

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 4155

To amend the Internal Revenue Code of 1986 to provide tax benefits for the Gulf Opportunity Zone and certain areas affected by Hurricane Rita, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 27, 2005

Mr. MCCRERY (for himself, Mr. JEFFERSON, Mr. BRADY of Texas, Mr. LEWIS of Georgia, Mr. LEWIS of Kentucky, Mr. BAKER, Mr. ALEXANDER, Mr. JINDAL, Mr. MELANCON, and Mr. PICKERING) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide tax benefits for the Gulf Opportunity Zone and certain areas affected by Hurricane Rita, 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; ETC.**

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

6       (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
7       wise expressly provided, whenever in this Act an amend-  
8       ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference  
 2 shall be considered to be made to a section or other provi-  
 3 sion of the Internal Revenue Code of 1986.

4 (c) TABLE OF CONTENTS.—The table of contents of  
 5 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—ESTABLISHMENT OF GULF OPPORTUNITY ZONE

Sec. 101. Tax benefits for Gulf Opportunity Zone.

Sec. 102. Federal guarantee of certain State bonds.

TITLE II—TAX BENEFITS RELATED TO HURRICANE RITA

Sec. 201. Extension of certain emergency tax relief for Hurricane Katrina to  
 Hurricane Rita.

TITLE III—OTHER PROVISIONS

Sec. 301. Secretarial authority to extend period during which traveling expenses  
 are treated as incurred away from home in case of major dis-  
 aster.

Sec. 302. Gulf Coast Recovery Bonds.

6 **TITLE I—ESTABLISHMENT OF**  
 7 **GULF OPPORTUNITY ZONE**

8 **SEC. 101. TAX BENEFITS FOR GULF OPPORTUNITY ZONE.**

9 (a) IN GENERAL.—Subchapter Y of chapter 1 is  
 10 amended by adding at the end the following new part:

11 **“PART II—TAX BENEFITS FOR GULF**  
 12 **OPPORTUNITY ZONE**

“Sec. 1400M. Definitions.

“Sec. 1400N. Tax benefits for Gulf Opportunity Zone.

13 **“SEC. 1400M. DEFINITIONS.**

14 “For purposes of this part—

15 “(1) GULF OPPORTUNITY ZONE.—The terms

16 ‘Gulf Opportunity Zone’ and ‘GO Zone’ mean that

1       portion of the Hurricane Katrina disaster area de-  
2       termined by the President to warrant individual or  
3       individual and public assistance from the Federal  
4       Government under the Robert T. Stafford Disaster  
5       Relief and Emergency Assistance Act by reason of  
6       Hurricane Katrina.

7               “(2) HURRICANE KATRINA DISASTER AREA.—  
8       The term ‘Hurricane Katrina disaster area’ means  
9       an area with respect to which a major disaster has  
10      been declared by the President before September 14,  
11      2005, under section 401 of such Act by reason of  
12      Hurricane Katrina.

13              “(3) RITA GO ZONE.—The term ‘Rita GO Zone’  
14      means that portion of the Hurricane Rita disaster  
15      area determined by the President to warrant indi-  
16      vidual or individual and public assistance from the  
17      Federal Government under such Act by reason of  
18      Hurricane Rita.

19              “(4) HURRICANE RITA DISASTER AREA.—The  
20      term ‘Hurricane Rita disaster area’ means an area  
21      with respect to which a major disaster has been de-  
22      clared by the President, before October 6, 2005,  
23      under section 401 of such Act by reason of Hurri-  
24      cane Rita.

1 **“SEC. 1400N. TAX BENEFITS FOR GULF OPPORTUNITY**  
2 **ZONE.**

3 “(a) TAX-EXEMPT BOND FINANCING.—

4 “(1) IN GENERAL.—For purposes of this title—

5 “(A) any qualified Gulf Opportunity Zone  
6 Bond described in paragraph (2)(A)(i) shall be  
7 treated as an exempt facility bond, and

8 “(B) any qualified Gulf Opportunity Zone  
9 Bond described in paragraph (2)(A)(ii) shall be  
10 treated as a qualified mortgage bond.

11 “(2) QUALIFIED GULF OPPORTUNITY ZONE  
12 BOND.—For purposes of this subsection, the term  
13 ‘qualified Gulf Opportunity Zone Bond’ means any  
14 bond issued as part of an issue if—

15 “(A)(i) 95 percent or more of the net pro-  
16 ceeds (as defined in section 150(a)(3)) of such  
17 issue are to be used for qualified project costs,  
18 or

19 “(ii) such issue meets the requirements of  
20 a qualified mortgage issue, except as otherwise  
21 provided in this subsection,

22 “(B) such bond is issued by the State of  
23 Alabama, Louisiana, or Mississippi, or any po-  
24 litical subdivision thereof,

25 “(C) the Governor of such State designates  
26 such bond for purposes of this section, and

1           “(D) such bond is issued after the date of  
2           the enactment of this section and before Janu-  
3           ary 1, 2011.

