To provide temporary tax relief for areas damaged by 2011 Southeastern severe storms, tornados, and flooding, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 15, 2011

Mr. Shelby (for himself, Mr. Blunt, Mr. Boozman, Mr. Chambliss, Mrs. Hagan, Mr. Inhofe, Mr. Isakson, Mrs. McCaskill, Mr. Pryor, and Mr. Sessions) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide temporary tax relief for areas damaged by 2011 Southeastern severe storms, tornados, and flooding, 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.
4 This Act may be cited as the “Southeastern Disaster
5 Tax Relief Act of 2011”.

SEC. 2. TEMPORARY TAX RELIEF FOR AREAS DAMAGED BY 2011 SOUTHEASTERN SEVERE STORMS, TORNADOES, AND FLOODING.

(a) In General.—Subject to the modifications described in this section, the following provisions of or relating to the Internal Revenue Code of 1986 shall apply to any Southeastern disaster area in addition to the areas to which such provisions otherwise apply:

(1) Go zone benefits.—

(A) Section 1400N (relating to tax benefits) other than subsections (d), (e), (g), (h), and (m) thereof.

(B) Section 1400O (relating to education tax benefits).

(C) Section 1400Q (relating to special rules for use of retirement funds).

(D) Section 1400R(a) (relating to employee retention credit for employers).

(E) Section 1400S (relating to additional tax relief).

(F) Section 1400T (relating to special rules for mortgage revenue bonds).

(2) Other benefits included in Katrina Emergency Tax Relief Act of 2005.—Sections 302, 401, and 405 of the Katrina Emergency Tax Relief Act of 2005.
(b) SouthEastern Disaster Area.—

(1) In general.—For purposes of this section and for applying the substitutions described in subsections (d) and (e), the term “Southeastern disaster area” means an area—

(A) with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of severe storms, tornados, or flooding occurring after April 13, 2011, and before June 7, 2011, in any of the States of Alabama, Arkansas, Georgia, Kentucky, Mississippi, Missouri, North Carolina, Oklahoma, and Tennessee, and

(B) determined by the President to warrant individual or individual and public assistance from the Federal Government under such Act with respect to damages attributable to such severe storms, tornados, or flooding.

(2) Certain benefits available to areas eligible only for public assistance.—For purposes of applying this section to benefits under the following provisions, paragraph (1) shall be applied without regard to subparagraph (B):
(A) Sections 1400N(f), 1400O, 1400Q, 1400S(a), 1400S(b), and 1400S(d) of the Internal Revenue Code of 1986.

(B) Sections 302, 401, and 405 of the Katrina Emergency Tax Relief Act of 2005.

(c) REFERENCES.—

(1) AREA.—Any reference in such provisions to the Hurricane Katrina disaster area or the Gulf Opportunity Zone shall be treated as a reference to any Southeastern disaster area and any reference to the Hurricane Katrina disaster area or the Gulf Opportunity Zone within a State shall be treated as a reference to all Southeastern disaster areas within the State.

(2) ITEMS ATTRIBUTABLE TO DISASTER.—Any reference in such provisions to any loss, damage, or other item attributable to Hurricane Katrina shall be treated as a reference to any loss, damage, or other item attributable to the severe storms, tornadoes, or flooding giving rise to any Presidential declaration described in subsection (b)(1)(A).

(3) APPLICABLE DISASTER DATE.—For purposes of applying the substitutions described in subsections (d) and (e), the term “applicable disaster date” means, with respect to any Southeastern dis-
aster area, the date on which the severe storms, tornadoes, or flooding giving rise to the Presidential declaration described in subsection (b)(1)(A) occurred.

(d) MODIFICATIONS TO 1986 CODE.—The following provisions of the Internal Revenue Code of 1986 shall be applied with the following modifications:

(1) TAX-EXEMPT BOND FINANCING.—Section 1400N(a)—

(A) by substituting “qualified Southeastern disaster area bond” for “qualified Gulf Opportunity Zone Bond” each place it appears, except that in determining whether a bond is a qualified Southeastern disaster area bond, paragraph (2)(A)(i) shall be applied by only treating costs as qualified project costs if—

(i) in the case of a project involving a private business use (as defined in section 141(b)(6)), either the person using the property suffered a loss in a trade or business attributable to the severe storms, tornadoes, or flooding giving rise to any Presidential declaration described in subsection (b)(1)(A) or is a person designated for purposes of this section by the Governor of the State in which the project is located as
a person carrying on a trade or business
replacing a trade or business with respect
to which another person suffered such a
loss, and

