

Calendar No. 328

109TH CONGRESS
1ST SESSION**H. R. 4440**

IN THE SENATE OF THE UNITED STATES

DECEMBER 12, 2005

Received; read the first time

DECEMBER 13, 2005

Read the second time and placed on the calendar

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,*

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

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

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference
 2 shall be considered to be made to a section or other provi-
 3 sion of the Internal Revenue Code of 1986.

4 (c) TABLE OF CONTENTS.—The table of contents of
 5 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.

6 **TITLE I—ESTABLISHMENT OF**
 7 **GULF OPPORTUNITY ZONE**

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

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

11 **“PART II—TAX BENEFITS FOR GULF**
 12 **OPPORTUNITY ZONE**

“Sec. 1400M. Definitions.

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

13 **“SEC. 1400M. DEFINITIONS.**

14 “For purposes of this part—

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

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

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

21 “(4) HURRICANE RITA DISASTER AREA.—The
22 term ‘Hurricane Rita disaster area’ means an area
23 with respect to which a major disaster has been de-
24 clared by the President, before October 6, 2005,

1 under section 401 of such Act by reason of Hurri-
2 cane Rita.

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

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

15 **“SEC. 1400N. TAX BENEFITS FOR GULF OPPORTUNITY**
16 **ZONE.**

17 “(a) TAX-EXEMPT BOND FINANCING.—

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

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

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

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

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

9 “(ii) such issue meets the requirements of
10 a qualified mortgage issue, except as otherwise
11 provided in this subsection,

12 “(B) such bond is issued by the State of
13 Alabama, Louisiana, or Mississippi, or any po-
14 litical subdivision thereof,

15 “(C) such bond is designated for purposes
16 of this section by—

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

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

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

1 “(3) LIMITATIONS ON BONDS.—

2 “(A) AGGREGATE AMOUNT DESIGNATED.—

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

12 “(B) MOVABLE PROPERTY.—No bonds
13 shall be issued which are to be used for movable
14 fixtures and equipment.

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

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

23 “(B) public utility property (as defined in
24 section 168(i)(10)) located in the Gulf Oppor-
25 tunity Zone.

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

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

6 “(i) by substituting ‘60 percent’ for
7 ‘50 percent’ in subparagraph (A) thereof,
8 and

9 “(ii) by substituting ‘70 percent’ for
10 ‘60 percent’ in subparagraph (B) thereof.

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

15 “(i) by treating only residences in the
16 Gulf Opportunity Zone as owner-occupied
17 residences,

18 “(ii) by treating any residence in the
19 Gulf Opportunity Zone as a targeted area
20 residence, and

21 “(iii) by substituting ‘\$150,000’ for
22 ‘\$15,000’ in subsection (k)(4) thereof.

23 “(C) Except as provided in section 143, re-
24 payments of principal on financing provided by

1 the issue of which such bond is a part may not
2 be used to provide financing.

3 “(D) Section 146 (relating to volume cap)
4 shall not apply.

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

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

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

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

24 “(b) ADVANCE REFUNDINGS OF CERTAIN TAX-EX-
25 EMPT BONDS.—

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

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

10 “(B) the requirements of paragraph (5)
11 are met.

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

22 “(3) BONDS DESCRIBED.—A bond is described
23 in this paragraph if such bond was outstanding on
24 August 28, 2005, and is issued by the State of Ala-

1 bama, Louisiana, or Mississippi, or a political sub-
2 division thereof.

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

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

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

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

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

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

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

23 “(C) the requirements of section 148 are
24 met with respect to all bonds issued under this
25 subsection.

1 “(c) LOW-INCOME HOUSING CREDIT.—

2 “(1) ADDITIONAL HOUSING CREDIT DOLLAR
3 AMOUNT.—

4 “(A) IN GENERAL.—For purposes of sec-
5 tion 42, in the case of calendar years 2006,
6 2007, and 2008, the State housing credit ceil-
7 ing of each State, any portion of which is lo-
8 cated in the Gulf Opportunity Zone, shall be in-
9 creased by the lesser of—

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

15 “(ii) the Gulf Opportunity housing
16 amount for such State for such calendar
17 year.

18 “(B) GULF OPPORTUNITY HOUSING
19 AMOUNT.—For purposes of subparagraph (A),
20 the term ‘Gulf Opportunity housing amount’
21 means, for any calendar year, the amount equal
22 to the product of \$18.00 multiplied by the por-
23 tion of the State population which is in the Gulf
24 Opportunity Zone (as determined on the basis
25 of the most recent census estimate of resident

1 population released by the Bureau of Census
2 before August 28, 2005).

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

12 “(2) DIFFICULT DEVELOPMENT AREA.—

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

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

20 “(ii) shall not be taken into account
21 for purposes of applying the limitation
22 under subclause (II) of such section.

23 “(B) APPLICATION.—Subparagraph (A)
24 shall apply only to—

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

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

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

13 “(A) during 2006, 2007, or 2008,

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

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

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

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

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

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

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

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

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

19 “(A) IN GENERAL.—The term ‘qualified
20 Gulf Opportunity Zone property’ means prop-
21 erty—

22 “(i)(I) which is described in section
23 168(k)(2)(A)(i), or

24 “(II) which is nonresidential real
25 property or residential rental property,

1 “(ii) substantially all of the use of
2 which is in the Gulf Opportunity Zone and
3 is in the active conduct of a trade or busi-
4 ness by the taxpayer in such Zone,

5 “(iii) the original use of which in the
6 Gulf Opportunity Zone commences with
7 the taxpayer on or after August 28, 2005,

8 “(iv) which is acquired by the tax-
9 payer by purchase (as defined in section
10 179(d)) on or after August 28, 2005, but
11 only if no written binding contract for the
12 acquisition was in effect before August 28,
13 2005, and

14 “(v) which is placed in service by the
15 taxpayer on or before December 31, 2007
16 (December 31, 2008, in the case of non-
17 residential real property and residential
18 rental property).

