade or business described in subpara-
19 graph (A) first became inoperable at the
20 principal place of employment of the em-
21 ployee immediately before Hurricane Rita,
22 and

23 “(ii) ending on the date on which such
24 trade or business has resumed significant

1 operations at such principal place of em-
2 ployment.

3 Such term shall include wages paid without re-
4 gard to whether the employee performs no serv-
5 ices, performs services at a different place of
6 employment than such principal place of em-
7 ployment, or performs services at such principal
8 place of employment before significant oper-
9 ations have resumed.

10 “(3) CREDIT NOT ALLOWED FOR LARGE BUSI-
11 NESSES.—The term ‘eligible employer’ shall not in-
12 clude any trade or business for any taxable year if
13 such trade or business employed an average of more
14 than 200 employees on business days during the tax-
15 able year.

16 “(4) CERTAIN RULES TO APPLY.—For purposes
17 of this subsection, rules similar to the rules of sec-
18 tions 51(i)(1), 52, and 280C(a) shall apply.

19 “(5) EMPLOYEE NOT TAKEN INTO ACCOUNT
20 MORE THAN ONCE.—An employee shall not be treat-
21 ed as an eligible employee for purposes of this sub-
22 section for any period with respect to any employer
23 if such employer is allowed a credit under subsection
24 (a) or section 51 with respect to such employee for
25 such period.

1 “(c) EMPLOYEE RETENTION CREDIT FOR EMPLOY-
2 ERS AFFECTED BY HURRICANE WILMA.—

3 “(1) IN GENERAL.—For purposes of section 38,
4 in the case of an eligible employer, the Hurricane
5 Wilma employee retention credit for any taxable year
6 is an amount equal to 40 percent of the qualified
7 wages with respect to each eligible employee of such
8 employer for such taxable year. For purposes of the
9 preceding sentence, the amount of qualified wages
10 which may be taken into account with respect to any
11 individual shall not exceed \$6,000.

12 “(2) DEFINITIONS.—For purposes of this sub-
13 section—

14 “(A) ELIGIBLE EMPLOYER.—The term ‘eli-
15 gible employer’ means any employer—

16 “(i) which conducted an active trade
17 or business on October 23, 2005, in the
18 Wilma GO Zone, and

19 “(ii) with respect to whom the trade
20 or business described in clause (i) is inop-
21 erable on any day after October 23, 2005,
22 and before January 1, 2006, as a result of
23 damage sustained by reason of Hurricane
24 Wilma.

1 “(B) ELIGIBLE EMPLOYEE.—The term ‘el-
2 igible employee’ means with respect to an eligi-
3 ble employer an employee whose principal place
4 of employment on October 23, 2005, with such
5 eligible employer was in the Wilma GO Zone.

6 “(C) QUALIFIED WAGES.—The term
7 ‘qualified wages’ means wages (as defined in
8 section 51(c)(1), but without regard to section
9 3306(b)(2)(B)) paid or incurred by an eligible
10 employer with respect to an eligible employee on
11 any day after October 23, 2005, and before
12 January 1, 2006, which occurs during the pe-
13 riod—

14 “(i) beginning on the date on which
15 the trade or business described in subpara-
16 graph (A) first became inoperable at the
17 principal place of employment of the em-
18 ployee immediately before Hurricane
19 Wilma, and

20 “(ii) ending on the date on which such
21 trade or business has resumed significant
22 operations at such principal place of em-
23 ployment.

24 Such term shall include wages paid without re-
25 gard to whether the employee performs no serv-

1 ices, performs services at a different place of
2 employment than such principal place of em-
3 ployment, or performs services at such principal
4 place of employment before significant oper-
5 ations have resumed.

6 “(3) CREDIT NOT ALLOWED FOR LARGE BUSI-
7 NESSES.—The term ‘eligible employer’ shall not in-
8 clude any trade or business for any taxable year if
9 such trade or business employed an average of more
10 than 200 employees on business days during the tax-
11 able year.

12 “(4) CERTAIN RULES TO APPLY.—For purposes
13 of this subsection, rules similar to the rules of sec-
14 tions 51(i)(1), 52, and 280C(a) shall apply.

15 “(5) EMPLOYEE NOT TAKEN INTO ACCOUNT
16 MORE THAN ONCE.—An employee shall not be treat-
17 ed as an eligible employee for purposes of this sub-
18 section for any period with respect to any employer
19 if such employer is allowed a credit under subsection
20 (a) or (b) or section 51 with respect to such em-
21 ployee for such period.

