

112TH CONGRESS
2D SESSION

H. R. 6683

To amend the Internal Revenue Code of 1986 to provide tax relief for damages relating to Hurricane Sandy, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 19, 2012

Mr. PASCRELL (for himself, Mr. RANGEL, Mr. SMITH of New Jersey, Mr. PALLONE, Ms. DELAURO, Mr. LOBIONDO, Mr. FRELINGHUYSEN, Mr. CROWLEY, Mr. LARSON of Connecticut, Mr. GARRETT, Mr. LANCE, Mr. GRIMM, Mr. RUNYAN, Mr. TURNER of New York, Mrs. LOWEY, Mr. ISRAEL, Mr. REED, Mr. ENGEL, Mr. TOWNS, Mr. SIRES, Mr. HIGGINS, Mr. ANDREWS, Mr. COURTNEY, Mr. LANGEVIN, Mr. ACKERMAN, Mr. PAYNE, and Mr. HOLT) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide tax relief for damages relating to Hurricane Sandy, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Hurricane Sandy Tax Relief Act of 2012”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment
 2 to, or repeal of, a section or other provision, the reference
 3 shall be considered to be made to a section or other provi-
 4 sion of the Internal Revenue Code of 1986.

5 (c) TABLE OF CONTENTS.—The table of contents for
 6 this Act is as follows:

- Sec. 1. Short title, etc.
- Sec. 2. Waiver of adjusted gross income limitation for losses and increase in standard deduction by disaster casualty losses attributable to Hurricane Sandy.
- Sec. 3. Expensing of qualified disaster expenses.
- Sec. 4. Net operating losses attributable to federally declared disasters.
- Sec. 5. Waiver of certain mortgage revenue bond requirements following federally declared disasters.
- Sec. 6. Increased expensing for Hurricane Sandy qualified disaster assistance property.
- Sec. 7. Increased limitation on charitable contributions for disaster relief; certain contributions paid before April 15, 2013, treated as paid in 2012.
- Sec. 8. Increase in new markets tax credit for investments in community development entities serving Hurricane Sandy disaster areas.
- Sec. 9. Extension of expensing for environmental remediation costs.
- Sec. 10. Special rule for public utility casualty losses.
- Sec. 11. Determination of earned income for purposes of earned income credit and child tax credit.
- Sec. 12. Work Opportunity Credit.
- Sec. 13. Hurricane Sandy Bonds.
- Sec. 14. Additional low-income housing credit may be allocated in States damaged by Hurricane Sandy.
- Sec. 15. Special rules for use of retirement funds.

7 **SEC. 2. WAIVER OF ADJUSTED GROSS INCOME LIMITATION**
 8 **FOR LOSSES AND INCREASE IN STANDARD**
 9 **DEDUCTION BY DISASTER CASUALTY LOSSES**
 10 **ATTRIBUTABLE TO HURRICANE SANDY.**

11 (a) IN GENERAL.—Subclause (I) of section
 12 165(h)(3)(B)(i) is amended by striking “January 1,
 13 2010” and inserting “January 1, 2010, or the Hurricane
 14 Sandy federally declared disaster”.

1 (b) HURRICANE SANDY FEDERALLY DECLARED DIS-
2 ASTER.—Paragraph (3) of section 165(h) is amended by
3 adding at the end the following new subparagraph:

4 “(D) APPLICATION TO HURRICANE
5 SANDY.—

6 “(i) IN GENERAL.—Personal casualty
7 losses shall be treated as described in sub-
8 paragraph (B)(i) if such losses—

9 “(I) are attributable to the Hur-
10 ricane Sandy federally declared dis-
11 aster, and

12 “(II) occur in the Hurricane
13 Sandy disaster area.

14 “(ii) HURRICANE SANDY FEDERALLY
15 DECLARED DISASTER.—For purposes of
16 clause (i), the term ‘Hurricane Sandy fed-
17 erally declared disaster’ means the disaster
18 occurring by reason of Hurricane Sandy
19 and determined by the President before
20 November 4, 2012, to warrant individual
21 or individual and public assistance from
22 the Federal Government under the Robert
23 T. Stafford Disaster Relief and Emergency
24 Assistance Act.

1 “(iii) HURRICANE SANDY DISASTER
2 AREA.—The term ‘Hurricane Sandy dis-
3 aster area’ means the area so determined
4 to warrant such assistance.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this subsection shall apply to taxable years ending after
7 October 28, 2012.

8 **SEC. 3. EXPENSING OF QUALIFIED DISASTER EXPENSES.**

9 (a) IN GENERAL.—Paragraph (2) of 198A(b) is
10 amended—

11 (1) in subparagraph (A) by striking “January
12 1, 2010” and inserting “January 1, 2010, or re-
13 leased in the Hurricane Sandy disaster area on ac-
14 count of the Hurricane Sandy federally declared dis-
15 aster, as defined by section 165(h)(3)(D)”,

16 (2) in subparagraph (B) by striking “such
17 date” and inserting “such date or which is business-
18 related property in the Hurricane Sandy disaster
19 area that is damaged or destroyed as a result of the
20 Hurricane Sandy federally declared disaster (as so
21 defined)”, and

22 (3) in subparagraph (C) by striking “such
23 date” and inserting “such date or which is business-
24 related property in the Hurricane Sandy disaster

1 area that is damaged as a result of the Hurricane
2 Sandy federally declared disaster (as so defined)”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to amounts paid or incurred after
5 October 28, 2012.

6 **SEC. 4. NET OPERATING LOSSES ATTRIBUTABLE TO FED-**
7 **ERALLY DECLARED DISASTERS.**

8 (a) IN GENERAL.—Subsection (j) of section 172 is
9 amended by adding at the end the following new para-
10 graph:

11 “(5) APPLICATION TO HURRICANE SANDY.—

12 “(A) IN GENERAL.—Losses shall be treat-
13 ed as described in paragraph (1)(A)(i) if such
14 losses are attributable to the Hurricane Sandy
15 federally declared disaster (as defined in section
16 165(h)(3)(D)) and occur in the Hurricane
17 Sandy disaster area (as so defined).

18 “(B) SPECIAL RULE.—For purposes of
19 subparagraph (A), paragraph (4) shall not
20 apply.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to taxable years ending after Octo-
23 ber 28, 2012.