(ii) in the case of a project relating to
public utility property, the project involves
repair or reconstruction of public utility
property damaged by such severe storms,
tornados, or flooding, and

(B) by substituting “any State in which a
Southeastern disaster area is located” for “the
State of Alabama, Louisiana, or Mississippi” in
paragraph (2)(B),

(C) by substituting “designated for pur-
poses of this section (on the basis of providing
assistance to areas in the order in which such
assistance is most needed)” for “designated for
purposes of this section” in paragraph (2)(C),

(D) by substituting “January 1, 2018” for
“January 1, 2012” in paragraph (2)(D),

(E) in paragraph (3)(A)—

(i) by substituting “$1,000” for
“$2,500”, and

(ii) by substituting “before the ear-
liest applicable disaster date for South-
eastern disaster areas within the State” for “before August 28, 2005”,

(F) by substituting “qualified Southeastern disaster area repair or construction” for “qualified GO Zone repair or construction” each place it appears,

(G) by substituting “after the date of the enactment of the Southeastern Disaster Tax Relief Act of 2011 and before January 1, 2018” for “after the date of the enactment of this paragraph and before January 1, 2012” in paragraph (7)(C), and

(H) by disregarding paragraph (8) thereof.

(2) ADVANCE REFUNDINGS OF CERTAIN TAX-EXEMPT BONDS.—Section 1400N(b)—

(A) by substituting “after the date of the enactment of the Southeastern Disaster Tax Relief Act of 2011 and before January 1, 2017” for “after the date of the enactment of this section and before January 1, 2011” in paragraphs (1) and (2),

(B) by substituting “the applicable disaster date” for “August 28, 2005” in paragraphs (3) and (5)(A),
(C) by substituting “any State in which a Southeastern disaster area is located,” for “State of Alabama, Louisiana, or Mississippi,”, and

(D) by substituting the following paragraph for paragraph (4) thereof:

“(4) AGGREGATE LIMIT.—The maximum aggregate face amount of bonds which may be designated under this subsection by the Governor of a State shall not exceed 50 percent of the aggregate face amount of bonds which could otherwise be so designated.”.

(3) LOW-INCOME HOUSING CREDIT.—Section 1400N(c)—

(A) only with respect to calendar years 2011, 2012, and 2013,

(B) by substituting “Disaster Recovery Assistance housing amount” for “Gulf Opportunity housing amount” each place it appears,

(C) in paragraph (1)(B)—

(i) by substituting “$8.00” for “$18.00”, and

(ii) by substituting “before the earliest applicable disaster date for South-
eastern disaster areas within the State’’

for “before August 28, 2005”, and

(D) determined without regard to para-

graphs (2), (3), (4), (5), and (6) thereof.

(4) EXPENSING FOR CERTAIN DEMOLITION AND CLEAN-UP COSTS.—Section 1400N(f)—

(A) by substituting “qualified Disaster Re-

covery Assistance clean-up cost” for “qualified Gulf Opportunity Zone clean-up cost” each

place it appears,

(B) by substituting “beginning on the ap-

plicable disaster date and ending on December

31, 2013” for “beginning on August 28, 2005,

and ending on December 31, 2007” in para-

graph (2), and

(C) by treating costs as qualified Disaster Recovery Assistance clean-up costs only if the removal of debris or demolition of any structure was necessary due to damage attributable to the severe storms, tornados, or flooding giving rise to any Presidential declaration described in subsection (b)(1)(A).

(5) SPECIAL RULES FOR SMALL TIMBER PRO-

DUCERS.—Section 1400N(i)—
(A) by substituting “the applicable disaster date” for “August 28, 2005” in paragraphs (4)(B)(i)(I) and (5)(A)(i)(I),

(B) by disregarding subclauses (II) and (III) of paragraphs (4)(B)(i) and (5)(A)(i),

(C) by substituting “January 1, 2014” for “January 1, 2008” in paragraph (5)(A)(ii)(I), and


(6) SPECIAL RULE FOR PUBLIC UTILITY CASUALTY LOSSES.—Section 1400N(j), by substituting “Southeastern disaster area” for “Gulf Opportunity Zone” each place it appears.