4           “(3) LIMITATIONS ON AMOUNT OF BONDS.—

5           “(A) AGGREGATE AMOUNT DESIGNATED.—

6           The maximum aggregate face amount of bonds  
7           which may be designated under this subsection  
8           with respect to any State shall not exceed the  
9           product of \$2,500 multiplied by the portion of  
10          the State population which is in the Gulf Op-  
11          portunity Zone (as determined on the basis of  
12          the most recent census estimate of resident  
13          population released by the Bureau of Census  
14          before August 28, 2005).

15          “(B) MOVABLE PROPERTY.—No bonds  
16          shall be issued which are to be used for movable  
17          fixtures and equipment.

18          “(4) QUALIFIED PROJECT COSTS.—For pur-  
19          poses of this subsection, the term ‘qualified project  
20          costs’ means the cost of acquisition, construction, re-  
21          construction, and renovation of—

22                 “(A) nonresidential real property and  
23                 qualified residential rental property (as defined  
24                 in section 142(d)) located in the Gulf Oppor-  
25                 tunity Zone, and

1           “(B) public utility property (as defined in  
2           section 168(i)(10)) located in the Gulf Oppor-  
3           tunity Zone.

4           “(5) SPECIAL RULES.—In applying this title to  
5           any qualified Gulf Opportunity Zone Bond, the fol-  
6           lowing modifications shall apply:

7           “(A) Section 142(d)(1) (defining qualified  
8           residential rental project) shall be applied—

9                   “(i) by substituting ‘60 percent’ for  
10                   ‘50 percent’ in subparagraph (A) thereof,  
11                   and

12                   “(ii) by substituting ‘70 percent’ for  
13                   ‘60 percent’ in subparagraph (B) thereof.

14           “(B) Section 143 (relating to mortgage  
15           revenue bonds: qualified mortgage bond and  
16           qualified veterans’ mortgage bond) shall be ap-  
17           plied—

18                   “(i) by treating only residences in the  
19                   Gulf Opportunity Zone as owner-occupied  
20                   residences,

21                   “(ii) by treating any residence in the  
22                   Gulf Opportunity Zone as a targeted area  
23                   residence, and

24                   “(iii) by substituting ‘\$150,000’ for  
25                   ‘\$15,000’ in subsection (k)(4) thereof.

1           “(C) Except as provided in section 143, re-  
2           payments of principal on financing provided by  
3           the issue of which such bond is a part may not  
4           be used to provide financing.

5           “(D) Section 146 (relating to volume cap)  
6           shall not apply.

7           “(E) Section 147(d)(2) (relating to acqui-  
8           sition of existing property not permitted) shall  
9           be applied by substituting ‘50 percent’ for ‘15  
10          percent’ each place it appears.

11          “(F) Section 148(f)(4)(C) (relating to ex-  
12          ception from rebate for certain proceeds to be  
13          used to finance construction expenditures) shall  
14          apply to the available construction proceeds of  
15          bonds which are part of an issue described in  
16          paragraph (2)(A)(i).

17          “(G) Section 57(a)(5) (relating to tax-ex-  
18          empt interest) shall not apply.

19          “(6) SEPARATE ISSUE TREATMENT OF POR-  
20          TIONS OF AN ISSUE.—This subsection shall not  
21          apply to the portion of an issue which (if issued as  
22          a separate issue) would be treated as a qualified  
23          bond or as a bond that is not a private activity bond  
24          (determined without regard to paragraph (1)), if the  
25          issuer elects to so treat such portion.

1       “(b) ADVANCE REFUNDINGS OF CERTAIN TAX-EX-  
2 EMPT BONDS.—

3           “(1) IN GENERAL.—With respect to a bond de-  
4 scribed in paragraph (3) which is not a qualified  
5 501(c)(3) bond, one additional advance refunding  
6 after the date of the enactment of this section and  
7 before January 1, 2011, shall be allowed under the  
8 applicable rules of section 149(d) if—

9           “(A) the Governor of the State designates  
10 the advance refunding bond for purposes of this  
11 subsection, and

12           “(B) the requirements of paragraph (5)  
13 are met.

14       “(2) CERTAIN PRIVATE ACTIVITY BONDS.—  
15 With respect to a bond described in paragraph (3)  
16 which is an exempt facility bond described in para-  
17 graph (1) or (2) of section 142(a), one advance re-  
18 funding after the date of the enactment of this sec-  
19 tion and before January 1, 2011, shall be allowed  
20 under the applicable rules of section 149(d) (not-  
21 withstanding paragraph (2) thereof) if the require-  
22 ments of subparagraphs (A) and (B) of paragraph  
23 (1) are met.