1 **SEC. 5. WAIVER OF CERTAIN MORTGAGE REVENUE BOND**
2 **REQUIREMENTS FOLLOWING FEDERALLY DE-**
3 **CLARED DISASTERS.**

4 (a) **IN GENERAL.**—Subparagraphs (A)(i) and (B)(i)
5 of section 143(k)(12), as added by the Tax Extenders and
6 Alternative Minimum Tax Relief Act of 2008, are each
7 amended by striking “January 1, 2010” and inserting
8 “January 1, 2010, or in the case of a residence located
9 in the Hurricane Sandy disaster area on October 29,
10 2012, by reason of the Hurricane Sandy federally declared
11 disaster, as defined by section 165(h)(3)(D)”.

12 (b) **CONFORMING AMENDMENTS.**—Subparagraph
13 (A)(ii) of such section is amended by striking “such date”
14 and inserting “such date or by reason of the Hurricane
15 Sandy federally declared disaster (as so defined)”.

16 (c) **EFFECTIVE DATE.**—The amendments made by
17 this section shall apply to disasters occurring after Octo-
18 ber 28, 2012.

19 **SEC. 6. INCREASED EXPENSING FOR HURRICANE SANDY**
20 **QUALIFIED DISASTER ASSISTANCE PROP-**
21 **ERTY.**

22 (a) **IN GENERAL.**—Subsection (e) of section 179 is
23 amended to read as follows:

24 “(e) **SPECIAL RULES FOR HURRICANE SANDY.**—

25 “(1) **IN GENERAL.**—If a taxpayer elects the ap-
26 plication of this subsection for a taxable year and

1 places in service during the taxable year any Hurri-
2 cane Sandy qualified disaster assistance property—

3 “(A) the dollar amount in effect under
4 subsection (b)(1) for the taxable year shall be
5 increased by the qualified disaster limitation
6 amount, and

7 “(B) the dollar amount in effect under
8 subsection (b)(2) for the taxable year shall be
9 increased by the qualified disaster limitation re-
10 duction amount.

11 “(2) QUALIFIED DISASTER LIMITATION
12 AMOUNT.—For purposes of paragraph (1), the term
13 ‘qualified disaster limitation amount’ means the less-
14 er of—

15 “(A) \$500,000, or

16 “(B) the cost of Hurricane Sandy qualified
17 disaster assistance property placed in service
18 during the taxable year.

19 “(3) QUALIFIED DISASTER LIMITATION REDUC-
20 TION AMOUNT.—For purposes of paragraph (1), the
21 term ‘qualified disaster limitation amount’ means
22 the lesser of—

23 “(A) \$2,000,000, or

1 “(B) the cost of Hurricane Sandy qualified
2 disaster assistance property placed in service
3 during the taxable year.

4 “(4) HURRICANE SANDY QUALIFIED DISASTER
5 ASSISTANCE PROPERTY.—For purposes of this sub-
6 section—

7 “(A) IN GENERAL.—The term ‘Hurricane
8 Sandy qualified disaster assistance property’
9 means section 179 property (as defined in sub-
10 section (d)) and qualified property—

11 “(i) the original use of which in the
12 Hurricane Sandy disaster area commences
13 with the taxpayer on or after October 29,
14 2012,

15 “(ii) substantially all of the use of
16 which is—

17 “(I) in the Hurricane Sandy dis-
18 aster area, and

19 “(II) in the active conduct of a
20 trade or business by the taxpayer in
21 the Hurricane Sandy disaster area,

22 “(iii) which—

23 “(I) rehabilitates property dam-
24 aged, or replaces property destroyed
25 or condemned, as a result of the Hur-

1 ricane Sandy federally declared dis-
2 aster, except that, for purposes of this
3 clause, property shall be treated as re-
4 placing property destroyed or con-
5 demned if, as part of an integrated
6 plan, such property replaces property
7 which is included in a continuous area
8 which includes real property destroyed
9 or condemned, and

10 “(II) is located in the same coun-
11 ty as the property being rehabilitated
12 or replaced,

13 “(iv) which is placed in service or ac-
14 quired by the taxpayer by purchase (as de-
15 fined in subsection (d)) on or after October
16 29, 2012, but only if no written binding
17 contract for the acquisition was in effect
18 before such date, and

19 “(v) which is placed in service by the
20 taxpayer on or after October 29, 2012, and
21 before December 31, 2015 (December 31,
22 2016, in the case of nonresidential real
23 property and residential rental property).

24 “(B) QUALIFIED PROPERTY.—The term
25 ‘qualified property’ means property which is—

1 “(i) tangible property to which section
2 168 applies and which has a recovery pe-
3 riod of 39 years or less, or

4 “(ii) computer software (as defined in
5 section 167(f)(1)(B)) for which a deduc-
6 tion is allowable under section 167(a).

7 “(C) EXCEPTIONS.—

8 “(i) ALTERNATIVE DEPRECIATION
9 PROPERTY.—Such term shall not include
10 any property to which the alternative de-
11 preciation system under section 168(g) ap-
12 plies, determined without regard to para-
13 graph (7) thereof (relating to election to
14 have system apply).

15 “(ii) TAX-EXEMPT BOND FINANCED
16 PROPERTY.—Such term shall not include
17 any property any portion of which is fi-
18 nanced with the proceeds of any obligation
19 the interest on which is exempt from tax
20 under section 103.

21 “(D) ELECTION.—An election under this
22 subsection for any taxable year shall—

23 “(i) specify the items of Hurricane
24 Sandy qualified disaster assistance prop-
25 erty to which the election applies and the

1 portion of the cost of each of such items
2 which is to be taken into account under
3 paragraph (1), and

4 “(ii) be made on the taxpayer’s return
5 of the tax imposed by this chapter for the
6 taxable year.

7 “(E) SPECIAL RULES.—For purposes of
8 this subsection, rules similar to the rules of
9 subparagraph (E) of section 168(k)(2) shall
10 apply, except that such subparagraph shall be
11 applied—

12 “(i) by substituting ‘the date of the
13 Hurricane Sandy federally declared dis-
14 aster’ for ‘December 31, 2007’ each place
15 it appears therein,

16 “(ii) by substituting ‘January 1,
17 2014’ for ‘January 1, 2013’ in clause (i)
18 thereof, and

19 “(iii) by substituting ‘Hurricane
20 Sandy qualified section 179 disaster assist-
21 ance property’ for ‘qualified property’ in
22 clause (iv) thereof.

23 “(5) TERMS RELATING TO HURRICANE
24 SANDY.—For purposes of this subsection, the terms
25 ‘Hurricane Sandy federally declared disaster’ and

1 ‘Hurricane Sandy disaster area’ have the meanings
2 given such terms by section 165(h)(3)(D).

