

109TH CONGRESS
1ST SESSION

H. RES. 454

Providing for the concurrence by the House with an amendment in the amendment of the Senate to H.R. 3768.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 21, 2005

Mr. McCRERY submitted the following resolution; which was considered and agreed to

RESOLUTION

Providing for the concurrence by the House with an amendment in the amendment of the Senate to H.R. 3768.

Resolved, That, upon the adoption of this resolution, the House shall be considered to have taken from the Speaker's table the bill H.R. 3768, with the Senate amendment thereto, and to have concurred in the Senate amendment to the bill with the following amendment:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the bill, insert the following:

1 **SECTION 1. SHORT TITLE, ETC.**

2 (a) **SHORT TITLE.**—This Act may be cited as the

3 “Katrina Emergency Tax Relief Act of 2005”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

- Sec. 1. Short title, etc.
 Sec. 2. Hurricane Katrina disaster area.

TITLE I—SPECIAL RULES FOR USE OF RETIREMENT FUNDS FOR
 RELIEF RELATING TO HURRICANE KATRINA

- Sec. 101. Tax-favored withdrawals from retirement plans for relief relating to Hurricane Katrina.
 Sec. 102. Recontributions of withdrawals for home purchases cancelled due to Hurricane Katrina.
 Sec. 103. Loans from qualified plans for relief relating to Hurricane Katrina.
 Sec. 104. Provisions relating to plan amendments.

TITLE II—EMPLOYMENT RELIEF

- Sec. 201. Work opportunity tax credit for Hurricane Katrina employees.
 Sec. 202. Employee retention credit for employers affected by Hurricane Katrina.

TITLE III—CHARITABLE GIVING INCENTIVES

- Sec. 301. Temporary suspension of limitations on charitable contributions.
 Sec. 302. Additional exemption for housing Hurricane Katrina displaced individuals.
 Sec. 303. Increase in standard mileage rate for charitable use of vehicles.
 Sec. 304. Mileage reimbursements to charitable volunteers excluded from gross income.
 Sec. 305. Charitable deduction for contributions of food inventory.
 Sec. 306. Charitable deduction for contributions of book inventories to public schools.

TITLE IV—ADDITIONAL TAX RELIEF PROVISIONS

- Sec. 401. Exclusions of certain cancellations of indebtedness by reason of Hurricane Katrina.
 Sec. 402. Suspension of certain limitations on personal casualty losses.
 Sec. 403. Required exercise of authority under section 7508A for tax relief relating to Hurricane Katrina.
 Sec. 404. Special rules for mortgage revenue bonds.
 Sec. 405. Extension of replacement period for nonrecognition of gain for property located in Hurricane Katrina disaster area.
 Sec. 406. Special rule for determining earned income.
 Sec. 407. Secretarial authority to make adjustments regarding taxpayer and dependency status.

TITLE V—EMERGENCY REQUIREMENT

- Sec. 501. Emergency requirement.

3 **SEC. 2. HURRICANE KATRINA DISASTER AREA.**

4 For purposes of this Act—

1 (1) HURRICANE KATRINA DISASTER AREA.—
 2 The term “Hurricane Katrina disaster area” means
 3 an area with respect to which a major disaster has
 4 been declared by the President before September 14,
 5 2005, under section 401 of the Robert T. Stafford
 6 Disaster Relief and Emergency Assistance Act by
 7 reason of Hurricane Katrina.

8 (2) CORE DISASTER AREA.—The term “core
 9 disaster area” means that portion of the Hurricane
 10 Katrina disaster area determined by the President to
 11 warrant individual or individual and public assist-
 12 ance from the Federal Government under such Act.

13 **TITLE I—SPECIAL RULES FOR**
 14 **USE OF RETIREMENT FUNDS**
 15 **FOR RELIEF RELATING TO**
 16 **HURRICANE KATRINA**

17 **SEC. 101. TAX-FAVORED WITHDRAWALS FROM RETIRE-**
 18 **MENT PLANS FOR RELIEF RELATING TO HUR-**
 19 **RICANE KATRINA.**

20 (a) IN GENERAL.—Section 72(t) of the Internal Rev-
 21 enue Code of 1986 shall not apply to any qualified Hurri-
 22 cane Katrina distribution.

23 (b) AGGREGATE DOLLAR LIMITATION.—

24 (1) IN GENERAL.—For purposes of this section,
 25 the aggregate amount of distributions received by an

1 individual which may be treated as qualified Hurri-
2 cane Katrina distributions for any taxable year shall
3 not exceed the excess (if any) of—

4 (A) \$100,000, over

5 (B) the aggregate amounts treated as
6 qualified Hurricane Katrina distributions re-
7 ceived by such individual for all prior taxable
8 years.

9 (2) TREATMENT OF PLAN DISTRIBUTIONS.—If
10 a distribution to an individual would (without regard
11 to paragraph (1)) be a qualified Hurricane Katrina
12 distribution, a plan shall not be treated as violating
13 any requirement of the Internal Revenue Code of
14 1986 merely because the plan treats such distribu-
15 tion as a qualified Hurricane Katrina distribution,
16 unless the aggregate amount of such distributions
17 from all plans maintained by the employer (and any
18 member of any controlled group which includes the
19 employer) to such individual exceeds \$100,000.

