

109TH CONGRESS
1ST SESSION

H. R. 2182

To promote freedom, fairness, and economic opportunity by establishing a National Enterprise Zone system to promote prosperity in economically depressed areas.

IN THE HOUSE OF REPRESENTATIVES

MAY 5, 2005

Mr. FORTUÑO (for himself and Mr. RYAN of Wisconsin) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To promote freedom, fairness, and economic opportunity by establishing a National Enterprise Zone system to promote prosperity in economically depressed areas.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “National Enterprise Zone Act of 2005”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
Sec. 2. Findings.
Sec. 3. National Enterprise Zones.

“SUBCHAPTER Z—NATIONAL ENTERPRISE ZONES

“Sec. 1400M. National Enterprise Zone designation procedure.

“Sec. 1400N. National Enterprise Zone Eligibility Criteria.

“Sec. 1400O. Effect of National Enterprise Zone designation on individuals, estates and trusts.

“Sec. 1400P. National Enterprise Zone individual taxable income.

“Sec. 1400Q. Effect of National Enterprise Zone designation on corporations.

“Sec. 1400R. National Enterprise Zone Corporate taxable income.

“Sec. 1400S. Conduct of an active trade or business within a National Enterprise Zone by corporations, partnerships and sole proprietors.

“Sec. 1400T. Definitions and special rules.

1 **SEC. 2. FINDINGS.**

2 The Congress finds that—

3 (1) a higher level of private sector economic ac-
4 tivity is necessary to alleviate poverty and unemploy-
5 ment in economically depressed regions of the
6 United States;

7 (2) removing tax disincentives to reside or do
8 business in economically depressed areas is an effec-
9 tive means of promoting economic growth, develop-
10 ment, employment, a higher standard of living and
11 a higher quality of life in economically depressed
12 areas;

13 (3) lower marginal tax rates on work, savings
14 and investment in economically depressed regions
15 will promote employment, business activity and de-
16 velopment in economically depressed areas; and

17 (4) improved taxation of business investment in
18 plant, equipment and inventories in economically de-
19 pressed areas will encourage businesses to operate in
20 those areas.

1 **SEC. 3. NATIONAL ENTERPRISE ZONES.**

2 (a) IN GENERAL.—Chapter 1 of the Internal Rev-
 3 enue Code of 1986 is amended by inserting after sub-
 4 chapter Y the following new subchapter:

5 **“Subchapter Z—National Enterprise Zones**

“Sec. 1400M. National Enterprise Zone designation procedure.

“Sec. 1400N. National Enterprise Zone eligibility criteria.

“Sec. 1400O. Effect of National Enterprise Zone designation on individuals, es-
 tates and trusts.

“Sec. 1400P. National Enterprise Zone individual taxable income.

“Sec. 1400Q. Effect of National Enterprise Zone designation on corporations.

“Sec. 1400R. National Enterprise Zone corporate taxable income.

“Sec. 1400S. Conduct of an active trade or business within a National Enter-
 prise Zone by corporations, partnerships and sole proprietors.

“Sec. 1400T. Definitions and special rules.

6 **“SEC. 1400M. NATIONAL ENTERPRISE ZONE DESIGNATION**
 7 **PROCEDURE.**

8 “(a) NOMINATED ZONE.—The governor of a State or
 9 United States territory or the Mayor of the District of
 10 Columbia may nominate one or more zones for consider-
 11 ation by the Secretary. This nomination shall take the
 12 form of a written application submitted in the manner and
 13 form prescribed by the Secretary. Said application shall
 14 contain all of the information necessary to determine
 15 whether a nominated zone meets the National Enterprise
 16 Zone eligibility criteria.

17 “(b) APPLICATION DEADLINE.—The nomination ap-
 18 plication shall be submitted after January 1st and before
 19 February 28th of the year prior to the proposed effective
 20 date of the zone.

1 “(c) DEFICIENCIES DEADLINE.—The Secretary shall
2 inform the nominator of any procedural noncompliance by
3 the nominator with the application procedures or of any
4 needed information that may be missing from the applica-
5 tion by issuing a deficiency notice no later than April 30th
6 of the year that the application was submitted.

7 “(d) CURING DEADLINE.—The nominator shall cure
8 any deficiencies set forth in the Secretary’s deficiency no-
9 tice by May 31st of the year in which the deficiency notice
10 was issued. Failure to timely cure said deficiencies shall
11 constitute the withdraw of the nomination application.