3 “(6) RECAPTURE.—For purposes of this sub-
4 section, rules similar to the rules under subsection
5 (d)(10) shall apply with respect to any qualified sec-
6 tion 179 disaster assistance property which ceases to
7 be qualified section 179 disaster assistance prop-
8 erty.”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years ending after Octo-
11 ber 28, 2012.

12 **SEC. 7. INCREASED LIMITATION ON CHARITABLE CON-**
13 **TRIBUTIONS FOR DISASTER RELIEF; CER-**
14 **TAIN CONTRIBUTIONS PAID BEFORE APRIL**
15 **15, 2013, TREATED AS PAID IN 2012.**

16 (a) INDIVIDUALS.—Paragraph (1) of section 170(b)
17 is amended by redesignating subparagraphs (F) and (G)
18 as subparagraphs (G) and (H), respectively, and by insert-
19 ing after subparagraph (E) the following new subpara-
20 graph:

21 “(F) QUALIFIED HURRICANE SANDY DIS-
22 ASTER CONTRIBUTIONS.—

23 “(i) IN GENERAL.—Any qualified
24 Hurricane Sandy disaster contribution
25 shall be allowed to the extent that the ag-

1 gregate of such contributions does not ex-
2 ceed the excess of 80 percent of the tax-
3 payer's contribution base over the amount
4 of all other charitable contributions allow-
5 able under this paragraph.

6 “(ii) QUALIFIED HURRICANE SANDY
7 DISASTER CONTRIBUTION.—For purposes
8 of this subparagraph, the term ‘qualified
9 Hurricane Sandy disaster contribution’
10 means any charitable contribution if—

11 “(I) such contribution—

12 “(aa) is paid during the pe-
13 riod beginning on October 29,
14 2012, and ending on December
15 31, 2013, in cash to an organiza-
16 tion described in subparagraph
17 (A), and

18 “(bb) is made for relief ef-
19 forts in the Hurricane Sandy dis-
20 aster area related to the Hurri-
21 cane Sandy federally declared
22 disaster,

23 “(II) the taxpayer obtains from
24 such organization contemporaneous
25 written acknowledgment (within the

1 meaning of subsection (f)(8)) that
2 such contribution was used (or is to
3 be used) for relief efforts in the Hur-
4 ricane Sandy disaster area related to
5 the Hurricane Sandy federally de-
6 clared disaster, and

7 “(III) the taxpayer has elected
8 the application of this subparagraph
9 with respect to such contribution.

10 “(iii) EXCEPTION.—A qualified Hurri-
11 cane Sandy disaster contribution shall not
12 include a contribution by a donor if the
13 contribution is—

14 “(I) to an organization described
15 in section 509(a)(3), or

16 “(II) for establishment of a new,
17 or maintenance of an existing, donor
18 advised fund (as defined in section
19 4966(d)(2)).

20 “(iv) CARRYOVER.—

21 “(I) IN GENERAL.—If the aggre-
22 gate amount of contributions de-
23 scribed in clause (i) exceeds the limi-
24 tation under clause (i), such excess
25 shall be treated (in a manner con-

1 sistent with the rules of subsection
2 (d)(1)) as a charitable contribution to
3 which clause (i) applies in each of the
4 5 succeeding years in order of time.

5 “(II) COORDINATION WITH
6 OTHER SUBPARAGRAPHS.—For pur-
7 poses of applying this subparagraph
8 and subsection (d)(1), contributions
9 described in clause (i) shall not be
10 treated as described in subparagraph
11 (A) and such subparagraph shall be
12 applied without regard to such con-
13 tributions.

14 “(v) APPLICATION OF ELECTION TO
15 PARTNERSHIPS AND S CORPORATIONS.—In
16 the case of a partnership or S corporation,
17 the election under subparagraph (A)(iii)
18 shall be made separately by each partner
19 or shareholder.

20 “(vi) HURRICANE SANDY FEDERALLY
21 DECLARED DISASTER AND DISASTER
22 AREA.—For purposes of this subpara-
23 graph, the terms ‘Hurricane Sandy feder-
24 ally declared disaster’ and ‘Hurricane
25 Sandy disaster area’ have the meanings

1 given such terms by section
2 165(h)(3)(D).”.

3 (b) CORPORATIONS.—

4 (1) IN GENERAL.—Paragraph (2) of section
5 170(b) is amended by redesignating subparagraph
6 (C) as subparagraph (D) and by inserting after sub-
7 paragraph (B) the following new subparagraph:

8 “(C) QUALIFIED DISASTER CONTRIBU-
9 TIONS.—

10 “(i) IN GENERAL.—Any qualified
11 Hurricane Sandy disaster contribution
12 shall be allowed to the extent that the ag-
13 gregate of such contributions does not ex-
14 ceed the excess of 20 percent of the tax-
15 payer’s taxable income over the amount of
16 charitable contributions allowed under sub-
17 paragraph (A).

18 “(ii) CARRYOVER.—If the aggregate
19 amount of contributions described in clause
20 (i) exceeds the limitation under clause (i),
21 such excess shall be treated (in a manner
22 consistent with the rules of subsection
23 (d)(1)) as a charitable contribution to
24 which clause (i) applies in each of the 5
25 succeeding years in order of time.

1 “(iii) QUALIFIED DISASTER CON-
2 TRIBUTION.—The term ‘qualified Hurri-
3 cane Sandy disaster contribution’ has the
4 meaning given such term under paragraph
5 (1)(F).”.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Subparagraph (A) of section 170(b)(2)
8 is amended by striking “subparagraph (B) ap-
9 plies” and inserting “subparagraphs (B) and
10 (C) apply”.

11 (B) Subparagraph (B) of section 170(b)(2)
12 is amended by striking “subparagraph (A)” and
13 inserting “subparagraphs (A) and (C)”.

14 (c) CONTRIBUTIONS TREATED AS MADE IN PRIOR
15 YEAR.—Subsection (b) of section 170 of such Code is
16 amended by adding at the end the following new para-
17 graph:

18 “(4) CONTRIBUTIONS TREATED AS MADE IN
19 PRIOR YEAR.—For purposes of this section, a tax-
20 payer may treat any qualified Hurricane Sandy dis-
21 aster contribution (as defined in paragraph (1)(F))
22 which is paid after December 31, 2012, and on or
23 before April 15, 2013, as if such contribution was
24 made on December 31, 2012, and not in 2013.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years ending after the
3 date of the enactment of this Act.

