

107TH CONGRESS  
1ST SESSION

# S. 1487

To amend the Internal Revenue Code of 1986 to encourage the patronage of the hospitality, restaurant, and entertainment industries of New York City.

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IN THE SENATE OF THE UNITED STATES

OCTOBER 3, 2001

Mr. SCHUMER (for himself and Mrs. CLINTON) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to encourage the patronage of the hospitality, restaurant, and entertainment industries of New York City.

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 “I Love New York Tax  
5 Deduction Act of 2001”.

6 **SEC. 2. MEALS, ENTERTAINMENT, AND LODGING EXPENSES**

7       **IN NEW YORK CITY.**

8       (a) INCREASE IN DEDUCTION FOR BUSINESS MEAL  
9 AND ENTERTAINMENT EXPENSES.—Subsection (n) of sec-

1 tion 274 of the Internal Revenue Code of 1986 (relating  
2 to only 50 percent of meal and entertainment expenses  
3 allowed as deduction) is amended by adding at the end  
4 the following new paragraph:

5                 “(4) SPECIAL RULE FOR MEALS AND ENTER-  
6 TAINMENT PROVIDED IN NEW YORK CITY.—In the  
7 case of food, beverages, entertainment, amusement,  
8 and recreation furnished in New York City during  
9 the period beginning on the date of the enactment  
10 of the I Love New York Tax Deduction Act of 2001  
11 and ending on the last day of the first taxable year  
12 beginning after December 31, 2001, paragraph (1)  
13 shall be applied by substituting ‘80 percent’ for ‘50  
14 percent’.”.

15                 (b) DEDUCTION FOR PERSONAL MEAL AND ENTER-  
16 TAINMENT EXPENSES.—

17                 (1) IN GENERAL.—Section 262 of such Code  
18 (relating to personal, living, and family expenses) is  
19 amended by adding at the end the following new  
20 subsection:

21                 “(c) MEALS, LODGING, AND ENTERTAINMENT PRO-  
22 VIDED IN NEW YORK CITY.—

23                 “(1) IN GENERAL.—Subsection (a) shall not  
24 apply to an amount equal to 50 percent of the ex-  
25 penses paid or incurred for food, beverages, lodging,

1       entertainment, amusement, or recreation furnished  
2       in a trade or business establishment in New York  
3       City during the period beginning on the date of the  
4       enactment of the I Love New York Tax Deduction  
5       Act of 2001 and ending on the last day of the first  
6       taxable year beginning after December 31, 2001.

7           “(2) LIMITATION.—The amount taken into ac-  
8       count under paragraph (1) for such taxable year  
9       shall not exceed \$500 (\$1,000 in the case of joint  
10      return).

11           “(3) SPECIAL RULES.—

12           “(A) SUBSTANTIATION.—For purposes of  
13       this subsection, rules similar to the rules of sec-  
14       tion 274(d) shall apply.

15           “(B) RELATED PERSON.—No deduction  
16       shall be allowed under paragraph (1) for an ex-  
17       pense for food, beverages, lodging, entertain-  
18       ment, amusement, or recreation furnished by a  
19       related person (within the meaning of section  
20       144(a)(3)(A)).

21           “(4) ILLEGAL ACTIVITIES.—No deduction shall  
22       be allowed under paragraph (1) for any amount paid  
23       or incurred in connection with a violation of a crimi-  
24       nal law.

1           “(5) DENIAL OF DOUBLE BENEFIT.—No deduction  
2        shall be allowed under paragraph (1) for any  
3        expense for which a deduction or credit is allowed  
4        under any other provision of this chapter.”.

5           (2) DEDUCTION ALLOWED IN COMPUTING AD-  
6        JUSTED GROSS INCOME.—Section 62(a) of such  
7        Code is amended by inserting after paragraph (18)  
8        the following:

9           “(19) MEALS, LODGING, AND ENTERTAINMENT  
10        PROVIDED IN NEW YORK CITY.—The deduction al-  
11        lowed by section 262(c).”.

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