(7) TREATMENT OF NET OPERATING LOSSES ATTRIBUTABLE TO DISASTER LOSSES.—Section 1400N(k)—

(A) by substituting “qualified Disaster Recovery Assistance loss” for “qualified Gulf Opportunity Zone loss” each place it appears,

(B) by substituting “after the day before the applicable disaster date, and before January 1, 2014” for “after August 27, 2005, and before January 1, 2008” each place it appears,
(C) by substituting “the applicable disaster date” for “August 28, 2005” in paragraph (2)(B)(ii)(I),

(D) by substituting “qualified Disaster Recovery Assistance property” for “qualified Gulf Opportunity Zone property” in paragraph (2)(B)(iv), and

(E) by substituting “qualified Disaster Recovery Assistance casualty loss” for “qualified Gulf Opportunity Zone casualty loss” each place it appears.

(8) CREDIT TO HOLDERS OF TAX CREDIT BONDS.—Section 1400N(l)—

(A) by substituting “Southeastern tax credit bond” for “Gulf tax credit bond” each place it appears,

(B) by substituting “any State in which a Southeastern disaster area is located or any instrumentality of the State” for “the State of Alabama, Louisiana, or Mississippi” in paragraph (4)(A)(i),

(C) by substituting “after December 31, 2011 and before January 1, 2013” for “after December 31, 2005, and before January 1, 2007”,

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(D) by substituting “shall not exceed $100,000,000 for any State with an aggregate population located in all Southeastern disaster areas within the State of at least 2,000,000, $50,000,000 for any State with an aggregate population located in all Southeastern disaster areas within the State of at least 1,000,000 but less than 2,000,000, and zero for any other State. The population of a State within any area shall be determined on the basis of the most recent census estimate of resident population released by the Bureau of Census before the earliest applicable disaster date for Southeastern disaster areas within the State.” for “shall not exceed” and all that follows in paragraph (4)(C), and

(E) by substituting “the earliest applicable disaster date for Southeastern disaster areas within the State” for “August 28, 2005” in paragraph (5)(A).

(9) TREATMENT OF PUBLIC UTILITY PROPERTY DISASTER LOSSES.—Section 1400N(o), by substituting “Southeastern disaster area” for “Gulf Opportunity Zone” in paragraph (2)(A).
(10) **Education tax benefits.**—Section 1400Q, by substituting “2011 or 2012” for “2005 or 2006”.

(11) **Special rules for use of retirement funds.**—Section 1400Q—

(A) by substituting “qualified Disaster Recovery Assistance distribution” for “qualified hurricane distribution” each place it appears,

(B) by substituting “on or after the applicable disaster date and before January 1, 2013” for “on or after August 25, 2005, and before January 1, 2007” in subsection (a)(4)(A)(i),

(C) by substituting “the applicable disaster date” for “August 28, 2005” in subsections (a)(4)(A)(i) and (c)(3)(B),

(D) by disregarding clauses (ii) and (iii) of subsection (a)(4)(A) thereof,

(E) by substituting “qualified storm damage distribution” for “qualified Katrina distribution” each place it appears,

(F) by substituting “after the date which is 6 months before the applicable disaster date and before the date which is the day after the applicable disaster date” for “after February
28, 2005, and before August 29, 2005” in subsection (b)(2)(B)(ii),

(G) by substituting “the Southeastern disaster area, but not so purchased or constructed on account of severe storms, tornados, or flooding giving rise to the designation of the area as a disaster area” for “the Hurricane Katrina disaster area, but not so purchased or constructed on account of Hurricane Katrina” in subsection (b)(2)(B)(iii),

(H) by substituting “beginning on the applicable disaster date and ending on the date which is 5 months after the date of the enactment of the Southeastern Disaster Tax Relief Act of 2011” for “beginning on August 25, 2005, and ending on February 28, 2006” in subsection (b)(3)(A),

(I) by substituting “qualified storm damage individual” for “qualified Hurricane Katrina individual” each place it appears,

(J) by substituting “December 31, 2012” for “December 31, 2006” in subsection (c)(2)(A),

(K) by disregarding subparagraphs (C) and (D) of subsection (e)(3) thereof,
(L) by substituting “beginning on the date of the enactment of the Southeastern Disaster Tax Relief Act of 2011 and ending on December 31, 2012” for “beginning on September 24, 2005, and ending on December 31, 2006” in subsection (c)(4)(A)(i),

(M) by substituting “the applicable disaster date” for “August 25, 2005” in subsection (c)(4)(A)(ii), and


(12) EMPLOYEE RETENTION CREDIT FOR EMPLOYERS AFFECTED BY SEVERE STORMS, TORNADOS, AND FLOODING.—Section 1400R(a)—

(A) by substituting “$23,400” for “$6,000” in paragraph (1),

(B) by substituting “the applicable disaster date” for “August 28, 2005” each place it appears,

(C) by substituting “January 1, 2012” for “January 1, 2006” both places it appears, and