4 **SEC. 8. INCREASE IN NEW MARKETS TAX CREDIT FOR IN-**
5 **VESTMENTS IN COMMUNITY DEVELOPMENT**
6 **ENTITIES SERVING HURRICANE SANDY DIS-**
7 **ASTER AREAS.**

8 (a) IN GENERAL.—Paragraph (1) of section 45D(f)
9 is amended by striking the period at the end of subpara-
10 graph (G) and inserting “, and” and by adding at the end
11 the following:

12 “(H) in the case of the Hurricane Sandy
13 Federal disaster area, \$250,000,000.”.

14 (b) RULES RELATING TO HURRICANE SANDY.—Sub-
15 section (f) of section 45D is amended by adding at the
16 end the following new paragraph:

17 “(4) INCREASED SPECIAL ALLOCATION FOR
18 COMMUNITY DEVELOPMENT ENTITIES SERVING HUR-
19 RICANE SANDY FEDERAL DISASTER AREAS.—

20 “(A) IN GENERAL.—The limitation under
21 paragraph (1)(H) shall be allocated among
22 qualified community development entities to
23 make qualified low-income community invest-
24 ments within the Hurricane Sandy disaster area
25 (as defined in section 165(h)(3)(D)).

1 “(B) ALLOCATION OF INCREASE.—The
2 limitation under subparagraph (A) shall be allo-
3 cated by the Secretary under paragraph (2) to
4 qualified community development entities and
5 shall give priority to such entities with a record
6 of having successfully provided capital or tech-
7 nical assistance to businesses or communities
8 within the Hurricane Sandy disaster area.

9 “(C) SEPARATE CARRYOVER OF UNUSED
10 LIMITATION.—Paragraph (3) shall be applied
11 separately with respect to the limitation under
12 paragraph (1)(H).”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to calendar years beginning after
15 2011.

16 **SEC. 9. EXTENSION OF EXPENSING FOR ENVIRONMENTAL**
17 **REMEDICATION COSTS.**

18 (a) IN GENERAL.—Section 198 is amended by adding
19 at the end the following:

20 “(i) EXTENSION RELATING TO HURRICANE
21 SANDY.—Subsection (h) shall not apply in the case of any
22 qualified environmental remediation expenditure paid or
23 incurred after the date of the Hurricane Sandy federally
24 declared disaster (as defined in section 165(h)(3)(D)) and
25 before January 1, 2015, by reason of such disaster at a

1 qualified contaminated site located in the Hurricane
2 Sandy disaster area (as so defined).”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to expenditures paid or incurred
5 after October 28, 2012.

6 **SEC. 10. SPECIAL RULE FOR PUBLIC UTILITY CASUALTY**
7 **LOSSES.**

8 (a) IN GENERAL.—Subsection (f) of section 172 is
9 amended by adding at the end the following:

10 “(7) HURRICANE SANDY PUBLIC UTILITY CAS-
11 UALTY LOSSES.—

12 “(A) IN GENERAL.—The amount described
13 in paragraph (1)(A) for any taxable year shall
14 be increased by the Hurricane Sandy public
15 utility casualty loss for such taxable year.

16 “(B) HURRICANE SANDY PUBLIC UTILITY
17 CASUALTY LOSS.—For purposes of this para-
18 graph, the term ‘Hurricane Sandy public utility
19 casualty loss’ means any casualty loss of public
20 utility property (as defined in section
21 168(i)(10)) located in the Hurricane Sandy dis-
22 aster area if—

23 “(i) such loss is allowed as a deduc-
24 tion under section 165 for the taxable
25 year,

1 “(ii) such loss is by reason of Hurri-
2 cane Sandy, and

3 “(iii) the taxpayer elects the applica-
4 tion of this paragraph with respect to such
5 loss.

6 “(C) REDUCTION FOR GAINS FROM INVOL-
7 UNTARY CONVERSION.—The amount of any
8 Hurricane Sandy public utility casualty loss
9 which would (but for this subparagraph) be
10 taken into account under subparagraph (A) for
11 any taxable year shall be reduced by the
12 amount of any gain recognized by the taxpayer
13 for such year from the involuntary conversion
14 by reason of Hurricane Sandy of public utility
15 property (as so defined) located in the Hurri-
16 cane Sandy disaster area.

17 “(D) HURRICANE SANDY DISASTER
18 AREA.—For purposes of this paragraph, the
19 term ‘Hurricane Sandy disaster area’ has the
20 meaning given such term by section
21 165(h)(3)(D).

22 “(E) COORDINATION WITH GENERAL DIS-
23 ASTER LOSS RULES.—Section 168(k) and sec-
24 tion 165(i) shall not apply to any Hurricane
25 Sandy public utility casualty loss to the extent

1 such loss is taken into account under subpara-
2 graph (A).

3 “(F) ELECTION.—Any election under sub-
4 paragraph (B)(iii) shall be made in such man-
5 ner as may be prescribed by the Secretary and
6 shall be made by the due date (including exten-
7 sions of time) for filing the taxpayer’s return
8 for the taxable year of the loss. Such election,
9 once made for any taxable year, shall be irrev-
10 ovable for such taxable year.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 subsection (a) shall apply to losses arising in taxable years
13 ending after October 28, 2012.

14 **SEC. 11. DETERMINATION OF EARNED INCOME FOR PUR-**
15 **POSES OF EARNED INCOME CREDIT AND**
16 **CHILD TAX CREDIT.**

17 (a) EARNED INCOME CREDIT.—Section 32 is amend-
18 ed by adding at the end the following new subsection:

19 “(n) SPECIAL RULE RELATING TO HURRICANE
20 SANDY.—For purposes of this section and section 24(d)—

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

1 subsection (a) may, at the election of the taxpayer,
2 be determined by substituting—

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

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

7 “(2) QUALIFIED INDIVIDUAL.—For purposes of
8 this subsection, the term ‘qualified individual’ means
9 any individual—

10 “(A) whose principal place of abode on the
11 applicable date was located in the Hurricane
12 Sandy disaster area and such individual was
13 displaced from such principal place of abode by
14 reason of the Hurricane Sandy federally de-
15 clared disaster, or

16 “(B) who performed substantially all em-
17 ployment services in the disaster area and was
18 so employed on the applicable date.

19 “(3) OTHER DEFINITIONS.—For purposes of
20 this subsection—

21 “(A) APPLICABLE DATE.—The term ‘appli-
22 cable date’ means any day on or after October
23 29, 2012, and on or before November 3, 2012.

24 “(B) HURRICANE SANDY FEDERALLY DE-
25 CLARED DISASTER AND DISASTER AREA.—The

1 terms ‘Hurricane Sandy federally declared dis-
2 aster’ and ‘Hurricane Sandy disaster area’ have
3 the meanings given such terms by section
4 165(h)(3)(D).