19 “(B) EXCEPTIONS.—

20 “(i) ALTERNATIVE DEPRECIATION
21 PROPERTY.—Such term shall not include
22 any property described in section
23 168(k)(2)(D)(i).

24 “(ii) TAX-EXEMPT BOND-FINANCED
25 PROPERTY.—Such term shall not include

1 any property any portion of which is fi-
2 nanced with the proceeds of any obligation
3 the interest on which is exempt from tax
4 under section 103.

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

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

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

21 “(A) by substituting ‘August 27, 2005’ for
22 ‘September 10, 2001’ each place it appears
23 therein,

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

1 “(C) by substituting ‘qualified Gulf Oppor-
2 tunity Zone property’ for ‘qualified property’ in
3 clause (iv) thereof.

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

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

13 “(e) INCREASE IN EXPENSING UNDER SECTION
14 179.—

15 “(1) IN GENERAL.—For purposes of section
16 179—

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

20 “(i) \$100,000, or

21 “(ii) the cost of qualified section 179
22 Gulf Opportunity Zone property placed in
23 service during the taxable year, and

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

4 “(i) \$600,000, or

5 “(ii) the cost of qualified section 179
6 Gulf Opportunity Zone property placed in
7 service during the taxable year.

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

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

23 “(4) RECAPTURE.—For purposes of this sub-
24 section, rules similar to the rules under section
25 179(d)(10) shall apply with respect to any qualified

1 section 179 Gulf Opportunity Zone property which
2 ceases to be qualified section 179 Gulf Opportunity
3 Zone property.

4 “(f) EXPENSING FOR CERTAIN DEMOLITION AND
5 CLEAN-UP COSTS.—

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

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

21 “(A) held by the taxpayer for use in a
22 trade or business or for the production of in-
23 come, or

24 “(B) property described in section
25 1221(a)(1) in the hands of the taxpayer.

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

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

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

17 “(2) except as provided in section 198(d)(2), by
18 treating petroleum products (as defined in section
19 4612(a)(3)) as a hazardous substance.

20 “(h) INCREASE IN REHABILITATION CREDIT.—In the
21 case of qualified rehabilitation expenditures (as defined in
22 section 47(c)) paid or incurred during the period begin-
23 ning on August 28, 2005, and ending on December 31,
24 2008, with respect to any qualified rehabilitated building
25 or certified historic structure (as defined in section 47(e))

1 located in the Gulf Opportunity Zone, subsection (a) of
2 section 47 (relating to rehabilitation credit) shall be ap-
3 plied—

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

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

8 “(i) SPECIAL RULES FOR SMALL TIMBER PRO-
9 DUCERS.—

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

17 “(A) the limitation which would (but for
18 this subsection) apply under such subpara-
19 graph, or

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

1 “(2) 5 YEAR NOL CARRYBACK OF CERTAIN TIM-
2 BER LOSSES.—For purposes of determining farming
3 loss under section 172(i), income and deductions
4 which are allocable to the specified portion of the
5 taxable year and which are attributable to qualified
6 timber property any portion of which is located in
7 the Gulf Opportunity Zone or in that portion of the
8 Rita GO Zone which is not part of the Gulf Oppor-
9 tunity Zone shall be treated as attributable to farm-
10 ing businesses.

11 “(3) RULES NOT APPLICABLE TO LARGE TIM-
12 BER PRODUCERS.—

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

17 “(B) NOL CARRYBACK.—Paragraph (2)
18 shall not apply with respect to any qualified
19 timber property unless—

20 “(i) such property was held by the
21 taxpayer—

22 “(I) on August 28, 2005, in the
23 case of qualified timber property any
24 portion of which is located in the Gulf
25 Opportunity Zone, or

1 “(II) on September 23, 2005, in
2 the case of qualified timber property
3 (other than property described in sub-
4 clause (I)) any portion of which is lo-
5 cated in that portion of the Rita GO
6 Zone which is not part of the Gulf
7 Opportunity Zone, and

8 “(ii) such taxpayer held not more
9 than 500 acres of qualified timber property
10 on such date.

11 “(C) AGGREGATION RULE.—For purposes
12 of subparagraphs (A) and (B), related persons
13 shall be treated as one taxpayer. For purposes
14 of the preceding sentence, the following shall be
15 treated as related persons—

16 “(i) 2 or more persons if the relation-
17 ship between such persons would result in
18 a disallowance of losses under section 267
19 or 707(b), and

20 “(ii) 2 or more persons which are
21 members of the same controlled group
22 (within the meaning of section
23 194(b)(2)(A)) of corporations.

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

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

6 “(A) SPECIFIED PORTION.—The term
7 ‘specified portion’ means—

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

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

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

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

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

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

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

13 “(B) such loss is by reason of Hurricane
14 Katrina, and

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

17 “(3) REDUCTION FOR GAINS FROM INVOLUN-
18 TARY CONVERSION.—The amount of Gulf Oppor-
19 tunity Zone public utility casualty loss which would
20 (but for this paragraph) be taken into account under
21 paragraph (1) for any taxable year shall be reduced
22 by the amount of any gain recognized by the tax-
23 payer for such year from the involuntary conversion
24 by reason of Hurricane Katrina of public utility

1 property (as so defined) located in the Gulf Oppor-
2 tunity Zone.

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

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

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

17 “(1) IN GENERAL.—For purposes of section
18 172, the GO Zone cost recovery loss for any taxable
19 year ending on or after August 28, 2005, and before
20 January 1, 2009, shall be a net operating loss
21 carryback to each of the 5 taxable years preceding
22 the taxable year of the loss.