(D) only with respect to eligible employers who employed an average of not more than 200 employees on business days during the taxable year before the applicable disaster date.
(13) Temporary suspension of limitations on charitable contributions.—Section 1400S(a), by substituting the following paragraph for paragraph (4) thereof:

“(4) Qualified contributions.—

“(A) In general.—For purposes of this subsection, the term ‘qualified contribution’ means any charitable contribution (as defined in section 170(c)) if—

“(i) such contribution—

“(I) is paid during the period beginning on the earliest applicable disaster date for all States and ending on December 31, 2011, in cash to an organization described in section 170(b)(1)(A), and

“(II) is made for relief efforts in 1 or more Southeastern disaster areas,

“(ii) the taxpayer obtains from such organization contemporaneous written acknowledgment (within the meaning of section 170(f)(8)) that such contribution was used (or is to be used) for relief efforts in 1 or more Southeastern disaster areas, and
“(iii) the taxpayer has elected the application of this subsection with respect to such contribution.

“(B) EXCEPTION.—Such term shall not include a contribution by a donor if the contribution is—

“(i) to an organization described in section 509(a)(3), or

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

“(C) APPLICATION OF ELECTION TO PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation, the election under subparagraph (A)(iii) shall be made separately by each partner or shareholder.”.

(14) SUSPENSION OF CERTAIN LIMITATIONS ON PERSONAL CASUALTY LOSSES.—Section 1400S(b)(1), by substituting “the applicable disaster date” for “August 25, 2005”.

(15) SPECIAL RULE FOR DETERMINING EARNED INCOME.—Section 1400S(d)—

(A) by treating an individual as a qualified individual if such individual’s principal place of
abode on the applicable disaster date was located in a Southeastern disaster area,

(B) by treating the applicable disaster date with respect to any such individual as the applicable date for purposes of such subsection, and

(C) by treating an area as described in paragraph (2)(B)(ii) thereof if the area is a Southeastern disaster area only by reason of subsection (b)(2) of this section (relating to areas eligible only for public assistance).

(16) Adjustments regarding taxpayer and dependency status.—Section 1400S(e), by substituting “2011 or 2012” for “2005 or 2006”.

(17) Special rules for mortgage revenue bonds.—Section 1400T, by substituting “2016” for “2010”.

(e) Modifications to Katrina Emergency Tax Relief Act of 2005.—The following provisions of the Katrina Emergency Tax Relief Act of 2005 shall be applied with the following modifications:

(1) Additional exemption for housing displaced individual.—Section 302—

(A) by substituting “2011 or 2012” for “2005 or 2006” in subsection (a) thereof,
(B) by substituting “Southeastern displaced individual” for “Hurricane Katrina displaced individual” each place it appears, and

(C) by treating an area as a core disaster area for purposes of applying subsection (c) thereof if the area is a Southeastern disaster area without regard to subsection (b)(2) of this section (relating to areas eligible only for public assistance).

(2) EXCLUSION OF CERTAIN CANCELLATION OF INDEBTEDNESS INCOME.—Section 401—

(A) by treating an individual whose principal place of abode on the applicable disaster date was in a Southeastern disaster area (determined without regard to subsection (b)(2) of this section) as an individual described in subsection (b)(1) thereof, and by treating an individual whose principal place of abode on the applicable disaster date was in a Southeastern disaster area solely by reason of subsection (b)(2) of this section as an individual described in subsection (b)(2) thereof,

(B) by substituting “the applicable disaster date” for “August 28, 2005” both places it appears, and
(C) by substituting “January 1, 2013” for “January 1, 2007” in subsection (e).

(3) EXTENSION OF REPLACEMENT PERIOD FOR NONRECOGNITION OF GAIN.—Section 405, by substituting “on or after the applicable disaster date” for “on or after August 25, 2005”.

SEC. 3. RESCISSION OF UNSPENT AND UNCOMMITTED FEDERAL FUNDS.

(a) IN GENERAL.—Notwithstanding any other provision of law, of all available unobligated Federal funds, $12,000,000,000 in appropriated discretionary unexpired funds are rescinded.

(b) IMPLEMENTATION.—Not later than 60 days after the date of enactment of this Act, the Director of the Office of Management and Budget shall—

(1) identify the accounts and amounts rescinded to implement subsection (a); and

(2) submit a report to the Secretary of the Treasury and Congress of the accounts and amounts identified under paragraph (1) for rescission.

(c) EXCEPTION.—This section shall not apply to the unobligated Federal funds of the Department of Defense or the Department of Veterans Affairs.