22 **“SEC. 1400Q. ADDITIONAL TAX RELIEF PROVISIONS.**

23 “(a) TEMPORARY SUSPENSION OF LIMITATIONS ON
24 CHARITABLE CONTRIBUTIONS.—

1 “(1) IN GENERAL.—Except as otherwise pro-
2 vided in paragraph (2), section 170(b) shall not
3 apply to qualified contributions and such contribu-
4 tions shall not be taken into account for purposes of
5 applying subsections (b) and (d) of section 170 to
6 other contributions.

7 “(2) TREATMENT OF EXCESS CONTRIBU-
8 TIONS.—For purposes of section 170—

9 “(A) INDIVIDUALS.—In the case of an in-
10 dividual—

11 “(i) LIMITATION.—Any qualified con-
12 tribution shall be allowed only to the ex-
13 tent that the aggregate of such contribu-
14 tions does not exceed the excess of the tax-
15 payer’s contribution base (as defined in
16 subparagraph (F) of section 170(b)(1))
17 over the amount of all other charitable
18 contributions allowed under section
19 170(b)(1).

20 “(ii) CARRYOVER.—If the aggregate
21 amount of qualified contributions made in
22 the contribution year (within the meaning
23 of section 170(d)(1)) exceeds the limitation
24 of clause (i), such excess shall be added to
25 the excess described in the portion of sub-

1 paragraph (A) of such section which pre-
2 cedes clause (i) thereof for purposes of ap-
3 plying such section.

4 “(B) CORPORATIONS.—In the case of a
5 corporation—

6 “(i) LIMITATION.—Any qualified con-
7 tribution shall be allowed only to the ex-
8 tent that the aggregate of such contribu-
9 tions does not exceed the excess of the tax-
10 payer’s taxable income (as determined
11 under paragraph (2) of section 170(b))
12 over the amount of all other charitable
13 contributions allowed under such para-
14 graph.

15 “(ii) CARRYOVER.—Rules similar to
16 the rules of subparagraph (A)(ii) shall
17 apply for purposes of this subparagraph.

18 “(3) EXCEPTION TO OVERALL LIMITATION ON
19 ITEMIZED DEDUCTIONS.—So much of any deduction
20 allowed under section 170 as does not exceed the
21 qualified contributions paid during the taxable year
22 shall not be treated as an itemized deduction for
23 purposes of section 68.

24 “(4) QUALIFIED CONTRIBUTIONS.—

1 “(A) IN GENERAL.—For purposes of this
2 subsection, the term ‘qualified contribution’
3 means any charitable contribution (as defined
4 in section 170(c)) if—

5 “(i) such contribution is paid during
6 the period beginning on August 28, 2005,
7 and ending on December 31, 2005, in cash
8 to an organization described in section
9 170(b)(1)(A) (other than an organization
10 described in section 509(a)(3)),

11 “(ii) in the case of a contribution paid
12 by a corporation, such contribution is for
13 relief efforts related to Hurricane Katrina,
14 Hurricane Rita, or Hurricane Wilma, and

15 “(iii) the taxpayer has elected the ap-
16 plication of this subsection with respect to
17 such contribution.

18 “(B) EXCEPTION.—Such term shall not in-
19 clude a contribution if the contribution is for
20 establishment of a new, or maintenance in an
21 existing, segregated fund or account with re-
22 spect to which the donor (or any person ap-
23 pointed or designated by such donor) has, or
24 reasonably expects to have, advisory privileges

1 with respect to distributions or investments by
2 reason of the donor's status as a donor.

3 “(C) APPLICATION OF ELECTION TO PART-
4 NERSHIPS AND S CORPORATIONS.—In the case
5 of a partnership or S corporation, the election
6 under subparagraph (A)(iii) shall be made sepa-
7 rately by each partner or shareholder.

8 “(b) SUSPENSION OF CERTAIN LIMITATIONS ON
9 PERSONAL CASUALTY LOSSES.—Paragraphs (1) and
10 (2)(A) of section 165(h) shall not apply to losses described
11 in section 165(c)(3)—

12 “(1) which arise in the Hurricane Katrina dis-
13 aster area on or after August 25, 2005, and which
14 are attributable to Hurricane Katrina,

15 “(2) which arise in the Hurricane Rita disaster
16 area on or after September 23, 2005, and which are
17 attributable to Hurricane Rita, or

18 “(3) which arise in the Hurricane Wilma dis-
19 aster area on or after October 23, 2005, and which
20 are attributable to Hurricane Wilma.

21 In the case of any other losses, section 165(h)(2)(A) shall
22 be applied without regard to the losses referred to in the
23 preceding sentence.