23 “(2) GO ZONE COST RECOVERY LOSS.—For
24 purposes of this subsection, the term ‘GO Zone cost

1 recovery loss’ means, with respect to any taxable
2 year, the lesser of—

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

10 “(B) the excess of—

11 “(i) the net operating loss for such
12 taxable year, over

13 “(ii) the specified liability loss for
14 such taxable year to which a 10-year
15 carryback applies under section
16 172(b)(1)(C).

17 “(3) COORDINATION WITH ORDERING RULE.—

18 For purposes of applying section 172(b)(2), a GO
19 Zone cost recovery loss to which paragraph (1) ap-
20 plies shall be treated in a manner similar to the
21 manner in which a specified liability loss is treated.

22 “(4) ELECTION OUT.—A rule similar to the
23 rule of section 172(j) shall apply for purposes of this
24 subsection.

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

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

11 “(2) AMOUNT OF CREDIT.—

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

17 “(B) ANNUAL CREDIT.—The annual credit
18 determined with respect to any Gulf tax credit
19 bond is the product of—

20 “(i) the credit rate determined by the
21 Secretary under subparagraph (C) for the
22 day on which such bond was sold, multi-
23 plied by

24 “(ii) the outstanding face amount of
25 the bond.

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

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

19 “(E) SPECIAL RULE FOR ISSUANCE AND
20 REDEMPTION.—In the case of a bond which is
21 issued during the 3-month period ending on a
22 credit allowance date, the amount of the credit
23 determined under this paragraph with respect
24 to such credit allowance date shall be a ratable
25 portion of the credit otherwise determined

1 based on the portion of the 3-month period dur-
2 ing which the bond is outstanding. A similar
3 rule shall apply when the bond is redeemed or
4 matures.

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

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

11 “(B) the sum of the credits allowable
12 under part IV of subchapter A (other than sub-
13 part C and this subsection).

14 “(4) GULF TAX CREDIT BOND.—For purposes
15 of this subsection—

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

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

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

23 “(I) pay principal, interest, or
24 premiums on qualified bonds issued

1 by such State or any political subdivi-
2 sion of such State, or

3 “(II) make a loan to any political
4 subdivision of such State to pay prin-
5 cipal, interest, or premiums on quali-
6 fied bonds issued by such political
7 subdivision,

8 “(iii) the Governor of such State des-
9 ignates such bond for purposes of this sub-
10 section,

11 “(iv) the bond is a general obligation
12 of such State and is in registered form
13 (within the meaning of section 149(a)),

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

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

18 “(B) STATE MATCHING REQUIREMENT.—A
19 bond shall not be treated as a Gulf tax credit
20 bond unless—

21 “(i) the issuer of such bond pledges as
22 of the date of the issuance of the issue an
23 amount equal to the face amount of such
24 bond to be used for payments described in
25 subclause (I) of subparagraph (A)(ii), or

1 loans described in subclause (II) of such
2 subparagraph, as the case may be, with re-
3 spect to the issue of which such bond is a
4 part, and

5 “(ii) any such payment or loan is
6 made in equal amounts from the proceeds
7 of such issue and from the amount pledged
8 under clause (i).

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

17 “(C) AGGREGATE LIMIT ON BOND DES-
18 IGNATIONS.—The maximum aggregate face
19 amount of bonds which may be designated
20 under this subsection by the Governor of a
21 State shall not exceed—

22 “(i) \$200,000,000 in the case of the
23 State of Louisiana,

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

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

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

11 “(5) QUALIFIED BOND.—For purposes of this
12 subsection—

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

17 “(B) EXCEPTION FOR PRIVATE ACTIVITY
18 BONDS.—Such term shall not include any pri-
19 vate activity bond.

20 “(C) EXCEPTION FOR ADVANCE
21 REFUNDINGS.—Such term shall not include any
22 bond with respect to which there is any out-
23 standing refunded or refunding bond during the
24 period in which a Gulf tax credit bond is out-
25 standing with respect to such bond.

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

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

9 “(A) BOND.—The term ‘bond’ includes
10 any obligation.

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

13 “(i) IN GENERAL.—Under regulations
14 prescribed by the Secretary, in the case of
15 a partnership, trust, S corporation, or
16 other pass-thru entity, rules similar to the
17 rules of section 41(g) shall apply with re-
18 spect to the credit allowable under para-
19 graph (1).

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

24 “(C) BONDS HELD BY REGULATED IN-
25 VESTMENT COMPANIES.—If any Gulf tax credit

1 bond is held by a regulated investment com-
2 pany, the credit determined under paragraph
3 (1) shall be allowed to shareholders of such
4 company under procedures prescribed by the
5 Secretary.

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

9 “(E) CREDIT TREATED AS NONREFUND-
10 ABLE BONDHOLDER CREDIT.—For purposes of
11 this title, the credit allowed by this subsection
12 shall be treated as a credit allowable under sub-
13 part H of part IV of subchapter A of this chap-
14 ter.

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

17 “(1) TAX-EXEMPT BOND FINANCING.—Sub-
18 section (a) shall not apply to any bond issued as
19 part of an issue if any portion of the proceeds of
20 such issue is to be used to provide any property de-
21 scribed in section 144(c)(6)(B).

22 “(2) ADVANCE REFUNDING BONDS.—Sub-
23 section (b) shall not apply to any advance refunding
24 of a bond which is issued as part of an issue if any
25 portion of the proceeds of such issue (or any prior

1 issue) was (or is to be) used to provide any property
2 described in section 144(c)(6)(B).

3 “(3) LOW-INCOME HOUSING CREDIT.—For pur-
4 poses of subsection (c), property shall not be treated
5 as located or placed in service in the Gulf Oppor-
6 tunity Zone if such property is described in section
7 144(c)(6)(B).