5 “(4) SPECIAL RULES.—

6 “(A) APPLICATION TO JOINT RETURNS.—

7 For purposes of paragraph (1), in the case of
8 a joint return for a taxable year which includes
9 the applicable date—

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

12 “(ii) the earned income of the tax-
13 payer for the preceding taxable year shall
14 be the sum of the earned income of each
15 spouse for such preceding taxable year.

16 “(B) UNIFORM APPLICATION OF ELEC-
17 TION.—Any election made under paragraph (1)
18 shall apply with respect to both this section and
19 section 24(d).

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

1 “(D) NO EFFECT ON DETERMINATION OF
2 GROSS INCOME, ETC.—Except as otherwise pro-
3 vided in this subsection, this title shall be ap-
4 plied without regard to any substitution under
5 paragraph (1).”.

6 (b) CHILD TAX CREDIT.—Subsection (d) of section
7 24 is amended by adding at the end the following new
8 paragraph:

9 “(5) SPECIAL RULE RELATING TO HURRICANE
10 SANDY.—See section 32(n) for determination of
11 earned income with respect to the Hurricane Sandy
12 federally declared disaster.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years ending after Octo-
15 ber 28, 2012.

16 **SEC. 12. WORK OPPORTUNITY CREDIT.**

17 (a) IN GENERAL.—Paragraph (1) of section 51(d) is
18 amended by striking “or” at the end of subparagraph (H),
19 by striking the period at the end of subparagraph (I) and
20 inserting “, or”, and by inserting after subparagraph (I)
21 the following new subparagraph:

22 “(J) a Hurricane Sandy employee.”.

23 (b) HURRICANE SANDY EMPLOYEE.—Subsection (d)
24 of section 51 is amended by adding at the end the fol-
25 lowing:

1 “(15) HURRICANE SANDY EMPLOYEE.—

2 “(A) IN GENERAL.—The term ‘Hurricane
3 Sandy employee’ means any individual—

4 “(i) who, on or after October 29,
5 2012, and on or before November 3, 2012,
6 had a principal place of abode in the Hur-
7 ricane Sandy disaster area,

8 “(ii) who did not apply for or receive
9 unemployment compensation under State
10 or Federal law in 2012 before October 29,
11 2012, but first applied for or received such
12 compensation after such date and before
13 February 15, 2013,

14 “(iii) who receives such compensation
15 without a break until the earlier of ex-
16 hausting such compensation under Federal
17 or State law or the hiring date, and

18 “(iv) whose hiring date for a position
19 the principal place of employment of which
20 is located in the Hurricane Sandy disaster
21 area (as defined in section 165(h)(3)(D))
22 is before January 1, 2014.

23 “(B) REASONABLE IDENTIFICATION AC-
24 CEPTABLE.—In lieu of the certification require-
25 ment under subparagraph (A) of paragraph

1 (13), an individual may provide to the employer
2 reasonable evidence that the individual is a
3 Hurricane Sandy employee, and subparagraph
4 (B) of such paragraph shall be applied as if
5 such evidence were a certification described in
6 such subparagraph.

7 “(C) SPECIAL RULES.—For purposes of
8 this paragraph—

9 “(i) subsection (c)(4) shall not apply,
10 and

11 “(ii) subsection (i)(2) shall not apply
12 with respect to the first hire of such em-
13 ployee as a Hurricane Sandy employee, un-
14 less such employee was an employee of the
15 employer on October 28, 2012.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years ending after Octo-
18 ber 28, 2012.

19 **SEC. 13. HURRICANE SANDY BONDS.**

20 (a) IN GENERAL.—Subpart A of part IV of sub-
21 chapter B of chapter 1 is amended by inserting after sec-
22 tion 146 the following new section:

23 **“SEC. 146A. HURRICANE SANDY BONDS.**

24 “(a) IN GENERAL.—For purposes of this title, any
25 qualified Hurricane Sandy Bond shall—

1 “(1) be treated as an exempt facility bond, and

2 “(2) not be subject to section 146.

3 “(b) QUALIFIED HURRICANE SANDY BOND.—For
4 purposes of this section, the term ‘qualified Hurricane
5 Sandy bond’ means any bond issued as part of an issue
6 if—

7 “(1) 95 percent or more of the net proceeds of
8 such issue are to be used for qualified project costs,

9 “(2) such bond is issued by a State or any po-
10 litical subdivision thereof any part of which is in the
11 Hurricane Sandy disaster area,

12 “(3) the Governor of the issuing State des-
13 ignates such bond for purposes of this section, and

14 “(4) such bond is issued after the date of the
15 enactment of this section and before January 1,
16 2016.

17 “(c) LIMITATION ON AMOUNT OF BONDS.—

18 “(1) IN GENERAL.—The maximum aggregate
19 face amount of bonds which may be designated
20 under this section shall not exceed—

21 “(A) \$3,200,000,000 in the case of Con-
22 necticut,

23 “(B) \$9,200,000,000 in the case of New
24 Jersey, and

1 “(C) \$9,200,000,000 in the case of New
2 York.

3 “(2) REDUCTION FOR FAILURE TO ISSUE
4 BONDS.—

5 “(A) 2013.—If after the date of enactment
6 of this section and before January 1, 2014, less
7 than 10 percent of the face amount of the bond
8 limitation for a State has been issued, the au-
9 thorized limitation for such State under para-
10 graph (1) shall be reduced by the amount by
11 which 10 percent of the face amount of the
12 bond limitation for such State exceeds the face
13 amount of issued bonds.

14 “(B) 2014.—If after the date of enactment
15 of this section and before January 1, 2015, less
16 than 30 percent of the face amount of the bond
17 limitation for a State has been issued, the au-
18 thorized limitation for such State shall be re-
19 duced by the amount by which 10 percent of
20 the face amount of the bond limitation for such
21 State exceeds the face amount of issued bonds.

22 “(3) MOVABLE PROPERTY.—No bonds shall be
23 issued which are to be used for movable fixtures and
24 equipment.

1 “(4) TREATMENT OF CURRENT REFUNDING
2 BONDS.—Paragraph (1) shall not apply to any bond
3 (or series of bonds) issued to refund a qualified
4 Hurricane Sandy bond, if—

5 “(A) the average maturity date of the issue
6 of which the refunding bond is a part is not
7 later than the average maturity date of the
8 bonds to be refunded by such issue,

9 “(B) the amount of the refunding bond
10 does not exceed the outstanding amount of the
11 refunded bond, and

12 “(C) the net proceeds of the refunding
13 bond are used to redeem the refunded bond not
14 later than 90 days after the date of the
15 issuance of the refunding bond.

