

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 4440

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## AN ACT

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

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

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

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

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

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

Sec. 1. Short title; etc.

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

Sec. 101. Tax benefits for Gulf Opportunity Zone.

Sec. 102. Federal guarantee of certain State bonds.

**TITLE II—TAX BENEFITS RELATED TO HURRICANES RITA AND  
WILMA**

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

**TITLE III—OTHER PROVISIONS**

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

Sec. 302. Gulf Coast Recovery Bonds.

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

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

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

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

“Sec. 1400M. Definitions.

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

3   **“SEC. 1400M. DEFINITIONS.**

4           “For purposes of this part—

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

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

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

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

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

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

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

21           “(a) TAX-EXEMPT BOND FINANCING.—

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

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

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

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

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

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

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

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

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

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

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

4           “(3) LIMITATIONS ON BONDS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4           “(c) LOW-INCOME HOUSING CREDIT.—

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

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

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

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

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

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

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

15 “(2) DIFFICULT DEVELOPMENT AREA.—

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

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

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

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

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

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

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

15           “(A) during 2006, 2007, or 2008,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23          “(B) EXCEPTIONS.—

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

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

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

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

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

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



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

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

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

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

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

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

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

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

25                         “(i) \$100,000, or

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

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

7                   “(i) \$600,000, or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 “(B) the excess of—

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

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

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

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

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

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

14           “(2) AMOUNT OF CREDIT.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (b) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

“PART I—TAX BENEFITS FOR NEW YORK LIBERTY ZONE

“PART II—TAX BENEFITS FOR GULF OPPORTUNITY ZONE

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

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

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

“SUBCHAPTER Y—SHORT-TERM REGIONAL BENEFITS”.

10 (c) EFFECTIVE DATE.—

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

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

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

21 (a) STATE BONDS DESCRIBED.—

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

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

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

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

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

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

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

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

25           (b) APPLICATION.—

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

7                   “(i) \$100,000, over

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20          “(6) SPECIAL RULES.—

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

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

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

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

12           “(1) RECONTRIBUTIONS.—

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

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

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

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

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

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

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

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

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

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



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

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

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

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

15 “(D) QUALIFIED WILMA DISTRIBUTION.—

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

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

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

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

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

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

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

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

18           “(c) LOANS FROM QUALIFIED PLANS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16           “(i) during the period—

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

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

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

8 **“SEC. 1400P. EMPLOYMENT RELIEF.**

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

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

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

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



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

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

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

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

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

1            ployee immediately before Hurricane  
2            Katrina, and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

24 “(4) QUALIFIED CONTRIBUTIONS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6                   “(i) in the GO Zone, or

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

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

18                   “(i) in the Rita GO Zone, or

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

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

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

4 “(i) in the Wilma GO Zone, or

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

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

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

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

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

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

21 “(5) SPECIAL RULES.—

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

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

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

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

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

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

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



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

8 (b) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

“Sec. 1400P. Employment relief.

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

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

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

7           (A) Title I.

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

## 10 **TITLE III—OTHER PROVISIONS**

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

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

19           “(q) LIMITATION ON TRAVELING EXPENSES.—

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

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

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

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

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

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

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

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

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

Passed the House of Representatives December 7,  
2005.

Attest:

*Clerk.*



109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 4440**

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**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.