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

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

19 “(6) TIMBER PRODUCERS.—For purposes of
20 subsection (i), qualified timber property shall not in-
21 clude any property described in section
22 144(c)(6)(B).

23 “(7) PUBLIC UTILITY CASUALTY LOSSES.—For
24 purposes of subsection (j), public utility property

1 shall not include any property described in section
2 144(c)(6)(B).

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

8 (b) CONFORMING AMENDMENTS.—

9 (1) Paragraph (2) of section 54(c) is amended
10 by inserting “, section 1400N(l),” after “subpart
11 C”.

12 (2) Subparagraph (A) of section 6049(d)(8) is
13 amended—

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

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

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

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

“PART I—TAX BENEFITS FOR NEW YORK LIBERTY ZONE

“PART II—TAX BENEFITS FOR GULF OPPORTUNITY ZONE

1 **“PART I—TAX BENEFITS FOR NEW YORK LIBERTY**
 2 **ZONE**

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

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

“SUBCHAPTER Y—SHORT-TERM REGIONAL BENEFITS”.

6 (c) EFFECTIVE DATE.—

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

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

15 **SEC. 102. FEDERAL GUARANTEE OF CERTAIN STATE**
 16 **BONDS.**

17 (a) STATE BONDS DESCRIBED.—

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

20 (A) the issue of which such bond is part is
 21 an issue of the State of Alabama, Louisiana, or
 22 Mississippi,

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

3 (C) the proceeds of the bond are distrib-
4 uted to one or more political subdivisions of the
5 issuing State,

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

8 (E) the bond is issued after the date of the
9 enactment of this Act and before January 1,
10 2008, and

11 (F) the bond is designated by the Sec-
12 retary of the Treasury for purposes of this sec-
13 tion.

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

20 (b) APPLICATION.—

21 (1) IN GENERAL.—The Secretary of the Treas-
22 ury may only designate a bond for purposes of this
23 section pursuant to an application submitted to the
24 Secretary by the State which demonstrates the need

1 for such designation on the basis of the criteria
2 specified in paragraph (2).

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

5 (A) the loss of revenue base of one or more
6 political subdivisions of the State by reason of
7 Hurricane Katrina,

8 (B) the need for resources to fund infra-
9 structure within, or operating expenses of, any
10 such political subdivision,

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

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

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

21 (c) FEDERAL GUARANTEE.—A bond described in
22 subsection (a) is guaranteed by the United States in an
23 amount equal to 50 percent of the outstanding principal
24 with respect to such bond.

1 (d) AGGREGATE LIMIT ON BOND DESIGNATIONS.—
 2 The maximum aggregate face amount of bonds which may
 3 be issued under this section shall not exceed
 4 \$3,000,000,000.

5 **TITLE II—TAX BENEFITS RE-**
 6 **LATED TO HURRICANES RITA**
 7 **AND WILMA**

8 **SEC. 201. EXTENSION OF CERTAIN EMERGENCY TAX RE-**
 9 **LIEF FOR HURRICANE KATRINA TO HURRI-**
 10 **CANES RITA AND WILMA.**

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

14 **“SEC. 14000. SPECIAL RULES FOR USE OF RETIREMENT**
 15 **FUNDS.**

16 **“(a) TAX-FAVORED WITHDRAWALS FROM RETIRE-**
 17 **MENT PLANS.—**

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

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

21 **“(A) IN GENERAL.—**For purposes of this
 22 subsection, the aggregate amount of distribu-
 23 tions received by an individual which may be
 24 treated as qualified hurricane distributions for

1 any taxable year shall not exceed the excess (if
2 any) of—

3 “(i) \$100,000, over

4 “(ii) the aggregate amounts treated as
5 qualified hurricane distributions received
6 by such individual for all prior taxable
7 years.

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

19
20 “(C) CONTROLLED GROUP.—For purposes
21 of subparagraph (B), the term ‘controlled
22 group’ means any group treated as a single em-
23 ployer under subsection (b), (c), (m), or (o) of
24 section 414.

25 “(3) AMOUNT DISTRIBUTED MAY BE REPAYED.—

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

13 “(B) TREATMENT OF REPAYMENTS OF
14 DISTRIBUTIONS FROM ELIGIBLE RETIREMENT
15 PLANS OTHER THAN IRAS.—For purposes of
16 this title, if a contribution is made pursuant to
17 subparagraph (A) with respect to a qualified
18 hurricane distribution from an eligible retire-
19 ment plan other than an individual retirement
20 plan, then the taxpayer shall, to the extent of
21 the amount of the contribution, be treated as
22 having received the qualified hurricane distribu-
23 tion in an eligible rollover distribution (as de-
24 fined in section 402(e)(4)) and as having trans-
25 ferred the amount to the eligible retirement

1 plan in a direct trustee to trustee transfer with-
2 in 60 days of the distribution.

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

16 “(4) DEFINITIONS.—For purposes of this sub-
17 section—

18 “(A) QUALIFIED HURRICANE DISTRIBUTION.—Except as provided in paragraph (2),
19 the term ‘qualified hurricane distribution’
20 means—
21

22 “(i) any distribution from an eligible
23 retirement plan made on or after August
24 25, 2005, and before January 1, 2007, to
25 an individual whose principal place of

1 abode on August 28, 2005, is located in
2 the Hurricane Katrina disaster area and
3 who has sustained an economic loss by rea-
4 son of Hurricane Katrina,

5 “(ii) any distribution (which is not de-
6 scribed in clause (i)) from an eligible re-
7 tirement plan made on or after September
8 23, 2005, and before January 1, 2007, to
9 an individual whose principal place of
10 abode on September 23, 2005, is located in
11 the Hurricane Rita disaster area and who
12 has sustained an economic loss by reason
13 of Hurricane Rita, and

14 “(iii) any distribution (which is not
15 described in clause (i) or (ii)) from an eli-
16 gible retirement plan made on or after Oc-
17 tober 23, 2005, and before January 1,
18 2007, to an individual whose principal
19 place of abode on October 23, 2005, is lo-
20 cated in the Hurricane Wilma disaster
21 area and who has sustained an economic
22 loss by reason of Hurricane Wilma.