12 “(e) DESIGNATION DEADLINE.—The Secretary shall
13 make a determination with respect to any nomination ap-
14 plication no later than September 30th of the year in
15 which the application was received. If the Secretary finds
16 that a nominated zone meets the National Enterprise
17 Zone eligibility criteria set forth in section 1400N, then
18 the Secretary shall designate said zone as a National En-
19 terprise Zone no later than September 30th of the year
20 that the application was submitted. If the Secretary finds
21 that a nominated zone does not meet the National Enter-
22 prise Zone eligibility criteria set forth in section 1400N
23 or that the application does not contain sufficient informa-
24 tion to determine whether a nominated zone meets the Na-
25 tional Enterprise Zone eligibility criteria set forth in sec-

tion 1400N, then the Secretary shall decline to designate said zone as a National Enterprise Zone and shall, not later than October 31st of the year the application was submitted, provide to the nominator a rejection notice setting forth with particularly the reasons why the application was rejected.

“(f) NO PREJUDICE WITH RESPECT TO PREVIOUSLY NOMINATED ZONES.—Whether a zone or a substantially similar zone has been nominated in previous years shall not be regarded by the Secretary as relevant when evaluating whether to designate a nominated zone as a National Enterprise Zone.

“(g) APPLICATION CONTENTS.—The application submitted by the nominator shall contain—

“(1) an enumeration of all of the census tracts to be included in the zone;

“(2) census data for each tract as to median household income in that tract;

“(3) census data for each tract as to the poverty rate in that tract;

“(4) the state, territorial or District of Columbia law that conforms to the requirements of section 1400N; and

“(5) such other information as the Secretary may require.

1 “(h) EFFECTIVE DATE OF ZONE DESIGNATION.—

2 The effective date of the designation of any zone as a Na-
3 tional Enterprise Zone pursuant to this section shall be
4 January 1 of the year following its designation. The des-
5 ignation shall continue indefinitely. However, the zone
6 shall be subject to annual eligibility reviews after it has
7 been effective five years.

8 “(i) ANNUAL ELIGIBILITY REVIEW.—Between Janu-

9 ary 1 and April 30 of the sixth year of a National Enter-
10 prise Zone’s initial effective date and each year thereafter,
11 the Secretary shall undertake a review of each National
12 Enterprise Zone designation whereby the Secretary shall
13 determine whether the zone continues to meet the Na-
14 tional Enterprise Zone Eligibility Criteria established by
15 section 1400N. If this review determines that a National
16 Enterprise Zone no longer meets the National Enterprise
17 Zone Eligibility Criteria established by section 1400N,
18 then the Secretary shall revoke the designation effective
19 the end of the calendar year. No later than June 30 after
20 said determination, the Secretary shall issue a notice to
21 the nominator and to all taxpayers making National En-
22 terprise Zone elections with respect to said zone in the
23 taxpayer’s previous taxable year that the designation will
24 be revoked at the end of the calendar year for said Na-
25 tional Enterprise Zone. The Secretary shall publish the

1 annual eligibility review results for all National Enterprise
 2 Zones no later than June 30 of each year.

3 **“SEC. 1400N. NATIONAL ENTERPRISE ZONE ELIGIBILITY**
 4 **CRITERIA.**

5 “(a) NATIONAL ENTERPRISE ZONE ELIGIBILITY
 6 CRITERIA.—A National Enterprise Zone must—

7 “(1) be composed of contiguous census tracts
 8 (none of which may be part of an existing National
 9 Enterprise Zone);

10 “(2) have greater than 10,000 residents;

11 “(3) have a poverty rate two times the national
 12 poverty rate;

13 “(4) have a median household income less than
 14 60 percent of the national median household income;

15 “(5) have an unemployment rate 2.5 times the
 16 national average unemployment rate; and

17 “(6) be located entirely within a state, territory
 18 or the District of Columbia that the Secretary cer-
 19 tifies has enacted conforming laws within the mean-
 20 ing of subsection (e).

21 “(b) SPECIAL RULE FOR SMALL INCORPORATED CIT-
 22 IES OR SMALL COUNTIES.—Paragraph (2) of subsection
 23 (a) shall not apply to a zone if the zone comprises an en-
 24 tire incorporated city or an entire county provided that

1 said incorporated city or county existed on the date of en-
2 actment of this subchapter.