20 (3) CONTROLLED GROUP.—For purposes of
21 paragraph (2), the term “controlled group” means
22 any group treated as a single employer under sub-
23 section (b), (c), (m), or (o) of section 414 of such
24 Code.

25 (c) AMOUNT DISTRIBUTED MAY BE REPAID.—

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

13 (2) TREATMENT OF REPAYMENTS OF DISTRIBUTI-
14 TIONS FROM ELIGIBLE RETIREMENT PLANS OTHER
15 THAN IRAS.—For purposes of such Code, if a con-
16 tribution is made pursuant to paragraph (1) with re-
17 spect to a qualified Hurricane Katrina distribution
18 from an eligible retirement plan other than an indi-
19 vidual retirement plan, then the taxpayer shall, to
20 the extent of the amount of the contribution, be
21 treated as having received the qualified Hurricane
22 Katrina distribution in an eligible rollover distribu-
23 tion (as defined in section 402(c)(4) of such Code)
24 and as having transferred the amount to the eligible

1 retirement plan in a direct trustee to trustee trans-
2 fer within 60 days of the distribution.

3 (3) TREATMENT OF REPAYMENTS FOR DIS-
4 TRIBUTIONS FROM IRAS.—For purposes of such
5 Code, if a contribution is made pursuant to para-
6 graph (1) with respect to a qualified Hurricane
7 Katrina distribution from an individual retirement
8 plan (as defined by section 7701(a)(37) of such
9 Code), then, to the extent of the amount of the con-
10 tribution, the qualified Hurricane Katrina distribu-
11 tion shall be treated as a distribution described in
12 section 408(d)(3) of such Code and as having been
13 transferred to the eligible retirement plan in a direct
14 trustee to trustee transfer within 60 days of the dis-
15 tribution.

16 (d) DEFINITIONS.—For purposes of this section—

17 (1) QUALIFIED HURRICANE KATRINA DISTRIBU-
18 TION.—Except as provided in subsection (b), the
19 term “qualified Hurricane Katrina distribution”
20 means any distribution from an eligible retirement
21 plan made on or after August 25, 2005, and before
22 January 1, 2007, to an individual whose principal
23 place of abode on August 28, 2005, is located in the
24 Hurricane Katrina disaster area and who has sus-

1 tained an economic loss by reason of Hurricane
2 Katrina.

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

7 (e) INCOME INCLUSION SPREAD OVER 3 YEAR PE-
8 RIOD FOR QUALIFIED HURRICANE KATRINA DISTRIBUTU-
9 TIONS.—

10 (1) IN GENERAL.—In the case of any qualified
11 Hurricane Katrina distribution, unless the taxpayer
12 elects not to have this subsection apply for any tax-
13 able year, any amount required to be included in
14 gross income for such taxable year shall be so in-
15 cluded ratably over the 3-taxable year period begin-
16 ning with such taxable year.

17 (2) SPECIAL RULE.—For purposes of para-
18 graph (1), rules similar to the rules of subparagraph
19 (E) of section 408A(d)(3) of such Code shall apply.

20 (f) SPECIAL RULES.—

21 (1) 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 of such Code, qualified

1 Hurricane Katrina distributions shall not be treated
2 as eligible rollover distributions.

3 (2) QUALIFIED HURRICANE KATRINA DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION
4 REQUIREMENTS.—For purposes of such Code, a
5 qualified Hurricane Katrina distribution shall be
6 treated as meeting the requirements of sections
7 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11), and
8 457(d)(1)(A) of such Code.
9

10 **SEC. 102. RECONTRIBUTIONS OF WITHDRAWALS FOR HOME**
11 **PURCHASES CANCELLED DUE TO HURRI-**
12 **CANE KATRINA.**

13 (a) RECONTRIBUTIONS.—

14 (1) IN GENERAL.—Any individual who received
15 a qualified distribution may, during the period be-
16 ginning on August 25, 2005, and ending on Feb-
17 ruary 28, 2006, make one or more contributions in
18 an aggregate amount not to exceed the amount of
19 such qualified distribution to an eligible retirement
20 plan (as defined in section 402(c)(8)(B) of the Inter-
21 nal Revenue Code of 1986) of which such individual
22 is a beneficiary and to which a rollover contribution
23 of such distribution could be made under section
24 402(c), 403(a)(4), 403(b)(8), or 408(d)(3) of such
25 Code, as the case may be.

1 (2) TREATMENT OF REPAYMENTS.—Rules simi-
2 lar to the rules of paragraphs (2) and (3) of section
3 101(c) of this Act shall apply for purposes of this
4 section.

5 (b) QUALIFIED DISTRIBUTION DEFINED.—For pur-
6 poses of this section, the term “qualified distribution”
7 means any distribution—

8 (1) described in section 401(k)(2)(B)(i)(IV),
9 403(b)(7)(A)(ii) (but only to the extent such dis-
10 tribution relates to financial hardship),
11 403(b)(11)(B), or 72(t)(2)(F) of such Code,

12 (2) received after February 28, 2005, and be-
13 fore August 29, 2005, and

14 (3) which was to be used to purchase or con-
15 struct a principal residence in the Hurricane
16 Katrina disaster area, but which was not so pur-
17 chased or constructed on account of Hurricane
18 Katrina.