23 “(B) ELIGIBLE RETIREMENT PLAN.—The
24 term ‘eligible retirement plan’ shall have the

1 meaning given such term by section
2 402(c)(8)(B).

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

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

12 “(B) SPECIAL RULE.—For purposes of
13 subparagraph (A), rules similar to the rules of
14 subparagraph (E) of section 408A(d)(3) shall
15 apply.

16 “(6) SPECIAL RULES.—

17 “(A) EXEMPTION OF DISTRIBUTIONS FROM
18 TRUSTEE TO TRUSTEE TRANSFER AND WITH-
19 HOLDING RULES.—For purposes of sections
20 401(a)(31), 402(f), and 3405, qualified hurri-
21 cane distributions shall not be treated as eligi-
22 ble rollover distributions.

23 “(B) QUALIFIED HURRICANE DISTRIBU-
24 TIONS TREATED AS MEETING PLAN DISTRIBU-
25 TION REQUIREMENTS.—For purposes this title,

1 a qualified hurricane distribution shall be treat-
2 ed as meeting the requirements of sections
3 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11),
4 and 457(d)(1)(A).

5 “(b) RECONTRIBUTIONS OF WITHDRAWALS FOR
6 HOME PURCHASES.—

7 “(1) RECONTRIBUTIONS.—

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

19 “(B) TREATMENT OF REPAYMENTS.—
20 Rules similar to the rules of subparagraphs (B)
21 and (C) of subsection (a)(3) shall apply for pur-
22 poses of this subsection.

23 “(2) QUALIFIED DISTRIBUTION.—For purposes
24 of this subsection—

1 “(A) IN GENERAL.—The term ‘qualified
2 distribution’ means any qualified Katrina dis-
3 tribution, any qualified Rita distribution, and
4 any qualified Wilma distribution.

5 “(B) QUALIFIED KATRINA DISTRIBUTION.—The term ‘qualified Katrina distribu-
6 tion’ means any distribution—
7

8 “(i) described in section
9 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but
10 only to the extent such distribution relates
11 to financial hardship), 403(b)(11)(B), or
12 72(t)(2)(F),

13 “(ii) received after February 28,
14 2005, and before August 29, 2005, and

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

20 “(C) QUALIFIED RITA DISTRIBUTION.—
21 The term ‘qualified Rita distribution’ means
22 any distribution (other than a qualified Katrina
23 distribution)—

24 “(i) described in section
25 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but

1 only to the extent such distribution relates
2 to financial hardship), 403(b)(11)(B), or
3 72(t)(2)(F),

4 “(ii) received after February 28,
5 2005, and before September 24, 2005, and

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

11 “(D) QUALIFIED WILMA DISTRIBUTION.—

12 The term ‘qualified Wilma distribution’ means
13 any distribution (other than a qualified Katrina
14 distribution or a qualified Rita distribution)—

15 “(i) described in section
16 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but
17 only to the extent such distribution relates
18 to financial hardship), 403(b)(11)(B), or
19 72(t)(2)(F),

20 “(ii) received after February 28,
21 2005, and before October 24, 2005, and

22 “(iii) which was to be used to pur-
23 chase or construct a principal residence in
24 the Hurricane Wilma disaster area, but

1 which was not so purchased or constructed
2 on account of Hurricane Wilma.

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

5 “(A) with respect to any qualified Katrina
6 distribution, the period beginning on August
7 25, 2005, and ending on February 28, 2006,

8 “(B) with respect to any qualified Rita dis-
9 tribution, the period beginning on September
10 23, 2005, and ending on February 28, 2006,
11 and

12 “(C) with respect to any qualified Wilma
13 distribution, the period beginning on October
14 23, 2005, and ending on February 28, 2006.

15 “(c) LOANS FROM QUALIFIED PLANS.—

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

21 “(A) clause (i) of section 72(p)(2)(A) shall
22 be applied by substituting ‘\$100,000’ for
23 ‘\$50,000’, and

24 “(B) clause (ii) of such section shall be ap-
25 plied by substituting ‘the present value of the

1 nonforfeitable accrued benefit of the employee
2 under the plan’ for ‘one-half of the present
3 value of the nonforfeitable accrued benefit of
4 the employee under the plan’.

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

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

15 “(B) any subsequent repayments with re-
16 spect to any such loan shall be appropriately
17 adjusted to reflect the delay in the due date
18 under paragraph (1) and any interest accruing
19 during such delay, and

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

24 “(3) QUALIFIED INDIVIDUAL.—For purposes of
25 this subsection—

1 “(A) IN GENERAL.—The term ‘qualified
2 individual’ means any qualified Hurricane
3 Katrina individual, any qualified Hurricane
4 Rita individual, and any qualified Hurricane
5 Wilma individual.

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

13 “(C) QUALIFIED HURRICANE RITA INDI-
14 VIDUAL.—The term ‘qualified Hurricane Rita
15 individual’ means an individual (other than a
16 qualified Hurricane Katrina individual) whose
17 principal place of abode on September 23,
18 2005, is located in the Hurricane Rita disaster
19 area and who has sustained an economic loss by
20 reason of Hurricane Rita.