3 “(c) NO OVERLAP WITH EXISTING ZONES OF DIF-
4 FERENT TYPE.—No part of a National Enterprise Zone
5 may also be a part of an Empowerment Zone, Enterprise
6 Community, or Rural Development Investment Area (Sub-
7 chapter U zones), District of Columbia Enterprise Zone
8 (subchapter W zones). However, the nominator of a pro-
9 posed National Enterprise Zone may indicate in his appli-
10 cation that the some or all of an existing subchapter U
11 or subchapter W zone shall lose that designation upon its
12 designation as all or part of a National Enterprise Zone.
13 Said existing subchapter U or subchapter W zone shall
14 lose said designation upon its designation as all or part
15 of a National Enterprise Zone in a manner prescribed by
16 the Secretary.

17 “(d) DATA.—No later than November 30th of each
18 year, the Secretary shall designate which data as of which
19 date shall be used by nominators to perform the calcula-
20 tions required in subsection (a) in applications made the
21 following year.

22 “(e) CONFORMING LAWS.—A state, territory or the
23 District of Columbia shall be deemed to have enacted con-
24 forming laws if it is in substantial compliance with—

1 “(1) the No Child Left Behind Act of 2001
2 (Public Law 107–110), and

3 “(2) its tax laws provide for either—

4 “(A) a substantially similar income tax
5 base with respect to business income arising
6 from the conduct of an active trade or business
7 within a National Enterprise Zone as that pro-
8 vided for Federal income tax purposes and tax
9 rates no higher than that imposed on businesses
10 without a National Enterprise Zone, or

11 “(B) the imposition of no income tax with
12 respect to business income arising from the con-
13 duct of an active trade or business within a Na-
14 tional Enterprise Zone.

15 **“SEC. 14000. EFFECT OF NATIONAL ENTERPRISE ZONE**
16 **DESIGNATION ON INDIVIDUALS, ESTATES**
17 **AND TRUSTS.**

18 “(a) INDIVIDUAL ALTERNATIVE NATIONAL ENTER-
19 PRISE ZONE TAX.—If for any taxable year, any individual
20 taxpayer who is resident in a National Enterprise Zone
21 for the entire taxable year has any National Enterprise
22 Zone taxable income, then, in lieu of any tax imposed by
23 section 1 or section 55, said individual taxpayer may elect,
24 in a form prescribed by the Secretary, to pay a tax which
25 shall consist of the sum of—

1 “(1) a tax computed on the taxable income re-
2 duced by the amount of National Enterprise Zone
3 tentative taxable income (if greater than zero), at
4 the rates and in the manner as if this subsection
5 had not been enacted, plus

6 “(2) a tax of 17 percent of the National Enter-
7 prise Zone taxable income.

8 “(b) INDIVIDUAL TAXPAYER.—For purposes of this
9 section, an individual taxpayer shall include an—

10 “(1) individual,

11 “(2) married individual making a single return
12 jointly with his spouse,

13 “(3) surviving spouse,

14 “(4) head of household,

15 “(5) married individual who does not make a
16 single return jointly with his or her spouse,

17 “(6) estate, or

18 “(7) trust.

19 “(c) CERTAIN INDIVIDUALS, ESTATES AND
20 TRUSTS.—

21 “(1) JOINT FILERS.—In the case of married in-
22 dividuals making a single return jointly, both indi-
23 viduals must have been residents in a National En-
24 terprise Zone for their entire taxable year to qualify
25 to file jointly under this section.

1 “(2) INDIVIDUALS RESIDENT IN MULTIPLE
 2 ZONES.—Individuals who were residents of two or
 3 more National Enterprise Zones during their taxable
 4 year but were residents of a National Enterprise
 5 Zone for their entire taxable year shall be eligible
 6 under this section.

7 “(3) ESTATES AND CERTAIN TRUSTS.—The es-
 8 tate of an individual and testamentary trusts of said
 9 individual shall be eligible under this section if the
 10 decedent was a resident of a National Enterprise
 11 Zone for at least two complete taxable years prior to
 12 the individual’s death.