19 **SEC. 103. LOANS FROM QUALIFIED PLANS FOR RELIEF RE-**
20 **LATING TO HURRICANE KATRINA.**

21 (a) INCREASE IN LIMIT ON LOANS NOT TREATED AS
22 DISTRIBUTIONS.—In the case of any loan from a qualified
23 employer plan (as defined under section 72(p)(4) of the
24 Internal Revenue Code of 1986) to a qualified individual

1 made after the date of enactment of this Act and before
2 January 1, 2007—

3 (1) clause (i) of section 72(p)(2)(A) of such
4 Code shall be applied by substituting “\$100,000”
5 for “\$50,000”, and

6 (2) clause (ii) of such section shall be applied
7 by substituting “the present value of the nonforfeit-
8 able accrued benefit of the employee under the plan”
9 for “one-half of the present value of the nonforfeit-
10 able accrued benefit of the employee under the
11 plan”.

12 (b) DELAY OF REPAYMENT.—In the case of a quali-
13 fied individual with an outstanding loan on or after Au-
14 gust 25, 2005, from a qualified employer plan (as defined
15 in section 72(p)(4) of such Code)—

16 (1) if the due date pursuant to subparagraph
17 (B) or (C) of section 72(p)(2) of such Code for any
18 repayment with respect to such loan occurs during
19 the period beginning on August 25, 2005, and end-
20 ing on December 31, 2006, such due date shall be
21 delayed for 1 year,

22 (2) any subsequent repayments with respect to
23 any such loan shall be appropriately adjusted to re-
24 flect the delay in the due date under paragraph (1)
25 and any interest accruing during such delay, and

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

5 (c) QUALIFIED INDIVIDUAL.—For purposes of this
6 section, the term “qualified individual” means an indi-
7 vidual whose principal place of abode on August 28, 2005,
8 is located in the Hurricane Katrina disaster area and who
9 has sustained an economic loss by reason of Hurricane
10 Katrina.

11 **SEC. 104. PROVISIONS RELATING TO PLAN AMENDMENTS.**

12 (a) IN GENERAL.—If this section applies to any
13 amendment to any plan or annuity contract, such plan or
14 contract shall be treated as being operated in accordance
15 with the terms of the plan during the period described in
16 subsection (b)(2)(A).

17 (b) AMENDMENTS TO WHICH SECTION APPLIES.—

18 (1) IN GENERAL.—This section shall apply to
19 any amendment to any plan or annuity contract
20 which is made—

21 (A) pursuant to any amendment made by
22 this title, or pursuant to any regulation issued
23 by the Secretary of the Treasury or the Sec-
24 retary of Labor under this title, and

1 (B) on or before the last day of the first
2 plan year beginning on or after January 1,
3 2007, or such later date as the Secretary of the
4 Treasury may prescribe.

5 In the case of a governmental plan (as defined in
6 section 414(d) of the Internal Revenue Code of
7 1986), subparagraph (B) shall be applied by sub-
8 stituting the date which is 2 years after the date
9 otherwise applied under subparagraph (B).

10 (2) CONDITIONS.—This section shall not apply
11 to any amendment unless—

12 (A) during the period—

13 (i) beginning on the date the legisla-
14 tive or regulatory amendment described in
15 paragraph (1)(A) takes effect (or in the
16 case of a plan or contract amendment not
17 required by such legislative or regulatory
18 amendment, the effective date specified by
19 the plan), and

20 (ii) ending on the date described in
21 paragraph (1)(B) (or, if earlier, the date
22 the plan or contract amendment is adopt-
23 ed),

24 the plan or contract is operated as if such plan
25 or contract amendment were in effect; and

1 (B) such plan or contract amendment ap-
 2 plies retroactively for such period.

3 **TITLE II—EMPLOYMENT RELIEF**

4 **SEC. 201. WORK OPPORTUNITY TAX CREDIT FOR HURRI- 5 CANE KATRINA EMPLOYEES.**

6 (a) IN GENERAL.—For purposes of section 51 of the
 7 Internal Revenue Code of 1986, a Hurricane Katrina em-
 8 ployee shall be treated as a member of a targeted group.

9 (b) HURRICANE KATRINA EMPLOYEE.—For pur-
 10 poses of this section, the term “Hurricane Katrina em-
 11 ployee” means—

12 (1) any individual who on August 28, 2005,
 13 had a principal place of abode in the core disaster
 14 area and who is hired during the 2-year period be-
 15 ginning on such date for a position the principal
 16 place of employment of which is located in the core
 17 disaster area, and

18 (2) any individual who on such date had a prin-
 19 cipal place of abode in the core disaster area, who
 20 is displaced from such abode by reason of Hurricane
 21 Katrina, and who is hired during the period begin-
 22 ning on such date and ending on December 31,
 23 2005.

24 (c) REASONABLE IDENTIFICATION ACCEPTABLE.—In
 25 lieu of the certification requirement under subparagraph

1 (A) of section 51(d)(12) of such Code, an individual may
2 provide to the employer reasonable evidence that the indi-
3 vidual is a Hurricane Katrina employee, and subpara-
4 graph (B) of such section shall be applied as if such evi-
5 dence were a certification described in such subparagraph.