21 “(D) QUALIFIED HURRICANE WILMA INDI-
22 VIDUAL.—The term ‘qualified Hurricane Wilma
23 individual’ means an individual (other than a
24 qualified Hurricane Katrina individual or a
25 qualified Hurricane Rita individual) whose prin-

1 ciplal place of abode on October 23, 2005, is lo-
2 cated in the Hurricane Wilma disaster area and
3 who has sustained an economic loss by reason
4 of Hurricane Wilma.

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

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

9 “(i) the applicable period is the period
10 beginning on September 24, 2005, and
11 ending on December 31, 2006, and

12 “(ii) the qualified beginning date is
13 August 25, 2005.

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

16 “(i) the applicable period is the period
17 beginning on the date of the enactment of
18 this subsection and ending on December
19 31, 2006, and

20 “(ii) the qualified beginning date is
21 September 23, 2005.

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

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

1 this subparagraph and ending on Decem-
2 ber 31, 2006, and

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

5 “(d) PROVISIONS RELATING TO PLAN AMEND-
6 MENTS.—

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

12 “(2) AMENDMENTS TO WHICH SUBSECTION AP-
13 PLIES.—

14 “(A) IN GENERAL.—This subsection shall
15 apply to any amendment to any plan or annuity
16 contract which is made—

17 “(i) pursuant to any provision of this
18 section, or pursuant to any regulation
19 issued by the Secretary or the Secretary of
20 Labor under any provision of this section,
21 and

22 “(ii) on or before the last day of the
23 first plan year beginning on or after Janu-
24 ary 1, 2007, or such later date as the Sec-
25 retary may prescribe.

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

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

7 “(i) during the period—

8 “(I) beginning on the date that
9 this section or the regulation de-
10 scribed in subparagraph (A)(i) takes
11 effect (or in the case of a plan or con-
12 tract amendment not required by this
13 section or such regulation, the effec-
14 tive date specified by the plan), and

15 “(II) ending on the date de-
16 scribed in subparagraph (A)(ii) (or, if
17 earlier, the date the plan or contract
18 amendment is adopted),

19 the plan or contract is operated as if such
20 plan or contract amendment were in effect;
21 and

22 “(ii) such plan or contract amendment
23 applies retroactively for such period.

1 **“SEC. 1400P. EMPLOYMENT RELIEF.**

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

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

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

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

17 “(i) which conducted an active trade
18 or business on August 28, 2005, in the GO
19 Zone, and

20 “(ii) with respect to whom the trade
21 or business described in clause (i) is inop-
22 erable on any day after August 28, 2005,
23 and before January 1, 2006, as a result of
24 damage sustained by reason of Hurricane
25 Katrina.

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 August 28, 2005, with such
5 eligible employer was in the 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 August 28, 2005, and before Jan-
12 uary 1, 2006, which occurs during the period—

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

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

23 Such term shall include wages paid without re-
24 gard to whether the employee performs no serv-
25 ices, performs services at a different place of

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

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

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

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

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

22 “(1) IN GENERAL.—For purposes of section 38,
23 in the case of an eligible employer, the Hurricane
24 Rita employee retention credit for any taxable year
25 is an amount equal to 40 percent of the qualified

1 wages with respect to each eligible employee of such
2 employer for such taxable year. For purposes of the
3 preceding sentence, the amount of qualified wages
4 which may be taken into account with respect to any
5 individual shall not exceed \$6,000.

6 “(2) DEFINITIONS.—For purposes of this sub-
7 section—

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

10 “(i) which conducted an active trade
11 or business on September 23, 2005, in the
12 Rita GO Zone, and

13 “(ii) with respect to whom the trade
14 or business described in clause (i) is inop-
15 erable on any day after September 23,
16 2005, and before January 1, 2006, as a re-
17 sult of damage sustained by reason of
18 Hurricane Rita.

19 “(B) ELIGIBLE EMPLOYEE.—The term ‘el-
20 igible employee’ means with respect to an eligi-
21 ble employer an employee whose principal place
22 of employment on September 23, 2005, with
23 such eligible employer was in the Rita GO
24 Zone.

1 “(C) QUALIFIED WAGES.—The term
2 ‘qualified wages’ means wages (as defined in
3 section 51(c)(1), but without regard to section
4 3306(b)(2)(B)) paid or incurred by an eligible
5 employer with respect to an eligible employee on
6 any day after September 23, 2005, and before
7 January 1, 2006, which occurs during the pe-
8 riod—

9 “(i) beginning on the date on which
10 the trade or business described in subpara-
11 graph (A) first became inoperable at the
12 principal place of employment of the em-
13 ployee immediately before Hurricane Rita,
14 and

15 “(ii) ending on the date on which such
16 trade or business has resumed significant
17 operations at such principal place of em-
18 ployment.

19 Such term shall include wages paid without re-
20 gard to whether the employee performs no serv-
21 ices, performs services at a different place of
22 employment than such principal place of em-
23 ployment, or performs services at such principal
24 place of employment before significant oper-
25 ations have resumed.

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

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

10 “(5) EMPLOYEE NOT TAKEN INTO ACCOUNT
11 MORE THAN ONCE.—An employee shall not be treat-
12 ed as an eligible employee for purposes of this sub-
13 section for any period with respect to any employer
14 if such employer is allowed a credit under subsection
15 (a) or section 51 with respect to such employee for
16 such period.

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

19 “(1) IN GENERAL.—For purposes of section 38,
20 in the case of an eligible employer, the Hurricane
21 Wilma employee retention credit for any taxable year
22 is an amount equal to 40 percent of the qualified
23 wages with respect to each eligible employee of such
24 employer for such taxable year. For purposes of the
25 preceding sentence, the amount of qualified wages

1 which may be taken into account with respect to any
2 individual shall not exceed \$6,000.