16 For purposes of subparagraph (A), average maturity
17 shall be determined in accordance with section
18 147(b)(2)(A).

19 “(d) QUALIFIED PROJECT COSTS.—For purposes of
20 this section, the term ‘qualified project costs’ means the
21 cost of acquisition, construction, reconstruction, and ren-
22 ovation of—

23 “(1) residential rental property (as defined in
24 section 142(d)),

1 “(2) nonresidential real property (including
2 fixed improvements associated with such property),

3 “(3) a facility described in paragraph (2) or (3)
4 of section 142(a), or

5 “(4) public utility property (as defined in sec-
6 tion 168(i)(10)),

7 which is located in the Hurricane Sandy Disaster area and
8 was damaged or destroyed by reason of the Hurricane
9 Sandy federally declared disaster.

10 “(e) SPECIAL RULES.—In applying this title to any
11 qualified Hurricane Sandy Bond, the following modifica-
12 tions shall apply:

13 “(1) Section 147(d) (relating to acquisition of
14 existing property not permitted) shall be applied by
15 substituting ‘50 percent’ for ‘15 percent’ each place
16 it appears.

17 “(2) Section 148(f)(4)(C) (relating to exception
18 from rebate for certain proceeds to be used to fi-
19 nance construction expenditures) shall apply to the
20 available construction proceeds of bonds issued
21 under this section. For purposes of the preceding
22 sentence, the following spending requirements shall
23 apply in lieu of the requirements in clause (ii) of
24 such section:

1 “(A) 40 percent of such available construc-
2 tion proceeds are spent for the governmental
3 purposes of the issue within the 2-year period
4 beginning on the date the bonds are issued,

5 “(B) 60 percent of such proceeds are spent
6 for such purposes within the 3-year period be-
7 ginning on such date,

8 “(C) 80 percent of such proceeds are spent
9 for such purposes within the 4-year period be-
10 ginning on such date, and

11 “(D) 100 percent of such proceeds are
12 spent for such purposes within the 5-year pe-
13 riod beginning on such date.

14 “(3) Repayments of principal on financing pro-
15 vided by the issue—

16 “(A) may not be used to provide financing,
17 and

18 “(B) must be used not later than the close
19 of the 1st semiannual period beginning after
20 the date of the repayment to redeem bonds
21 which are part of such issue.

22 The requirement of subparagraph (B) shall be treat-
23 ed as met with respect to amounts received within
24 5 years after the date of issuance of the issue (or,
25 in the case of a refunding bond, the date of issuance

1 of the original bond) if such amounts are used by
2 the close of such 5 years to redeem bonds which are
3 part of such issue.

4 “(4) Section 57(a)(5) shall not apply.

5 “(f) SEPARATE ISSUE TREATMENT OF PORTIONS OF
6 AN ISSUE.—This section shall not apply to the portion of
7 an issue which (if issued as a separate issue) would be
8 treated as a qualified bond or as a bond that is not a
9 private activity bond (determined without regard to para-
10 graph (1)), if the issuer elects to so treat such portion.

11 “(g) HURRICANE SANDY FEDERALLY DECLARED
12 DISASTER AND DISASTER AREA.—The terms ‘Hurricane
13 Sandy federally declared disaster’ and ‘Hurricane Sandy
14 disaster area’ have the meanings given such terms by sec-
15 tion 165(h)(3)(D).”.

16 (b) CLERICAL AMENDMENT.—The table of sections
17 for subpart A of part IV of subchapter B of chapter 1
18 is amended by inserting after the item relating to section
19 146 the following new item:

“Sec. 146A. Hurricane Sandy Bonds.”.

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

1 **SEC. 14. ADDITIONAL LOW-INCOME HOUSING CREDIT MAY**
2 **BE ALLOCATED IN STATES DAMAGED BY**
3 **HURRICANE SANDY.**

4 (a) IN GENERAL.—Paragraph (3) of section 42(h) of
5 the Internal Revenue Code of 1986 (relating to limitation
6 on aggregate credit allowable with respect to projects lo-
7 cated in a State) is amended by adding at the end the
8 following new subparagraph:

9 “(J) INCREASE IN STATE HOUSING CREDIT
10 FOR STATES DAMAGED BY HURRICANE
11 SANDY.—

12 “(i) IN GENERAL.—In the case of cal-
13 endar year 2013, the State housing credit
14 ceiling of each State any portion of which
15 includes any portion of the Hurricane
16 Sandy disaster area shall be increased by
17 so much of the aggregate housing credit
18 dollar amount as does not exceed the appli-
19 cable limitation allocated by the State
20 housing credit agency of such State for
21 such calendar year to buildings located in
22 such disaster area.

23 “(ii) APPLICABLE LIMITATION.—For
24 purposes of clause (i), the applicable limi-
25 tation is the greater of—

1 “(I) \$8 multiplied by the popu-
2 lation of the area described in clause
3 (vii)(I), or

4 “(II) 50 percent of the State
5 housing credit ceiling (determined
6 without regard to this subparagraph)
7 for 2013.

8 “(iii) APPLICABLE PERCENTAGE.—
9 For purposes of this section, the applicable
10 percentage with respect to any building to
11 which amounts allocated under clause (i)
12 shall be determined under subsection
13 (b)(2), except that subparagraph (A)
14 thereof shall be applied by substituting
15 ‘December 31, 2015’ for ‘December 31,
16 2013’.

17 “(iv) ALLOCATIONS TREATED AS
18 MADE FIRST FROM ADDITIONAL ALLOCA-
19 TION AMOUNT FOR PURPOSES OF DETER-
20 MINING CARRYOVER.—For purposes of de-
21 termining the unused State housing credit
22 ceiling under subparagraph (C) for any
23 calendar year, any increase in the State
24 housing credit ceiling under clause (i) shall

1 be treated as an amount described in
2 clause (ii) of such subparagraph.

3 “(v) DIFFICULT DEVELOPMENT
4 AREA.—

5 “(I) IN GENERAL.—In the case
6 of property placed in service during
7 2013, 2014, or 2015, the Hurricane
8 Sandy disaster area shall be treated
9 as a difficult development area des-
10 ignated under subclause (I) of sub-
11 section (d)(5)(B)(iii), and shall not be
12 taken into account for purposes of ap-
13 plying the limitation under subclause
14 (II) of such subsection.