6 (d) SPECIAL RULES FOR DETERMINING CREDIT.—
7 For purposes of applying subpart F of part IV of sub-
8 chapter A of chapter 1 of such Code to wages paid or in-
9 curred to any Hurricane Katrina employee—

10 (1) section 51(c)(4) of such Code shall not
11 apply, and

12 (2) section 51(i)(2) of such Code shall not
13 apply with respect to the first hire of such employee
14 as a Hurricane Katrina employee, unless such em-
15 ployee was an employee of the employer on August
16 28, 2005.

17 **SEC. 202. EMPLOYEE RETENTION CREDIT FOR EMPLOYERS**
18 **AFFECTED BY HURRICANE KATRINA.**

19 (a) IN GENERAL.—In the case of an eligible em-
20 ployer, there shall be allowed as a credit against the tax
21 imposed by chapter 1 of the Internal Revenue Code of
22 1986 for the taxable year an amount equal to 40 percent
23 of the qualified wages with respect to each eligible em-
24 ployee of such employer for such taxable year. For pur-
25 poses of the preceding sentence, the amount of qualified

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

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

4 (1) ELIGIBLE EMPLOYER.—The term “eligible
5 employer” means any employer—

6 (A) which conducted an active trade or
7 business on August 28, 2005, in a core disaster
8 area, and

9 (B) with respect to whom the trade or
10 business described in subparagraph (A) is inop-
11 erable on any day after August 28, 2005, and
12 before January 1, 2006, as a result of damage
13 sustained by reason of Hurricane Katrina.

14 (2) ELIGIBLE EMPLOYEE.—The term “eligible
15 employee” means with respect to an eligible em-
16 ployer an employee whose principal place of employ-
17 ment on August 28, 2005, with such eligible em-
18 ployer was in a core disaster area.

19 (3) QUALIFIED WAGES.—The term “qualified
20 wages” means wages (as defined in section 51(c)(1)
21 of such Code, but without regard to section
22 3306(b)(2)(B) of such Code) paid or incurred by an
23 eligible employer with respect to an eligible employee
24 on any day after August 28, 2005, and before Janu-
25 ary 1, 2006, which occurs during the period—

1 (A) beginning on the date on which the
2 trade or business described in paragraph (1)
3 first became inoperable at the principal place of
4 employment of the employee immediately before
5 Hurricane Katrina, and

6 (B) ending on the date on which such
7 trade or business has resumed significant oper-
8 ations at such principal place of employment.

9 Such term shall include wages paid without regard
10 to whether the employee performs no services, per-
11 forms services at a different place of employment
12 than such principal place of employment, or per-
13 forms services at such principal place of employment
14 before significant operations have resumed.

15 (c) CREDIT NOT ALLOWED FOR LARGE BUSI-
16 NESSES.—The term “eligible employer” shall not include
17 any trade or business for any taxable year if such trade
18 or business employed an average of more than 200 em-
19 ployees on business days during the taxable year.

20 (d) CERTAIN RULES TO APPLY.—For purposes of
21 this section, rules similar to the rules of sections 51(i)(1),
22 52, and 280C(a) of such Code shall apply.

23 (e) EMPLOYEE NOT TAKEN INTO ACCOUNT MORE
24 THAN ONCE.—An employee shall not be treated as an eli-
25 gible employee for purposes of this section for any period

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

4 (f) CREDIT TO BE PART OF GENERAL BUSINESS
 5 CREDIT.—The credit allowed under this section shall be
 6 added to the current year business credit under section
 7 38(b) of such Code and shall be treated as a credit allowed
 8 under subpart D of part IV of subchapter A of chapter
 9 1 of such Code.

10 **TITLE III—CHARITABLE GIVING** 11 **INCENTIVES**

12 **SEC. 301. TEMPORARY SUSPENSION OF LIMITATIONS ON** 13 **CHARITABLE CONTRIBUTIONS.**

14 (a) IN GENERAL.—Except as otherwise provided in
 15 subsection (b), section 170(b) of the Internal Revenue
 16 Code of 1986 shall not apply to qualified contributions and
 17 such contributions shall not be taken into account for pur-
 18 poses of applying subsections (b) and (d) of section 170
 19 of such Code to other contributions.

20 (b) TREATMENT OF EXCESS CONTRIBUTIONS.—For
 21 purposes of section 170 of such Code—

22 (1) INDIVIDUALS.—In the case of an indi-
 23 vidual—

24 (A) LIMITATION.—Any qualified contribu-
 25 tion shall be allowed only to the extent that the

1 aggregate of such contributions does not exceed
2 the excess of the taxpayer's contribution base
3 (as defined in subparagraph (F) of section
4 170(b)(1) of such Code) over the amount of all
5 other charitable contributions allowed under
6 such section 170(b)(1).

7 (B) CARRYOVER.—If the aggregate
8 amount of qualified contributions made in the
9 contribution year (within the meaning of section
10 170(d)(1) of such Code) exceeds the limitation
11 of subparagraph (A), such excess shall be added
12 to the excess described in the portion of sub-
13 paragraph (A) of such section which precedes
14 clause (i) thereof for purposes of applying such
15 section.