13 **“SEC. 1400P. NATIONAL ENTERPRISE ZONE INDIVIDUAL**
 14 **TAXABLE INCOME.**

15 “(a) NATIONAL ENTERPRISE ZONE INDIVIDUAL
 16 TENTATIVE TAXABLE INCOME.—National Enterprise
 17 Zone tentative individual taxable income shall be equal to
 18 taxable income (as defined by section 63 without regard
 19 to section 179(e)) plus the additions set forth in sub-
 20 section (b) less the deductions set forth in subsection (c).

21 “(b) ADDITIONS TO TAXABLE INCOME TO DETER-
 22 MINE NATIONAL ENTERPRISE INDIVIDUAL TENTATIVE
 23 TAXABLE INCOME.—The following amounts shall be
 24 added to taxable income for purposes of determining Na-

1 tional Enterprise Zone individual tentative taxable in-
 2 come—

3 “(1) any amount excluded by section 103;

4 “(2) any amount excluded by section 105;

5 “(3) any amount excluded by section 106; and

6 “(4) any amount excluded by section 125.

7 “(c) DEDUCTIONS FROM TAXABLE INCOME TO DE-
 8 TERMINE NATIONAL ENTERPRISE INDIVIDUAL TEN-
 9 TATIVE TAXABLE INCOME.—The following amounts shall
 10 be deducted from taxable income for purposes of deter-
 11 mining National Enterprise Zone individual tentative tax-
 12 able income—

13 “(1) the taxpayer’s distributive share of any
 14 partnership item (within the meaning of section
 15 702) that is not attributable to the conduct of an ac-
 16 tive trade or business within a National Enterprise
 17 Zone;

18 “(2) the taxpayer’s pro rata share of any S cor-
 19 poration item (within the meaning of section 1366)
 20 that is not attributable to the conduct of an active
 21 trade or business within a National Enterprise Zone;
 22 and

23 “(3) income derived from business that does not
 24 constitute the conduct of an active trade or business
 25 within a National Enterprise Zone.

1 “(d) NATIONAL ENTERPRISE ZONE INDIVIDUAL
 2 TAXABLE INCOME.—National Enterprise Zone individual
 3 taxable income shall be National Enterprise Zone tentative
 4 individual taxable income less—

5 “(1) net savings (as defined in subsection e);

6 “(2) capital gains subject to tax by section 1
 7 provided that the property disposed of, the disposi-
 8 tion of which gave rise to the gain or loss, was ac-
 9 quired by the taxpayer at a time the taxpayer was
 10 a resident of a National Enterprise Zone;

11 “(3) expenditures made to acquire inventory
 12 property;

13 “(4) the amount, if any, the taxpayer elects to
 14 deduct pursuant to 179(e) that exceeds the limita-
 15 tions in section 179(b);

16 “(5) deductions reduced pursuant to section 68;
 17 and

18 “(6) amounts by which the exemption was re-
 19 duced pursuant to section 151(d)(3).

20 “(e) NET SAVINGS.—

21 “(1) GENERAL RULE.—Net savings means de-
 22 posits or contributions to non-qualified financial ac-
 23 counts less withdraws or distributions from non-
 24 qualified financial accounts held.

1 “(2) NONQUALIFIED FINANCIAL ACCOUNTS.—A
 2 non-qualified financial account means an account
 3 maintained with a bank (other than a checking ac-
 4 count), a regulated investment company, an invest-
 5 ment bank or brokerage firm that is not a qualified
 6 trust or account within the meaning of subchapter
 7 D.

8 “(f) TAX UPON LEAVING ZONE.—The cumulative
 9 sum of net savings deducted pursuant to subsection (d)(1)
 10 (if greater than zero) shall be includible in gross income
 11 and taxed at a 17 percent rate upon a person becoming
 12 a non-resident of a National Enterprise Zone.

13 **“SEC. 1400Q. EFFECT OF NATIONAL ENTERPRISE ZONE**
 14 **DESIGNATION ON CORPORATIONS.**

15 “(a) CORPORATE ALTERNATIVE NATIONAL ENTER-
 16 PRISE ZONE TAX.—If for any taxable year, any corpora-
 17 tion (other than an S corporation) has any National En-
 18 terprise Zone taxable income, then, in lieu of any tax im-
 19 posed by section 11 or section 55, said corporation may
 20 elect, in a form prescribed by the Secretary, to pay a tax
 21 which shall consist of the sum of—

22 “(1) a tax computed on the taxable income re-
 23 duced by the amount of National Enterprise Zone
 24 tentative corporate taxable income (if greater than

1 zero) at the rates and in the manner as if this sub-
 2 section had not been enacted, plus

3 “(2) a tax of 17 percent of the National Enter-
 4 prise Zone taxable income.