3 “(2) DEFINITIONS.—For purposes of this sub-
4 section—

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

7 “(i) which conducted an active trade
8 or business on October 23, 2005, in the
9 Wilma GO Zone, and

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

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

21 “(C) QUALIFIED WAGES.—The term
22 ‘qualified wages’ means wages (as defined in
23 section 51(c)(1), but without regard to section
24 3306(b)(2)(B)) paid or incurred by an eligible
25 employer with respect to an eligible employee on

1 any day after October 23, 2005, and before
2 January 1, 2006, which occurs during the pe-
3 riod—

4 “(i) beginning on the date on which
5 the trade or business described in subpara-
6 graph (A) first became inoperable at the
7 principal place of employment of the em-
8 ployee immediately before Hurricane
9 Wilma, and

10 “(ii) ending on the date on which such
11 trade or business has resumed significant
12 operations at such principal place of em-
13 ployment.

14 Such term shall include wages paid without re-
15 gard to whether the employee performs no serv-
16 ices, performs services at a different place of
17 employment than such principal place of em-
18 ployment, or performs services at such principal
19 place of employment before significant oper-
20 ations have resumed.

21 “(3) CREDIT NOT ALLOWED FOR LARGE BUSI-
22 NESSES.—The term ‘eligible employer’ shall not in-
23 clude any trade or business for any taxable year if
24 such trade or business employed an average of more

1 than 200 employees on business days during the tax-
2 able year.

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

6 “(5) EMPLOYEE NOT TAKEN INTO ACCOUNT
7 MORE THAN ONCE.—An employee shall not be treat-
8 ed as an eligible employee for purposes of this sub-
9 section for any period with respect to any employer
10 if such employer is allowed a credit under subsection
11 (a) or (b) or section 51 with respect to such em-
12 ployee for such period.

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

14 “(a) TEMPORARY SUSPENSION OF LIMITATIONS ON
15 CHARITABLE CONTRIBUTIONS.—

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

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

24 “(A) INDIVIDUALS.—In the case of an in-
25 dividual—

1 “(i) LIMITATION.—Any qualified con-
2 tribution shall be allowed only to the ex-
3 tent that the aggregate of such contribu-
4 tions does not exceed the excess of the tax-
5 payer’s contribution base (as defined in
6 subparagraph (F) of section 170(b)(1))
7 over the amount of all other charitable
8 contributions allowed under section
9 170(b)(1).

10 “(ii) CARRYOVER.—If the aggregate
11 amount of qualified contributions made in
12 the contribution year (within the meaning
13 of section 170(d)(1)) exceeds the limitation
14 of clause (i), such excess shall be added to
15 the excess described in the portion of sub-
16 paragraph (A) of such section which pre-
17 cedes clause (i) thereof for purposes of ap-
18 plying such section.

19 “(B) CORPORATIONS.—In the case of a
20 corporation—

21 “(i) LIMITATION.—Any qualified con-
22 tribution shall be allowed only to the ex-
23 tent that the aggregate of such contribu-
24 tions does not exceed the excess of the tax-
25 payer’s taxable income (as determined

1 under paragraph (2) of section 170(b))
2 over the amount of all other charitable
3 contributions allowed under such para-
4 graph.

5 “(ii) CARRYOVER.—Rules similar to
6 the rules of subparagraph (A)(ii) shall
7 apply for purposes of this subparagraph.

8 “(3) EXCEPTION TO OVERALL LIMITATION ON
9 ITEMIZED DEDUCTIONS.—So much of any deduction
10 allowed under section 170 as does not exceed the
11 qualified contributions paid during the taxable year
12 shall not be treated as an itemized deduction for
13 purposes of section 68.

14 “(4) QUALIFIED CONTRIBUTIONS.—

15 “(A) IN GENERAL.—For purposes of this
16 subsection, the term ‘qualified contribution’
17 means any charitable contribution (as defined
18 in section 170(c)) if—

19 “(i) such contribution is paid during
20 the period beginning on August 28, 2005,
21 and ending on December 31, 2005, in cash
22 to an organization described in section
23 170(b)(1)(A) (other than an organization
24 described in section 509(a)(3)),

1 “(ii) in the case of a contribution paid
2 by a corporation, such contribution is for
3 relief efforts related to Hurricane Katrina,
4 Hurricane Rita, or Hurricane Wilma, and

5 “(iii) the taxpayer has elected the ap-
6 plication of this subsection with respect to
7 such contribution.

8 “(B) EXCEPTION.—Such term shall not in-
9 clude a contribution if the contribution is for
10 establishment of a new, or maintenance in an
11 existing, segregated fund or account with re-
12 spect to which the donor (or any person ap-
13 pointed or designated by such donor) has, or
14 reasonably expects to have, advisory privileges
15 with respect to distributions or investments by
16 reason of the donor’s status as a donor.

17 “(C) APPLICATION OF ELECTION TO PART-
18 NERSHIPS AND S CORPORATIONS.—In the case
19 of a partnership or S corporation, the election
20 under subparagraph (A)(iii) shall be made sepa-
21 rately by each partner or shareholder.

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

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

4 “(2) which arise in the Hurricane Rita disaster
5 area on or after September 23, 2005, and which are
6 attributable to Hurricane Rita, or

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

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

13 “(c) REQUIRED EXERCISE OF AUTHORITY UNDER
14 SECTION 7508A.—In the case of any taxpayer determined
15 by the Secretary to be affected by the Presidentially de-
16 clared disaster relating to Hurricane Katrina, Hurricane
17 Rita, or Hurricane Wilma, any relief provided by the Sec-
18 retary under section 7508A shall be for a period ending
19 not earlier than February 28, 2006.

