

106TH CONGRESS
1ST SESSION

H. R. 3247

To amend the Internal Revenue Code of 1986 to increase job creation and small business expansion and formation in economically distressed United States insular areas.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 1999

Mrs. CHRISTENSEN (for herself, Mr. UNDERWOOD, Mr. BISHOP, Mr. JEFFERSON, Mr. DAVIS of Illinois, Mr. OWENS, Mr. CONYERS, Mr. PAYNE, Mr. FATTAH, Mr. RANGEL, Mr. LEWIS of Georgia, Mr. THOMPSON of Mississippi, Ms. KILPATRICK, Mr. HASTINGS of Florida, Ms. LEE, Mrs. JONES of Ohio, Ms. CARSON, Mrs. MEEK of Florida, Ms. BROWN of Florida, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. CLYBURN, Mr. MEEKS of New York, and Mr. GEORGE MILLER of California) 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 increase job creation and small business expansion and formation in economically distressed United States insular areas.

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. UNITED STATES INSULAR AREA EMPOWER-**
2 **MENT ZONES.**

3 (a) DESIGNATION.—Subsection (b) of section 1391 of
4 the Internal Revenue Code of 1986 is amended by adding
5 at the end the following new paragraph:

6 “(3) UNITED STATES INSULAR AREA EMPOWER-
7 MENT ZONES.—

8 “(A) DESIGNATION.—In addition to the
9 areas designated under paragraph (2), the Sec-
10 retary of Housing and Urban Development
11 shall designate in the aggregate 2 nominated
12 insular areas as empowerment zones under this
13 section, subject to the availability of nominated
14 areas.

15 “(B) PERIOD DESIGNATIONS MAY BE
16 MADE.—Notwithstanding subsection (c), a des-
17 ignation may be made under this paragraph
18 after the date of the enactment of this para-
19 graph and before January 1, 2001.”

20 (b) ELIGIBILITY CRITERIA.—Subsection (a) of sec-
21 tion 1392 of such Code is amended by adding at the end
22 the following new paragraph:

23 “(5) UNITED STATES INSULAR AREA EMPOWER-
24 MENT ZONES.—In the case of a nominated insular
25 area under section 1391(b)(3)—

1 “(A) POPULATION.—Such area has a max-
2 imum population of 200,000.

3 “(B) SIZE.—Such area is the possession of
4 the United States in its entirety.

5 “(C) INAPPLICABLE REQUIREMENTS.—
6 Paragraphs (1), (3), and (4) shall not apply.”

7 (c) DEFINITIONS AND SPECIAL RULES.—Subsection
8 (a) of section 1393 of such Code is amended by adding
9 at the end the following new paragraph:

10 “(10) SPECIAL RULE FOR INSULAR AREAS.—In
11 the case of insular areas—

12 “(A) APPROPRIATE SECRETARY.—The
13 term ‘appropriate Secretary’ means the Sec-
14 retary of Housing and Urban Development.

15 “(B) NOMINATED AREA.—The term ‘nomi-
16 nated area’ means a nominated insular area.

17 “(C) NOMINATED INSULAR AREA.—The
18 term ‘nominated insular area’ means an insular
19 area which is nominated for designation under
20 section 1391(b)(3).

21 “(D) STATE.—The term ‘State’ includes
22 an insular area of the United States.”

23 (d) LIMITATION ON AMOUNT OF TAX-EXEMPT EN-
24 TERPRISE ZONE FACILITY BONDS.—Subsection (c) of sec-

tion 1394 of such Code is amended by adding at the end
the following new paragraph:

“(3) SPECIAL RULE FOR UNITED STATES INSULAR AREA EMPOWERMENT ZONE.—In the case of an empowerment zone designated under section 1391(b)(3), paragraph (1)(A) shall be applied by substituting ‘\$1,000,000’ for ‘\$3,000,000’.”

(e) APPLICABLE PERCENTAGE RELATING TO EMPOWERMENT ZONE EMPLOYMENT CREDIT.—

(1) IN GENERAL.—Subsection (b) of section 1396 of such Code is amended by adding at the end the following new paragraph:

“(3) SPECIAL RULE FOR UNITED STATES INSULAR AREAS.—With respect to each empowerment zone designated pursuant to section 1391(b)(3), the following table shall apply in lieu of the table in paragraph (1):

| “In the case of wages paid or incurred during calendar year— | The applicable percentage is— |
|---|--------------------------------------|
| 2001 through 2005 | 20 |
| 2006 | 15 |
| 2007 | 10 |
| 2008 | 5.”. |

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 1396(b) of such Code is amended by striking “paragraph (2)” and inserting “paragraphs (2) and (3)”.

1 (f) DEFINITION OF INSULAR AREA.—Subsection (a)
2 of section 7701 of such Code is amended by adding at
3 the end the following new paragraph:

4 “(47) INSULAR AREA.—The term ‘insular area’
5 means a possession of the United States.”.

6 (g) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 the date of the enactment of this Act.

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