

106TH CONGRESS
1ST SESSION

H. R. 1892

To amend the Internal Revenue Code of 1986 to provide assistance to homeowners and small businesses to repair Formosan termite damage.

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 1999

Mr. JEFFERSON (for himself, Mr. BAKER, Mr. TAUZIN, Mr. MCCRERY, Mr. JOHN, Mr. COOKSEY, and Mrs. MEEK of Florida) 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 assistance to homeowners and small businesses to repair Formosan termite damage.

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. DEDUCTION FOR INDIVIDUALS FOR LOSSES**
4 **CAUSED BY FORMOSAN TERMITE DAMAGE.**

5 (a) INCLUSION OF FORMOSAN TERMITE DAMAGE AS
6 CASUALTY LOSS.—Section 165(c)(3) of the Internal Rev-
7 enue Code of 1986 (relating to limitation of deduction of
8 losses of individuals) is amended by inserting “Formosan
9 termite damage,” after “shipwreck,”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 subsection (a) shall apply to taxable years beginning after
 3 December 31, 1999.

4 **SEC. 2. PROCEEDS OF MORTGAGE REVENUE BONDS AL-**
 5 **LOWED FOR LOANS TO HOMEOWNERS TO RE-**
 6 **PAIR FORMOSAN TERMITE DAMAGE.**

7 (a) IN GENERAL.—Section 143(f) of the Internal
 8 Revenue Code of 1986 (relating to income requirements)
 9 is amended by adding at the end the following new para-
 10 graph:

11 “(7) EXCEPTION FOR QUALIFIED HOME IM-
 12 PROVEMENT LOANS.—Paragraph (1) shall not apply
 13 with respect to any qualified home improvement loan
 14 used for the repair of Formosan termite damage.”.

15 (b) AMOUNTS UP TO \$10,000 USED FOR TERMITE
 16 REPAIR NOT INCLUDED IN CALCULATING LIMIT FOR
 17 HOME IMPROVEMENT LOAN.—Paragraph (4) of section
 18 143(k) of such Code (defining qualified home improve-
 19 ment loan) is amended by adding at the end the following
 20 flush sentence: “In calculating the \$15,000 amount, any
 21 amount up to \$10,000 used for the repair of Formosan
 22 termite damage shall not be taken into account.”.

23 (c) EFFECTIVE DATE.—The amendments made by
 24 this section shall apply to bonds issued after the date of
 25 the enactment of this Act.

1 **SEC. 3. PROCEEDS OF SMALL ISSUE BONDS ALLOWED FOR**
 2 **LOANS TO LANDLORDS AND SMALL BUSI-**
 3 **NESSES TO REPAIR FORMOSAN TERMITE**
 4 **DAMAGE.**

5 (a) IN GENERAL.—Subparagraph (B) of section
 6 144(a)(12) of the Internal Revenue Code of 1986 (relating
 7 to bonds to finance manufacturing facilities and farm
 8 property) is amended by striking “or” at the end of clause
 9 (i), by striking the period and inserting “, or” at the end
 10 of clause (ii), and by adding at the end the following new
 11 clause:

12 “(iii) any Formosan termite damage
 13 repair loan.”.

14 (b) DEFINITION OF FORMOSAN TERMITE DAMAGE
 15 REPAIR LOAN.—Section 144(a)(12) of such Code is
 16 amended by adding at the end the following new subpara-
 17 graph:

18 “(D) FORMOSAN TERMITE DAMAGE RE-
 19 PAIR LOAN.—For purposes of this paragraph—

20 “(i) IN GENERAL.—The term ‘For-
 21 mosan termite damage repair loan’ means
 22 the financing of repairs on or in connection
 23 with residential rental property or property
 24 used by a small business by the owner
 25 thereof, for damage caused by Formosan
 26 termites.

1 “(ii) SMALL BUSINESSES COVERED.—

2 The term ‘small business’ means, for any
 3 taxable year, any corporation or partner-
 4 ship if the entity meets the \$5,000,000
 5 gross receipts test of section 448(c) for the
 6 prior taxable year.”.

7 (c) AMOUNTS USED IN FORMOSAN TERMITE REPAIR
 8 NOT INCLUDED IN CALCULATING LIMIT ON AMOUNT OF
 9 BOND.—Clause (i) of section 144(a)(4)(C) of such Code
 10 (relating to certain capital expenditures not taken into ac-
 11 count) is amended by inserting “Formosan termite dam-
 12 age,” after “storm,”.

13 (d) EFFECTIVE DATE.—The amendment made by
 14 subsection (a) shall apply to bonds issued after the date
 15 of the enactment of this Act.

16 **SEC. 4. EXCEPTION FROM VOLUME CAP FOR PRIVATE AC-**
 17 **TIVITY BONDS USED TO REPAIR FORMOSAN**
 18 **TERMITE DAMAGE.**

19 (a) EXCEPTION FROM VOLUME CAP.—Section
 20 146(g) of the Internal Revenue Code of 1986 (relating to
 21 exception for certain bonds) is amended by striking “and”
 22 at the end of paragraph (3), by striking the period at the
 23 end of paragraph (4) and inserting a comma, and by add-
 24 ing after paragraph (4) the following new paragraphs:

1 “(5) any qualified mortgage bond if 95 percent
 2 or more of the net proceeds of the bond are to be
 3 used to provide home improvement loans for the re-
 4 pair of Formosan termite damage, and

5 “(6) any qualified small issue bond if 95 per-
 6 cent or more of the net proceeds of the bond are to
 7 be used to provide Formosan termite damage repair
 8 loans (as defined in section 144(a)(12)(D)).”.

9 (b) EFFECTIVE DATE.—The amendment made by
 10 subsection (a) shall apply to bonds issued after the date
 11 of the enactment of this Act.

12 **SEC. 5. EXEMPTION OF CERTAIN BONDS USED TO REPAIR**
 13 **FORMOSAN TERMITE DAMAGE FROM RE-**
 14 **STRICTIONS ON DEDUCTION BY FINANCIAL**
 15 **INSTITUTIONS FOR INTEREST.**

16 (a) IN GENERAL.—Clause (ii) of section
 17 265(b)(3)(B) of the Internal Revenue Code of 1986 (de-
 18 fining qualified tax-exempt obligations) is amended by
 19 striking “or” at the end of subclause (I), by redesignating
 20 subclause (II) as subclause (IV), and by inserting after
 21 subclause (I) the following new subclauses:

22 “(II) any qualified mortgage
 23 bond if 95 percent or more of the net
 24 proceeds of the bond are to be used to
 25 provide home improvement loans for

1 the repair of Formosan termite dam-
2 age,

3 “(III) any qualified small issue
4 bond if 95 percent or more of the net
5 proceeds of the bond are to be used to
6 provide Formosan termite damage re-
7 pair loans (as defined in section
8 144(a)(12)(D)), or”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) shall apply to bonds issued after the date
11 of the enactment of this Act.

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