24 “(c) REQUIRED EXERCISE OF AUTHORITY UNDER
25 SECTION 7508A.—In the case of any taxpayer determined

1 by the Secretary to be affected by the Presidentially de-
2 clared disaster relating to Hurricane Katrina, Hurricane
3 Rita, or Hurricane Wilma, any relief provided by the Sec-
4 retary under section 7508A shall be for a period ending
5 not earlier than February 28, 2006.

6 “(d) SPECIAL RULE FOR DETERMINING EARNED IN-
7 COME.—

8 “(1) IN GENERAL.—In the case of a qualified
9 individual, if the earned income of the taxpayer for
10 the taxable year which includes the applicable date
11 is less than the earned income of the taxpayer for
12 the preceding taxable year, the credits allowed under
13 sections 24(d) and 32 may, at the election of the
14 taxpayer, be determined by substituting—

15 “(A) such earned income for the preceding
16 taxable year, for

17 “(B) such earned income for the taxable
18 year which includes the applicable date.

19 “(2) QUALIFIED INDIVIDUAL.—For purposes of
20 this subsection—

21 “(A) IN GENERAL.—The term ‘qualified
22 individual’ means any qualified Hurricane
23 Katrina individual, any qualified Hurricane
24 Rita individual, and any qualified Hurricane
25 Wilma individual.

1 “(B) QUALIFIED HURRICANE KATRINA IN-
2 DIVIDUAL.—The term ‘qualified Hurricane
3 Katrina individual’ means any individual whose
4 principal place of abode on August 25, 2005,
5 was located—

6 “(i) in the GO Zone, or

7 “(ii) in the Hurricane Katrina dis-
8 aster area (but outside the GO Zone) and
9 such individual was displaced from such
10 principal place of abode by reason of Hur-
11 ricane Katrina.

12 “(C) QUALIFIED HURRICANE RITA INDI-
13 VIDUAL.—The term ‘qualified Hurricane Rita
14 individual’ means any individual (other than a
15 qualified Hurricane Katrina individual) whose
16 principal place of abode on September 23,
17 2005, was located—

18 “(i) in the Rita GO Zone, or

19 “(ii) in the Hurricane Rita disaster
20 area (but outside the Rita GO Zone) and
21 such individual was displaced from such
22 principal place of abode by reason of Hur-
23 ricane Rita.

24 “(D) QUALIFIED HURRICANE WILMA INDI-
25 VIDUAL.—The term ‘qualified Hurricane Wilma

1 individual' means any individual whose prin-
2 cipal place of abode on October 23, 2005, was
3 located—

4 “(i) in the Wilma GO Zone, or

5 “(ii) in the Hurricane Wilma disaster
6 area (but outside the Wilma GO Zone) and
7 such individual was displaced from such
8 principal place of abode by reason of Hur-
9 ricane Wilma.

10 “(3) APPLICABLE DATE.—For purposes of this
11 subsection, the term ‘applicable date’ means—

12 “(A) in the case of a qualified Hurricane
13 Katrina individual, August 25, 2005,

14 “(B) in the case of a qualified Hurricane
15 Rita individual, September 23, 2005, and

16 “(C) in the case of a qualified Hurricane
17 Wilma individual, October 23, 2005.

18 “(4) EARNED INCOME.—For purposes of this
19 subsection, the term ‘earned income’ has the mean-
20 ing given such term under section 32(e).

21 “(5) SPECIAL RULES.—

22 “(A) APPLICATION TO JOINT RETURNS.—
23 For purposes of paragraph (1), in the case of
24 a joint return for a taxable year which includes
25 the applicable date—

1 “(i) such paragraph shall apply if ei-
2 ther spouse is a qualified individual, and

3 “(ii) the earned income of the tax-
4 payer for the preceding taxable year shall
5 be the sum of the earned income of each
6 spouse for such preceding taxable year.

7 “(B) UNIFORM APPLICATION OF ELEC-
8 TION.—Any election made under paragraph (1)
9 shall apply with respect to both section 24(d)
10 and section 32.

11 “(C) ERRORS TREATED AS MATHEMATICAL
12 ERROR.—For purposes of section 6213, an in-
13 correct use on a return of earned income pursu-
14 ant to paragraph (1) shall be treated as a
15 mathematical or clerical error.

16 “(D) NO EFFECT ON DETERMINATION OF
17 GROSS INCOME, ETC.—Except as otherwise pro-
18 vided in this subsection, this title shall be ap-
19 plied without regard to any substitution under
20 paragraph (1).