15 “(II) APPLICATION OF
16 CLAUSE.—Subclause (I) shall apply
17 only to—

18 “(aa) housing credit dollar
19 amounts allocated during 2013,
20 and

21 “(bb) to the extent that
22 paragraph (1) does not apply to
23 any building by reason of para-
24 graph (4), only with respect to

1 bonds issued after December 31,
2 2012.

3 “(vi) HURRICANE SANDY DISASTER
4 AREA AND HURRICANE SANDY FEDERALLY
5 DECLARED DISASTER.—For purposes of
6 this subparagraph—

7 “(I) DISASTER AREA.—The term
8 ‘Hurricane Sandy disaster area’
9 means each county included in the
10 geographical area covered by the Hur-
11 ricane Sandy federally declared dis-
12 aster.

13 “(II) HURRICANE SANDY FEDER-
14 ALLY DECLARED DISASTER AND DIS-
15 ASTER AREA.—The term ‘Hurricane
16 Sandy federally declared disaster’ has
17 the meaning given such term by sec-
18 tion 165(h)(3)(D).”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall take effect on the date of the enactment
21 of this Act.

22 **SEC. 15. SPECIAL RULES FOR USE OF RETIREMENT FUNDS.**

23 (a) EARLY WITHDRAWAL FROM RETIREMENT
24 PLANS.—Paragraph (2) of section 72(t) is amended by
25 adding at the end the following new subparagraph:

1 “(H) HURRICANE SANDY DISTRIBUTU-
2 TIONS.—Distributions to an individual which
3 are Hurricane Sandy distributions (as defined
4 in paragraph (11)).”.

5 (b) SPECIAL RULES.—Subsection (t) of section 72 is
6 amended by adding at the end the following:

7 “(11) SPECIAL RULES RELATING TO USE OF
8 RETIREMENT FUNDS RELATING TO HURRICANE
9 SANDY.—

10 “(A) DISTRIBUTIONS.—For purposes of
11 this paragraph—

12 “(i) IN GENERAL.—The term ‘Hurri-
13 cane Sandy distribution’ means any dis-
14 tribution from an eligible retirement plan
15 (as defined by section 402(c)(8)(B)) made
16 on or after October 29, 2012, and before
17 January 1, 2014, to an individual whose
18 principal place of abode on October 29,
19 2012, is located in the Hurricane Sandy
20 disaster area (as defined in section
21 165(h)(3)(D)) and who has sustained an
22 economic loss by reason of Hurricane
23 Sandy.

24 “(ii) AGGREGATE DOLLAR LIMITA-
25 TION.—

1 “(I) IN GENERAL.—For purposes
2 of this paragraph, the aggregate
3 amount of distributions received by an
4 individual which may be treated as
5 Hurricane Sandy distributions for any
6 taxable year shall not exceed the ex-
7 cess (if any) of—

8 “(aa) \$100,000, over

9 “(bb) the aggregate amounts
10 treated as Hurricane Sandy dis-
11 tributions received by such indi-
12 vidual for all prior taxable years.

13 “(II) TREATMENT OF PLAN DIS-
14 TRIBUTIONS.—If a distribution to an
15 individual would (without regard to
16 subclause (I)) be a Hurricane Sandy
17 distribution, a plan shall not be treat-
18 ed as violating any requirement of
19 this title merely because the plan
20 treats such distribution as a Hurri-
21 cane Sandy distribution, unless the
22 aggregate amount of such distribu-
23 tions from all plans maintained by the
24 employer (and any member of any
25 controlled group which includes the

1 employer) to such individual exceeds
2 \$100,000.

3 “(III) CONTROLLED GROUP.—

4 For purposes of subclause (II), the
5 term ‘controlled group’ means any
6 group treated as a single employer
7 under subsection (b), (c), (m), or (o)
8 of section 414.

9 “(iii) AMOUNT DISTRIBUTED MAY BE
10 REPAID.—

11 “(I) IN GENERAL.—Any indi-
12 vidual who receives a Hurricane
13 Sandy distribution may, at any time
14 during the 3-year period beginning on
15 the day after the date on which such
16 distribution was received, make one or
17 more contributions in an aggregate
18 amount not to exceed the amount of
19 such distribution to an eligible retire-
20 ment plan of which such individual is
21 a beneficiary and to which a rollover
22 contribution of such distribution could
23 be made under section 402(c),
24 403(a)(4), 403(b)(8), 408(d)(3), or
25 457(e)(16), as the case may be.

1 “(II) TREATMENT OF REPAY-
2 MENTS OF DISTRIBUTIONS FROM ELI-
3 GIBLE RETIREMENT PLANS OTHER
4 THAN IRAS.—For purposes of this
5 title, if a contribution is made pursu-
6 ant to subclause (I) with respect to a
7 Hurricane Sandy distribution from an
8 eligible retirement plan other than an
9 individual retirement plan, then the
10 taxpayer shall, to the extent of the
11 amount of the contribution, be treated
12 as having received the Hurricane
13 Sandy distribution in an eligible roll-
14 over distribution (as defined in section
15 402(c)(4)) and as having transferred
16 the amount to the eligible retirement
17 plan in a direct trustee to trustee
18 transfer within 60 days of the dis-
19 tribution.

20 “(III) TREATMENT OF REPAY-
21 MENTS FOR DISTRIBUTIONS FROM
22 IRAS.—For purposes of this title, if a
23 contribution is made pursuant to sub-
24 clause (I) with respect to a Hurricane
25 Sandy distribution from an individual

1 retirement plan (as defined by section
2 7701(a)(37)), then, to the extent of
3 the amount of the contribution, the
4 Hurricane Sandy distribution shall be
5 treated as a distribution described in
6 section 408(d)(3) and as having been
7 transferred to the eligible retirement
8 plan in a direct trustee to trustee
9 transfer within 60 days of the dis-
10 tribution.

11 “(iv) INCOME INCLUSION SPREAD
12 OVER 3-YEAR PERIOD.—

13 “(I) IN GENERAL.—In the case
14 of any Hurricane Sandy distribution,
15 unless the taxpayer elects not to have
16 this clause apply for any taxable year,
17 any amount required to be included in
18 gross income for such taxable year
19 shall be so included ratably over the
20 3-taxable year period beginning with
21 such taxable year.

22 “(II) SPECIAL RULE.—For pur-
23 poses of subclause (I), rules similar to
24 the rules of subparagraph (E) of sec-
25 tion 408A(d)(3) shall apply.