16 (2) CORPORATIONS.—In the case of a corpora-
17 tion—

18 (A) LIMITATION.—Any qualified contribu-
19 tion shall be allowed only to the extent that the
20 aggregate of such contributions does not exceed
21 the excess of the taxpayer's taxable income (as
22 determined under paragraph (2) of section
23 170(b) of such Code) over the amount of all
24 other charitable contributions allowed under
25 such paragraph.

1 (B) CARRYOVER.—Rules similar to the
2 rules of paragraph (1)(B) shall apply for pur-
3 poses of this paragraph.

4 (c) EXCEPTION TO OVERALL LIMITATION ON
5 ITEMIZED DEDUCTIONS.—So much of any deduction al-
6 lowed under section 170 of such Code as does not exceed
7 the qualified contributions paid during the taxable year
8 shall not be treated as an itemized deduction for purposes
9 of section 68 of such Code.

10 (d) QUALIFIED CONTRIBUTIONS.—

11 (1) IN GENERAL.—For purposes of this section,
12 the term “qualified contribution” means any chari-
13 table contribution (as defined in section 170(c) of
14 such Code)—

15 (A) paid during the period beginning on
16 August 28, 2005, and ending on December 31,
17 2005, in cash to an organization described in
18 section 170(b)(1)(A) of such Code (other than
19 an organization described in section 509(a)(3)
20 of such Code),

21 (B) in the case of a contribution paid by
22 a corporation, such contribution is for relief ef-
23 forts related to Hurricane Katrina, and

24 (C) with respect to which the taxpayer has
25 elected the application of this section.

1 (2) EXCEPTION.—Such term shall not include a
2 contribution if the contribution is for establishment
3 of a new, or maintenance in an existing, segregated
4 fund or account with respect to which the donor (or
5 any person appointed or designated by such donor)
6 has, or reasonably expects to have, advisory privi-
7 leges with respect to distributions or investments by
8 reason of the donor’s status as a donor.

9 (3) APPLICATION OF ELECTION TO PARTNER-
10 SHIPS AND S CORPORATIONS.—In the case of a part-
11 nership or S corporation, the election under para-
12 graph (1)(C) shall be made separately by each part-
13 ner or shareholder.

14 **SEC. 302. ADDITIONAL EXEMPTION FOR HOUSING HURRI-**
15 **CANE KATRINA DISPLACED INDIVIDUALS.**

16 (a) IN GENERAL.—In the case of taxable years of a
17 natural person beginning in 2005 or 2006, for purposes
18 of the Internal Revenue Code of 1986, taxable income
19 shall be reduced by \$500 for each Hurricane Katrina dis-
20 placed individual of the taxpayer for the taxable year.

21 (b) LIMITATIONS.—

22 (1) DOLLAR LIMITATION.—The reduction under
23 subsection (a) shall not exceed \$2,000, reduced by
24 the amount of the reduction under this section for
25 all prior taxable years.

1 (2) INDIVIDUALS TAKEN INTO ACCOUNT ONLY
2 ONCE.—An individual shall not be taken into ac-
3 count under subsection (a) if such individual was
4 taken into account under such subsection by the tax-
5 payer for any prior taxable year.

6 (3) IDENTIFYING INFORMATION REQUIRED.—
7 An individual shall not be taken into account under
8 subsection (a) for a taxable year unless the taxpayer
9 identification number of such individual is included
10 on the return of the taxpayer for such taxable year.

11 (c) HURRICANE KATRINA DISPLACED INDIVIDUAL.—
12 For purposes of this section, the term “Hurricane Katrina
13 displaced individual” means, with respect to any taxpayer
14 for any taxable year, any natural person if—

15 (1) such person’s principal place of abode on
16 August 28, 2005, was in the Hurricane Katrina dis-
17 aster area,

18 (2)(A) in the case of such an abode located in
19 the core disaster area, such person is displaced from
20 such abode, or

21 (B) in the case of such an abode located outside
22 of the core disaster area, such person is displaced
23 from such abode, and

24 (i) such abode was damaged by Hurricane
25 Katrina, or

1 (ii) such person was evacuated from such
2 abode by reason of Hurricane Katrina, and

3 (3) such person is provided housing free of
4 charge by the taxpayer in the principal residence of
5 the taxpayer for a period of 60 consecutive days
6 which ends in such taxable year.

7 Such term shall not include the spouse or any dependent
8 of the taxpayer.

9 (d) COMPENSATION FOR HOUSING.—No deduction
10 shall be allowed under this section if the taxpayer receives
11 any rent or other amount (from any source) in connection
12 with the providing of such housing.

13 **SEC. 303. INCREASE IN STANDARD MILEAGE RATE FOR**
14 **CHARITABLE USE OF VEHICLES.**

15 Notwithstanding section 170(i) of the Internal Rev-
16 enue Code of 1986, for purposes of computing the deduc-
17 tion under section 170 of such Code for use of a vehicle
18 described in subsection (f)(12)(E)(i) of such section for
19 provision of relief related to Hurricane Katrina during the
20 period beginning on August 25, 2005, and ending on De-
21 cember 31, 2006, the standard mileage rate shall be 70
22 percent of the standard mileage rate in effect under sec-
23 tion 162(a) of such Code at the time of such use. Any
24 increase under this section shall be rounded to the next
25 highest cent.