21 “(e) SECRETARIAL AUTHORITY TO MAKE ADJUST-
22 MENTS REGARDING TAXPAYER AND DEPENDENCY STA-
23 TUS.—With respect to taxable years beginning in 2005 or
24 2006, the Secretary may make such adjustments in the
25 application of the internal revenue laws as may be nec-

1 essary to ensure that taxpayers do not lose any deduction
2 or credit or experience a change of filing status by reason
3 of temporary relocations by reason of Hurricane Katrina,
4 Hurricane Rita, or Hurricane Wilma. Any adjustments
5 made under the preceding sentence shall ensure that an
6 individual is not taken into account by more than one tax-
7 payer with respect to the same tax benefit.”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Subsection (b) of section 38 is amended by
10 striking “and” at the end of paragraph (25), by
11 striking the period at the end of paragraph (26) and
12 inserting a comma, and by adding at the end the fol-
13 lowing new paragraphs:

14 “(27) the Hurricane Katrina employee reten-
15 tion credit determined under section 1400P(a),

16 “(28) the Hurricane Rita employee retention
17 credit determined under section 1400P(b), and

18 “(29) the Hurricane Wilma employee retention
19 credit determined under section 1400P(c).”.

20 (2) The table of sections for part II of sub-
21 chapter Y of chapter 1 is amended by adding at the
22 end the following new items:

“Sec. 1400O. Special rules for use of retirement funds.

“Sec. 1400P. Employment relief.

“Sec. 1400Q. Additional tax relief provisions.”.

1 (3) The heading for such part is amended by
2 striking “**GULF OPPORTUNITY ZONE**” and
3 inserting “**HURRICANE RELIEF**”.

4 (4) The following provisions of the Katrina
5 Emergency Tax Relief Act of 2005 are hereby re-
6 pealed:

7 (A) Title I.

8 (B) Sections 202, 301, 402, 403(b), 406,
9 and 407.

10 **TITLE III—OTHER PROVISIONS**

11 **SEC. 301. SECRETARIAL AUTHORITY TO EXTEND PERIOD** 12 **DURING WHICH TRAVELING EXPENSES ARE** 13 **TREATED AS INCURRED AWAY FROM HOME** 14 **IN CASE OF MAJOR DISASTER.**

15 (a) IN GENERAL.—Section 162 (relating to trade or
16 business expenses) is amended by redesignating subsection
17 (q) as subsection (r) and by inserting after subsection (p)
18 the following new subsection:

19 “(q) LIMITATION ON TRAVELING EXPENSES.—

20 “(1) IN GENERAL.—For purposes of subsection
21 (a)(2), the taxpayer shall not be treated as being
22 temporarily away from home during any period of
23 employment if such period exceeds 1 year.

24 “(2) AUTHORITY TO EXTEND IN CASE OF
25 MAJOR DISASTER.—In the case of a taxpayer who is

1 away from home in pursuit of a trade or business
2 by reason of a disaster which the President has de-
3 clared to be a major disaster under section 401 of
4 the Robert T. Stafford Disaster Relief and Emer-
5 gency Assistance Act, the Secretary may extend the
6 1-year period referred to in paragraph (1) for a pe-
7 riod not exceeding 1 additional year.

8 “(3) EXCEPTION FOR CERTAIN FEDERAL EM-
9 PLOYEES DESIGNATED BY THE ATTORNEY GEN-
10 ERAL.—Paragraph (1) shall not apply to any Fed-
11 eral employee during any period for which such em-
12 ployee is certified by the Attorney General (or the
13 designee thereof) as traveling on behalf of the
14 United States in temporary duty status to inves-
15 tigate or prosecute, or provide support services for
16 the investigation or prosecution of, a Federal
17 crime.”.

18 (b) CONFORMING AMENDMENT.—Subsection (a) of
19 section 162 is amended by striking the last two sentences.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to amounts paid or incurred after
22 the date of the enactment of this Act.

23 **SEC. 302. GULF COAST RECOVERY BONDS.**

24 It is the sense of the Congress that the Secretary of
25 the Treasury, or the Secretary’s delegate, should designate

1 one or more series of bonds or certificates (or any portion
2 thereof) issued under section 3105 of title 31, United
3 States Code, as “Gulf Coast Recovery Bonds” in response
4 to Hurricanes Katrina, Rita, and Wilma.

Passed the House of Representatives December 7,
2005.

Attest:

Clerk.

109TH CONGRESS
1ST SESSION

H. R. 4440

AN ACT

To amend the Internal Revenue Code of 1986 to provide tax benefits for the Gulf Opportunity Zone and certain areas affected by Hurricanes Rita and Wilma, and for other purposes.