1 “(v) SPECIAL RULES.—

2 “(I) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE
3 TRANSFER AND WITHHOLDING
4 RULES.—For purposes of sections
5 401(a)(31), 402(f), and 3405, Hurri-
6 cane Sandy distributions shall not be
7 treated as eligible rollover distribu-
8 tions.
9

10 “(II) HURRICANE SANDY DIS-
11 TRIBUTIONS TREATED AS MEETING
12 PLAN DISTRIBUTION REQUIRE-
13 MENTS.—For purposes this title, a
14 Hurricane Sandy distribution shall be
15 treated as meeting the requirements
16 of sections 401(k)(2)(B)(i),
17 403(b)(7)(A)(ii), 403(b)(11), and
18 457(d)(1)(A).

19 “(B) RECONTRIBUTIONS OF WITH-
20 DRAWALS FOR HOME PURCHASES.—

21 “(i) IN GENERAL.—Any individual
22 who received a distribution described in
23 clause (ii) may, during the applicable pe-
24 riod, make one or more contributions in an
25 aggregate amount not to exceed the

1 amount of such distribution to an eligible
2 retirement plan (as defined in section
3 402(c)(8)(B)) of which such individual is a
4 beneficiary and to which a rollover con-
5 tribution of such distribution could be
6 made under section 402(c), 403(a)(4),
7 403(b)(8), or 408(d)(3), as the case may
8 be.

9 “(ii) DISTRIBUTION DESCRIBED.—For
10 purposes of clause (i), a distribution is de-
11 scribed in this clause if the distribution—

12 “(I) is described in paragraph
13 (2)(F) or section 401(k)(2)(B)(i)(IV),
14 403(b)(7)(A)(ii) (but only to the ex-
15 tent such distribution relates to finan-
16 cial hardship), or 403(b)(11)(B),

17 “(II) is received after April 29,
18 2012, and before October 30, 2012,
19 and

20 “(III) was to be used to purchase
21 or construct a principal residence in
22 the Hurricane Sandy disaster area (as
23 defined in section 165(h)(3)(D)), but
24 which was not so purchased or con-

1 structured on account of Hurricane
2 Sandy.

3 “(iii) APPLICABLE PERIOD.—For pur-
4 poses of this subparagraph, the term ‘ap-
5 plicable period’ means the period beginning
6 on October 29, 2012, and ending five
7 months after the date of enactment of the
8 Hurricane Sandy Tax Relief Act of 2012.

9 “(iv) TREATMENT OF REPAYMENTS.—
10 Rules similar to the rules of subclauses
11 (II) and (III) of subparagraph (A)(iii)
12 shall apply for purposes of this subpara-
13 graph.”.

14 (c) LOANS FROM QUALIFIED PLANS.—Subsection
15 (p) of section 72 is amended by adding at the end the
16 following:

17 “(6) SPECIAL RULES RELATING TO HURRICANE
18 SANDY.—

19 “(A) INCREASE IN LIMIT ON LOANS NOT
20 TREATED AS DISTRIBUTIONS.—In the case of
21 any loan from a qualified employer plan to a
22 qualified individual made during the applicable
23 period—

1 “(i) paragraph (2)(A)(i) shall be ap-
2 plied by substituting ‘\$100,000’ for
3 ‘\$50,000’, and

4 “(ii) paragraph (2)(A)(ii) shall be ap-
5 plied by substituting ‘the present value of
6 the nonforfeitable accrued benefit of the
7 employee under the plan’ for ‘one-half of
8 the present value of the nonforfeitable ac-
9 crued benefit of the employee under the
10 plan’.

11 “(B) DELAY OF REPAYMENT.—In the case
12 of a qualified individual with an outstanding
13 loan on or after the qualified beginning date
14 from a qualified employer plan—

15 “(i) if the due date pursuant to sub-
16 paragraph (B) or (C) of paragraph (2) for
17 any repayment with respect to such loan
18 occurs during the period beginning on the
19 qualified beginning date and ending on De-
20 cember 31, 2013, such due date shall be
21 delayed for 1 year,

22 “(ii) any subsequent repayments with
23 respect to any such loan shall be appro-
24 priately adjusted to reflect the delay in the

1 due date under clause (i) and any interest
2 accruing during such delay, and

3 “(iii) in determining the 5-year period
4 and the term of a loan under subpara-
5 graph (B) or (C) of paragraph (2), the pe-
6 riod described in clause (i) shall be dis-
7 regarded.

8 “(C) QUALIFIED INDIVIDUAL.—For pur-
9 poses of this paragraph—

10 “(i) IN GENERAL.—The term ‘quali-
11 fied individual’ means any qualified Hurri-
12 cane Sandy individual.

13 “(ii) QUALIFIED HURRICANE SANDY
14 INDIVIDUAL.—The term ‘qualified Hurri-
15 cane Sandy individual’ means an individual
16 whose principal place of abode on October
17 29, 2012, is located in the Hurricane
18 Sandy disaster area (as defined in section
19 165(h)(3)(D)) and who has sustained an
20 economic loss by reason of Hurricane
21 Sandy.

22 “(D) OTHER DEFINITIONS.—For purposes
23 of this paragraph—

24 “(i) APPLICABLE PERIOD.—The appli-
25 cable period is the period beginning on the

1 date of enactment of the Hurricane Sandy
2 Tax Relief Act of 2012 and ending on De-
3 cember 31, 2013.

4 “(ii) QUALIFIED BEGINNING DATE.—
5 The qualified beginning date is October 29,
6 2012.”.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to years ending after October 28,
9 2012.

10 (e) PROVISIONS RELATING TO PLAN AMEND-
11 MENTS.—

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

17 (2) AMENDMENTS TO WHICH SUBSECTION AP-
18 PLIES.—

19 (A) IN GENERAL.—This subsection shall
20 apply to any amendment to any plan or annuity
21 contract which is made—

22 (i) pursuant to any provision of or
23 amendment made by this section, or pursu-
24 ant to any regulation issued by the Sec-
25 retary of the Treasury or the Secretary of

1 Labor under any provision of or amend-
2 ment made by this section, and

3 (ii) on or before the last day of the
4 first plan year beginning on or after Janu-
5 ary 1, 2014, or such later date as the Sec-
6 retary of the Treasury may prescribe.

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

11 (B) CONDITIONS.—This subsection shall
12 not apply to any amendment unless—

13 (i) during the period—

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

21 (II) ending on the date described
22 in subparagraph (A)(ii) (or, if earlier,
23 the date the plan or contract amend-
24 ment is adopted), the plan or contract

1 is operated as if such plan or contract
2 amendment were in effect; and
3 (ii) such plan or contract amendment
4 applies retroactively for such period.

○