1 **SEC. 304. MILEAGE REIMBURSEMENTS TO CHARITABLE**
2 **VOLUNTEERS EXCLUDED FROM GROSS IN-**
3 **COME.**

4 (a) IN GENERAL.—For purposes of the Internal Rev-
5 enue Code of 1986, gross income of an individual for tax-
6 able years ending on or after August 25, 2005, does not
7 include amounts received, from an organization described
8 in section 170(c) of such Code, as reimbursement of oper-
9 ating expenses with respect to use of a passenger auto-
10 mobile for the benefit of such organization in connection
11 with providing relief relating to Hurricane Katrina during
12 the period beginning on August 25, 2005, and ending on
13 December 31, 2006. The preceding sentence shall apply
14 only to the extent that the expenses which are reimbursed
15 would be deductible under chapter 1 of such Code if sec-
16 tion 274(d) of such Code were applied—

17 (1) by using the standard business mileage rate
18 in effect under section 162(a) at the time of such
19 use, and

20 (2) as if the individual were an employee of an
21 organization not described in section 170(c) of such
22 Code.

23 (b) APPLICATION TO VOLUNTEER SERVICES ONLY.—
24 Subsection (a) shall not apply with respect to any expenses
25 relating to the performance of services for compensation.

1 (c) NO DOUBLE BENEFIT.—No deduction or credit
 2 shall be allowed under any other provision of such Code
 3 with respect to the expenses excludable from gross income
 4 under subsection (a).

5 **SEC. 305. CHARITABLE DEDUCTION FOR CONTRIBUTIONS**
 6 **OF FOOD INVENTORY.**

7 (a) IN GENERAL.—Paragraph (3) of section 170(e)
 8 of the Internal Revenue Code of 1986 (relating to special
 9 rule for certain contributions of inventory and other prop-
 10 erty) is amended by redesignating subparagraph (C) as
 11 subparagraph (D) and by inserting after subparagraph
 12 (B) the following new subparagraph:

13 “(C) SPECIAL RULE FOR CONTRIBUTIONS
 14 OF FOOD INVENTORY.—

15 “(i) GENERAL RULE.—In the case of
 16 a charitable contribution of food from any
 17 trade or business of the taxpayer, this
 18 paragraph shall be applied—

19 “(I) without regard to whether
 20 the contribution is made by a C cor-
 21 poration, and

22 “(II) only to food that is appar-
 23 ently wholesome food.

24 “(ii) LIMITATION.—In the case of a
 25 taxpayer other than a C corporation, the

1 aggregate amount of such contributions for
2 any taxable year which may be taken into
3 account under this section shall not exceed
4 10 percent of the taxpayer's aggregate net
5 income for such taxable year from all
6 trades or businesses from which such con-
7 tributions were made for such year, com-
8 puted without regard to this section.

9 “(iii) APPARENTLY WHOLESOME
10 FOOD.—For purposes of this subpara-
11 graph, the term ‘apparently wholesome
12 food’ has the meaning given to such term
13 by section 22(b)(2) of the Bill Emerson
14 Good Samaritan Food Donation Act (42
15 U.S.C. 1791(b)(2)), as in effect on the
16 date of the enactment of this subpara-
17 graph.

18 “(iv) TERMINATION.—This subpara-
19 graph shall not apply to contributions
20 made after December 31, 2005.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to contributions made on or after
23 August 28, 2005, in taxable years ending after such date.

1 **SEC. 306. CHARITABLE DEDUCTION FOR CONTRIBUTIONS**
 2 **OF BOOK INVENTORIES TO PUBLIC SCHOOLS.**

3 (a) IN GENERAL.—Paragraph (3) of section 170(e)
 4 of the Internal Revenue Code of 1986 (relating to certain
 5 contributions of ordinary income and capital gain prop-
 6 erty), as amended by section 305, is amended by redesi-
 7 7 nating subparagraph (D) as subparagraph (E) and by in-
 8 8 serting after subparagraph (C) the following new subpara-
 9 9 graph:

10 “(D) SPECIAL RULE FOR CONTRIBUTIONS
 11 OF BOOK INVENTORY TO PUBLIC SCHOOLS.—

12 “(i) CONTRIBUTIONS OF BOOK INVEN-
 13 TORY.—In determining whether a qualified
 14 book contribution is a qualified contribu-
 15 tion, subparagraph (A) shall be applied
 16 without regard to whether the donee is an
 17 organization described in the matter pre-
 18 ceding clause (i) of subparagraph (A).

19 “(ii) QUALIFIED BOOK CONTRIBU-
 20 TION.—For purposes of this paragraph,
 21 the term ‘qualified book contribution’
 22 means a charitable contribution of books to
 23 a public school which is an educational or-
 24 ganization described in subsection
 25 (b)(1)(A)(ii) and which provides elemen-

1 tary education or secondary education
2 (kindergarten through grade 12).