5 **“SEC. 1400R. NATIONAL ENTERPRISE ZONE CORPORATE**
 6 **TAXABLE INCOME.**

7 “(a) IN GENERAL.—National Enterprise Zone Cor-
 8 porate tentative taxable income shall be taxable income
 9 (without regard to section 179(e)) arising from the con-
 10 duct of an active trade or business within one or more
 11 National Enterprise Zones.

12 “(b) ADJUSTMENTS.—National Enterprise Zone Cor-
 13 porate taxable income shall be equal to National Enter-
 14 prise Zone Corporate tentative taxable income less—

15 “(1) expenditures made to acquire inventory
 16 property held in a National Enterprise Zone, and

17 “(2) the amount, if any, the taxpayer elects to
 18 deduct pursuant to 179(e) that exceeds the limita-
 19 tions in section 179(b).

20 **“SEC. 1400S. CONDUCT OF AN ACTIVE TRADE OR BUSINESS**
 21 **WITHIN A NATIONAL ENTERPRISE ZONE BY**
 22 **CORPORATIONS, PARTNERSHIPS AND SOLE**
 23 **PROPRIETORS.**

24 “(a) ACTIVE TRADE OR BUSINESS.—For purposes of
 25 subchapter Z, the conduct of active trade or business

1 means the conduct of a trade or business that derives no
2 more than 5 percent of its gross income from passive ac-
3 tivities (as defined by section 469).

4 “(b) INCOME AND EXPENSES WITHIN A NATIONAL
5 ENTERPRISE ZONE.—

6 “(1) GROSS INCOME.—Gross income from with-
7 in a National Enterprise Zone shall mean—

8 “(A) compensation for labor or personal
9 services performed by a natural person who is
10 based in a National Enterprise Zone;

11 “(B) rentals or royalties from property lo-
12 cated in a National Enterprise Zone;

13 “(C) gains, profits and income derived
14 from the sale of inventory property held within
15 a National Enterprise Zone; and

16 “(D) income from the sale of property that
17 is produced, created, fabricated, manufactured,
18 extracted, processed, cured, aged, grown or har-
19 vested within the zone.

20 “(2) EXPENSES.—Expenses shall be allocated
21 and apportioned to the income producing activities
22 to which they are related. Expenses which are not
23 allocable or apportioned to any specific income pro-
24 ducing activities shall be allocated on the basis of
25 gross income such that the ratio of the expense allo-

1 cated to the National Enterprise Zone is the same
 2 as the ratio of gross income within the National En-
 3 terprise Zone to all gross income within the United
 4 States of the taxpayer or controlled group (in the
 5 case of a corporation that is a member of a con-
 6 trolled group).

7 “(c) ALTERNATIVE FORMULARY METHOD.—

8 “(1) IN GENERAL.—A corporation (or con-
 9 trolled group in the case of a corporation that is a
 10 member of a controlled group), partnership or sole
 11 proprietor that so elects, in a form and manner pre-
 12 scribed by the Secretary, may determine the share of
 13 its income, expense and other items attributable to
 14 the conduct of an active trade or business within a
 15 National Enterprise Zone by multiplying its appor-
 16 tionment ratio by the amount of the income, expense
 17 and other items for purposes of determining its Na-
 18 tional Enterprise Zone Corporate taxable income.

19 “(2) APPORTIONMENT RATIO.—The appor-
 20 tionment ratio shall be the ratio of—

21 “(A) the sum of the remaining basis in de-
 22 preciable property held in zone for the entire
 23 taxable year, of the inventory held in a zone at
 24 the end of the taxable year and of the com-

1 pensation paid to zone-based employees during
2 the taxable year, and

3 “(B) the sum of the remaining basis in de-
4 preciable property held in the United States for
5 the entire taxable year, of the inventory held in
6 the United States at the end of the taxable year
7 and of the compensation paid to employees
8 within the United States during the taxable
9 year.