20 “(d) SPECIAL RULE FOR DETERMINING EARNED IN-
21 COME.—

22 “(1) IN GENERAL.—In the case of a qualified
23 individual, if the earned income of the taxpayer for
24 the taxable year which includes the applicable date
25 is less than the earned income of the taxpayer for

1 the preceding taxable year, the credits allowed under
2 sections 24(d) and 32 may, at the election of the
3 taxpayer, be determined by substituting—

4 “(A) such earned income for the preceding
5 taxable year, for

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

8 “(2) QUALIFIED INDIVIDUAL.—For purposes of
9 this subsection—

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

15 “(B) QUALIFIED HURRICANE KATRINA IN-
16 DIVIDUAL.—The term ‘qualified Hurricane
17 Katrina individual’ means any individual whose
18 principal place of abode on August 25, 2005,
19 was located—

20 “(i) in the GO Zone, or

21 “(ii) in the Hurricane Katrina dis-
22 aster area (but outside the GO Zone) and
23 such individual was displaced from such
24 principal place of abode by reason of Hur-
25 ricane Katrina.

1 “(C) QUALIFIED HURRICANE RITA INDI-
2 VIDUAL.—The term ‘qualified Hurricane Rita
3 individual’ means any individual (other than a
4 qualified Hurricane Katrina individual) whose
5 principal place of abode on September 23,
6 2005, was located—

7 “(i) in the Rita GO Zone, or

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

13 “(D) QUALIFIED HURRICANE WILMA INDI-
14 VIDUAL.—The term ‘qualified Hurricane Wilma
15 individual’ means any individual whose prin-
16 cipal place of abode on October 23, 2005, was
17 located—

18 “(i) in the Wilma GO Zone, or

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

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

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

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

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

7 “(4) EARNED INCOME.—For purposes of this
8 subsection, the term ‘earned income’ has the mean-
9 ing given such term under section 32(c).

10 “(5) SPECIAL RULES.—

11 “(A) APPLICATION TO JOINT RETURNS.—
12 For purposes of paragraph (1), in the case of
13 a joint return for a taxable year which includes
14 the applicable date—

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

17 “(ii) the earned income of the tax-
18 payer for the preceding taxable year shall
19 be the sum of the earned income of each
20 spouse for such preceding taxable year.

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

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

6 “(D) NO EFFECT ON DETERMINATION OF
7 GROSS INCOME, ETC.—Except as otherwise pro-
8 vided in this subsection, this title shall be ap-
9 plied without regard to any substitution under
10 paragraph (1).

11 “(e) SECRETARIAL AUTHORITY TO MAKE ADJUST-
12 MENTS REGARDING TAXPAYER AND DEPENDENCY STA-
13 TUS.—With respect to taxable years beginning in 2005 or
14 2006, the Secretary may make such adjustments in the
15 application of the internal revenue laws as may be nec-
16 essary to ensure that taxpayers do not lose any deduction
17 or credit or experience a change of filing status by reason
18 of temporary relocations by reason of Hurricane Katrina,
19 Hurricane Rita, or Hurricane Wilma. Any adjustments
20 made under the preceding sentence shall ensure that an
21 individual is not taken into account by more than one tax-
22 payer with respect to the same tax benefit.”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) Subsection (b) of section 38 is amended by
25 striking “and” at the end of paragraph (25), by

1 striking the period at the end of paragraph (26) and
2 inserting a comma, and by adding at the end the fol-
3 lowing new paragraphs:

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

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

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

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

“Sec. 14000. Special rules for use of retirement funds.

“Sec. 1400P. Employment relief.

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

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

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

19 (A) Title I.

20 (B) Sections 202, 301, 402, 403(b), 406,
21 and 407.

1 **TITLE III—OTHER PROVISIONS**

2 **SEC. 301. SECRETARIAL AUTHORITY TO EXTEND PERIOD**
3 **DURING WHICH TRAVELING EXPENSES ARE**
4 **TREATED AS INCURRED AWAY FROM HOME**
5 **IN CASE OF MAJOR DISASTER.**

6 (a) IN GENERAL.—Section 162 (relating to trade or
7 business expenses) is amended by redesignating subsection
8 (q) as subsection (r) and by inserting after subsection (p)
9 the following new subsection:

10 “(q) LIMITATION ON TRAVELING EXPENSES.—

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

15 “(2) AUTHORITY TO EXTEND IN CASE OF
16 MAJOR DISASTER.—In the case of a taxpayer who is
17 away from home in pursuit of a trade or business
18 by reason of a disaster which the President has de-
19 clared to be a major disaster under section 401 of
20 the Robert T. Stafford Disaster Relief and Emer-
21 gency Assistance Act, the Secretary may extend the
22 1-year period referred to in paragraph (1) for a pe-
23 riod not exceeding 1 additional year.

24 “(3) EXCEPTION FOR CERTAIN FEDERAL EM-
25 PLOYEES DESIGNATED BY THE ATTORNEY GEN-

1 ERAL.—Paragraph (1) shall not apply to any Fed-
2 eral employee during any period for which such em-
3 ployee is certified by the Attorney General (or the
4 designee thereof) as traveling on behalf of the
5 United States in temporary duty status to inves-
6 tigate or prosecute, or provide support services for
7 the investigation or prosecution of, a Federal
8 crime.”.

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

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

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

15 It is the sense of the Congress that the Secretary of
16 the Treasury, or the Secretary’s delegate, should designate
17 one or more series of bonds or certificates (or any portion
18 thereof) issued under section 3105 of title 31, United
19 States Code, as “Gulf Coast Recovery Bonds” in response
20 to Hurricanes Katrina, Rita, and Wilma.

Passed the House of Representatives December 7,
2005.

Attest:

KAREN L. HAAS,

Clerk.

Calendar No. 328

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.

DECEMBER 13, 2005

Read the second time and placed on the calendar