3 “(iii) CERTIFICATION BY DONEE.—
4 Subparagraph (A) shall not apply to any
5 contribution unless (in addition to the cer-
6 tifications required by subparagraph (A)
7 (as modified by this subparagraph)), the
8 donee certifies in writing that—

9 “(I) the books are suitable, in
10 terms of currency, content, and quan-
11 tity, for use in the donee’s educational
12 programs, and

13 “(II) the donee will use the books
14 in its educational programs.

15 “(iv) TERMINATION.—This subpara-
16 graph shall not apply to contributions
17 made after December 31, 2005.”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to contributions made on or after
20 August 28, 2005, in taxable years ending after such date.

1 **TITLE IV—ADDITIONAL TAX**
 2 **RELIEF PROVISIONS**

3 **SEC. 401. EXCLUSIONS OF CERTAIN CANCELLATIONS OF IN-**
 4 **DEBTEDNESS BY REASON OF HURRICANE**
 5 **KATRINA.**

6 (a) **IN GENERAL.**—For purposes of the Internal Rev-
 7 enue Code of 1986, gross income shall not include any
 8 amount which (but for this section) would be includible
 9 in gross income by reason of the discharge (in whole or
 10 in part) of indebtedness of a natural person described in
 11 subsection (b) by an applicable entity (as defined in sec-
 12 tion 6050P(c)(1) of such Code).

13 (b) **PERSONS DESCRIBED.**—A natural person is de-
 14 scribed in this subsection if the principal place of abode
 15 of such person on August 25, 2005, was located—

16 (1) in the core disaster area, or

17 (2) in the Hurricane Katrina disaster area (but
 18 outside the core disaster area) and such person suf-
 19 fered economic loss by reason of Hurricane Katrina.

20 (c) **EXCEPTIONS.**—

21 (1) **BUSINESS INDEBTEDNESS.**—Subsection (a)
 22 shall not apply to any indebtedness incurred in con-
 23 nection with a trade or business.

24 (2) **REAL PROPERTY OUTSIDE CORE DISASTER**
 25 **AREA.**—Subsection (a) shall not apply to any dis-

1 charge of indebtedness to the extent that real prop-
2 erty constituting security for such indebtedness is lo-
3 cated outside of the Hurricane Katrina disaster
4 area.

5 (d) DENIAL OF DOUBLE BENEFIT.—For purposes of
6 the Internal Revenue Code of 1986, the amount excluded
7 from gross income under subsection (a) shall be treated
8 in the same manner as an amount excluded under section
9 108(a) of such Code.

10 (e) EFFECTIVE DATE.—This section shall apply to
11 discharges made on or after August 25, 2005, and before
12 January 1, 2007.

13 **SEC. 402. SUSPENSION OF CERTAIN LIMITATIONS ON PER-**
14 **SONAL CASUALTY LOSSES.**

15 Paragraphs (1) and (2)(A) of section 165(h) of the
16 Internal Revenue Code of 1986 shall not apply to losses
17 described in section 165(c)(3) of such Code which arise
18 in the Hurricane Katrina disaster area on or after August
19 25, 2005, and which are attributable to Hurricane
20 Katrina. In the case of any other losses, section
21 165(h)(2)(A) of such Code shall be applied without regard
22 to the losses referred to in the preceding sentence.

1 **SEC. 403. REQUIRED EXERCISE OF AUTHORITY UNDER SEC-**
2 **TION 7508A FOR TAX RELIEF RELATING TO**
3 **HURRICANE KATRINA.**

4 (a) **AUTHORITY INCLUDES SUSPENSION OF PAY-**
5 **MENT OF EMPLOYMENT AND EXCISE TAXES.**—Subpara-
6 graphs (A) and (B) of section 7508(a)(1) of the Internal
7 Revenue Code of 1986 are amended to read as follows:

8 “(A) Filing any return of income, estate,
9 gift, employment, or excise tax;

10 “(B) Payment of any income, estate, gift,
11 employment, or excise tax or any installment
12 thereof or of any other liability to the United
13 States in respect thereof;”.

14 (b) **APPLICATION WITH RESPECT TO HURRICANE**
15 **KATRINA.**—In the case of any taxpayer determined by the
16 Secretary of the Treasury to be affected by the Presi-
17 dentially declared disaster relating to Hurricane Katrina,
18 any relief provided by the Secretary of the Treasury under
19 section 7508A of the Internal Revenue Code of 1986 shall
20 be for a period ending not earlier than February 28, 2006,
21 and shall be treated as applying to the filing of returns
22 relating to, and the payment of, employment and excise
23 taxes.

24 (c) **EFFECTIVE DATE.**—The amendment made by
25 subsection (a) shall apply for any period for performing
26 an act which has not expired before August 25, 2005.

1 **SEC. 404. SPECIAL RULES FOR MORTGAGE REVENUE**
2 **BONDS.**

3 (a) **IN GENERAL.**—In the case of financing provided
4 with respect to a qualified Hurricane Katrina recovery res-
5 idence, subsection (d) of section 143 of the Internal Rev-
6 enue Code of 1986 shall be applied as if such residence
7 were a targeted area residence.