10 “(3) MANDATORY USE OF ALTERNATIVE FOR-
11 MULARY METHOD.—If a taxpayer—

12 “(A) derives greater than 10 percent of its
13 gross income from sales to related parties (as
14 defined in section 1313(c)), or

15 “(B) expenses attributable to purchases
16 from related parties (as defined in section
17 1313(c)) account for greater than 10 percent of
18 its expenses,

19 then said taxpayer must use the alternative for-
20 mulary method.

21 **“SEC. 1400T. DEFINITIONS AND SPECIAL RULES.**

22 “(a) BASED IN A NATIONAL ENTERPRISE ZONE.—
23 A person is based in a National Enterprise Zone if that
24 person works out of an office, factory, store or other facil-
25 ity located in a National Enterprise Zone not less than

1 80 percent of the hours worked by said person in a cal-
 2 endar year. In the case of a person that works for an em-
 3 ployer for less than the full calendar year or was engaged
 4 in the conduct of an active trade or business within a Na-
 5 tional Enterprise Zone for less than the full calendar year,
 6 then a person shall be deemed based in a National Enter-
 7 prise Zone if that person worked out of an office, factory,
 8 store or other facility located in a National Enterprise
 9 Zone not less than 80 percent of the hours worked by said
 10 person while employed by said employer or engaged in the
 11 conduct of an active trade or business within a National
 12 Enterprise Zone.

13 “(b) INVENTORY.—

14 “(1) INVENTORY PROPERTY.—For purposes of
 15 sections 1400P and 1400R, inventory property shall
 16 mean property described in section 1221(a)(1) and
 17 any expenditures that were capitalized pursuant to
 18 section 263A.

19 “(2) NO DOUBLE COUNTING.—The deductions
 20 afforded by section 1400P(d)(3) and 1400R(b)(1)
 21 are in lieu of the deduction provided upon the sale
 22 of inventory property.

23 “(c) NOMINATOR.—Nominator means the governor of
 24 a state or territory or the Mayor of the District of Colum-

1 bia who nominated a zone by application to be a National
2 Enterprise Zone.

3 “(d) RESIDENCY.—For purposes of this subchapter,
4 a person is resident in national enterprise zone for the
5 entire taxable year if—

6 “(1) his or her principal residence (within the
7 meaning of section 121) is within the national enter-
8 prise zone, and

9 “(2) he or she was present (within the meaning
10 of section 7701(b)(3)) in the national enterprise
11 zone no fewer than 245 calendar days during the
12 taxable year.

13 “(e) SECRETARY.—Secretary shall mean the Sec-
14 retary of the Treasury.”.

15 (b) CONFORMING AMENDMENTS.—

16 “(1) Section 179 of the Internal Revenue Code
17 of 1986 is amended by inserting at the end the fol-
18 lowing new subsection:

19 “(e) NO LIMITATION ON AMOUNT IN NATIONAL EN-
20 TERPRISE ZONES.—

21 “(1) IN GENERAL.—The limitations of sub-
22 section (b) shall not apply with respect to property
23 placed in service in a National Enterprise Zone.

24 “(2) PROPERTY REMOVED FROM NATIONAL EN-
25 TERPRISE ZONE.—Property expensed pursuant to

1 section 179 that is removed from service within a
 2 National Enterprise Zone but not disposed of by the
 3 taxpayer shall be treated as if it had been, as of the
 4 date of the removal, disposed of by the taxpayer and
 5 repurchased by the taxpayer at a price equal to what
 6 its remaining basis would have been if the section
 7 179 election had not been exercised with respect to
 8 the property.”.

9 (2) Subsection (d) of section 243 of such Code
 10 is amended by adding a new paragraph (5) at the
 11 end of said subsection as follows:

12 “(5) a domestic corporation which is subject to
 13 taxation under this chapter shall include any cor-
 14 poration organized under the laws of the Common-
 15 wealth of Puerto Rico in any taxable year it has
 16 made a section 1400Q election.”.

17 (c) CLERICAL AMENDMENT.—The table of sub-
 18 chapters for chapter 1 of such Code is amended by insert-
 19 ing after the item relating to subchapter Y the following
 20 new subchapter:

“SUBCHAPTER Z—NATIONAL ENTERPRISE ZONES”.

21 (d) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to taxable years beginning after
 23 December 31, 2005.

○