8 (b) **QUALIFIED HURRICANE KATRINA RECOVERY**
9 **RESIDENCE.**—For purposes of this section, the term
10 “qualified Hurricane Katrina recovery residence”
11 means—

12 (1) any residence in the core disaster area, and

13 (2) any other residence if—

14 (A) such other residence is located in the
15 same State as the principal residence referred
16 to in subparagraph (B), and

17 (B) the mortgagor with respect to such
18 other residence owned a principal residence on
19 August 28, 2005, which—

20 (i) was located in the Hurricane
21 Katrina disaster area, and

22 (ii) was rendered uninhabitable by
23 reason of Hurricane Katrina.

24 (c) **SPECIAL RULE FOR HOME IMPROVEMENT**
25 **LOANS.**—In the case of any loan with respect to a resi-
26 dence in the Hurricane Katrina disaster area, section

1 143(k)(4) of such Code shall be applied by substituting
2 \$150,000 for the dollar amount contained therein to the
3 extent such loan is for the repair of damage by reason
4 of Hurricane Katrina.

5 (d) APPLICATION.—Subsection (a) shall not apply to
6 financing provided after December 31, 2007.

7 **SEC. 405. EXTENSION OF REPLACEMENT PERIOD FOR NON-**
8 **RECOGNITION OF GAIN FOR PROPERTY LO-**
9 **CATED IN HURRICANE KATRINA DISASTER**
10 **AREA.**

11 Clause (i) of section 1033(a)(2)(B) of the Internal
12 Revenue Code of 1986 shall be applied by substituting “5
13 years” for “2 years” with respect to property in the Hurri-
14 cane Katrina disaster area which is compulsorily or invol-
15 untarily converted on or after August 25, 2005, by reason
16 of Hurricane Katrina, but only if substantially all of the
17 use of the replacement property is in such area.

18 **SEC. 406. SPECIAL RULE FOR DETERMINING EARNED IN-**
19 **COME.**

20 (a) IN GENERAL.—In the case of a qualified indi-
21 vidual, if the earned income of the taxpayer for the taxable
22 year which includes August 25, 2005, is less than the
23 earned income of the taxpayer for the preceding taxable
24 year, the credits allowed under sections 24(d) and 32 of

1 the Internal Revenue Code of 1986 may, at the election
2 of the taxpayer, be determined by substituting—

3 (1) such earned income for the preceding tax-
4 able year, for

5 (2) such earned income for the taxable year
6 which includes August 25, 2005.

7 (b) QUALIFIED INDIVIDUAL.—For purposes of this
8 section, the term “qualified individual” means any indi-
9 vidual whose principal place of abode on August 25, 2005,
10 was located—

11 (1) in the core disaster area, or

12 (2) in the Hurricane Katrina disaster area (but
13 outside the core disaster area) and such individual
14 was displaced from such principal place of abode by
15 reason of Hurricane Katrina.

16 (c) EARNED INCOME.—For purposes of this section,
17 the term “earned income” has the meaning given such
18 term under section 32(c) of such Code.

19 (d) SPECIAL RULES.—

20 (1) APPLICATION TO JOINT RETURNS.—For
21 purpose of subsection (a), in the case of a joint re-
22 turn for a taxable year which includes August 25,
23 2005—

24 (A) such subsection shall apply if either
25 spouse is a qualified individual, and

1 (B) the earned income of the taxpayer for
2 the preceding taxable year shall be the sum of
3 the earned income of each spouse for such pre-
4 ceding taxable year.

5 (2) UNIFORM APPLICATION OF ELECTION.—
6 Any election made under subsection (a) shall apply
7 with respect to both section 24(d) and section 32 of
8 such Code.

9 (3) ERRORS TREATED AS MATHEMATICAL
10 ERROR.—For purposes of section 6213 of such
11 Code, an incorrect use on a return of earned income
12 pursuant to subsection (a) shall be treated as a
13 mathematical or clerical error.

14 (4) NO EFFECT ON DETERMINATION OF GROSS
15 INCOME, ETC.—Except as otherwise provided in this
16 section, the Internal Revenue Code of 1986 shall be
17 applied without regard to any substitution under
18 subsection (a).

19 **SEC. 407. SECRETARIAL AUTHORITY TO MAKE ADJUST-**
20 **MENTS REGARDING TAXPAYER AND DEPEND-**
21 **ENCY STATUS.**

22 With respect to taxable years beginning in 2005 or
23 2006, the Secretary of the Treasury or the Secretary's del-
24 egate may make such adjustments in the application of
25 the internal revenue laws as may be necessary to ensure

1 that taxpayers do not lose any deduction or credit or expe-
2 rience a change of filing status by reason of temporary
3 relocations by reason of Hurricane Katrina. Any adjust-
4 ments made under the preceding sentence shall ensure
5 that an individual is not taken into account by more than
6 one taxpayer with respect to the same tax benefit.

7 **TITLE V—EMERGENCY**
8 **REQUIREMENT**

9 **SEC. 501. EMERGENCY REQUIREMENT.**

10 Any provision of this Act causing an effect on re-
11 ceipts, budget authority, or outlays is designated as an
12 emergency requirement pursuant to section 402 of H.
13 Con. Res. 95 (109th Congress).

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