24       “(3) BONDS DESCRIBED.—A bond is described  
25 in this paragraph if such bond was outstanding on

1 August 28, 2005, and is issued by the State of Ala-  
2 bama, Louisiana, or Mississippi, or a political sub-  
3 division thereof.

4 “(4) AGGREGATE LIMIT.—The maximum aggre-  
5 gate face amount of bonds which may be designated  
6 under this subsection by the Governor of a State  
7 shall not exceed—

8 “(A) \$4,500,000,000 in the case of the  
9 State of Louisiana,

10 “(B) \$2,250,000,000 in the case of the  
11 State of Mississippi, and

12 “(C) \$1,125,000,000 in the case of the  
13 State of Alabama.

14 “(5) ADDITIONAL REQUIREMENTS.—The re-  
15 quirements of this paragraph are met with respect  
16 to any advance refunding of a bond described in  
17 paragraph (3) if—

18 “(A) no advance refundings of such bond  
19 would be allowed under this title on or after  
20 August 28, 2005,

21 “(B) the advance refunding bond is the  
22 only other outstanding bond with respect to the  
23 refunded bond, and

1           “(C) the requirements of section 148 are  
2 met with respect to all bonds issued under this  
3 subsection.

4           “(c) LOW-INCOME HOUSING CREDIT.—

5           “(1) ADDITIONAL HOUSING CREDIT DOLLAR  
6 AMOUNT.—

7           “(A) IN GENERAL.—For purposes of sec-  
8 tion 42, in the case of calendar years 2006,  
9 2007, and 2008, the State housing credit ceil-  
10 ing of each State, any portion of which is lo-  
11 cated in the Gulf Opportunity Zone, shall be in-  
12 creased by the lesser of—

13           “(i) the aggregate housing credit dol-  
14 lar amount allocated by the State housing  
15 credit agency of such State to buildings lo-  
16 cated in the Gulf Opportunity Zone for  
17 such calendar year, or

18           “(ii) the Gulf Opportunity housing  
19 amount for such State for such calendar  
20 year.

21           “(B) GULF OPPORTUNITY HOUSING  
22 AMOUNT.—For purposes of subparagraph (A),  
23 the term ‘Gulf Opportunity housing amount’  
24 means, for any calendar year, the amount equal  
25 to the product of \$18.00 multiplied by the por-

1 tion of the State population which is in the Gulf  
2 Opportunity Zone (as determined on the basis  
3 of the most recent census estimate of resident  
4 population released by the Bureau of Census  
5 before August 28, 2005).

6 “(C) ALLOCATIONS TREATED AS MADE  
7 FIRST FROM ADDITIONAL ALLOCATION AMOUNT  
8 FOR PURPOSES OF DETERMINING CARRY-  
9 OVER.—For purposes of determining the un-  
10 used State housing credit ceiling under section  
11 42(h)(3)(C) for any calendar year, any increase  
12 in the State housing credit ceiling under sub-  
13 paragraph (A) shall be treated as an amount  
14 described in clause (ii) of such section.

15 “(2) DIFFICULT DEVELOPMENT AREA.—

16 “(A) IN GENERAL.—For purposes of sec-  
17 tion 42, in the case of property placed in service  
18 during 2006, 2007, or 2008, the Gulf Oppor-  
19 tunity Zone—

20 “(i) shall be treated as a difficult de-  
21 velopment area designated under subclause  
22 (I) of section 42(d)(5)(C)(iii), and

23 “(ii) shall not be taken into account  
24 for purposes of applying the limitation  
25 under subclause (II) of such section.

1           “(B) APPLICATION.—Subparagraph (A)  
2 shall apply only to—

3           “(i) housing credit dollar amounts al-  
4 located during the period beginning on  
5 January 1, 2006, and ending on December  
6 31, 2008, and

7           “(ii) buildings placed in service during  
8 such period to the extent that paragraph  
9 (1) of section 42(h) does not apply to any  
10 building by reason of paragraph (4) there-  
11 of, but only with respect to bonds issued  
12 after December 31, 2005.

13           “(3) SPECIAL RULE FOR APPLYING INCOME  
14 TESTS.—In the case of property placed in service—

15           “(A) during 2006, 2007, or 2008,

16           “(B) in the Gulf Opportunity Zone, and

17           “(C) in a nonmetropolitan area (as defined  
18 in section 42(d)(5)(C)(iv)(IV)),

19 section 42 shall be applied by substituting ‘national  
20 nonmetropolitan median gross income (determined  
21 under rules similar to the rules of section  
22 142(d)(2)(B))’ for ‘area median gross income’ in  
23 subparagraphs (A) and (B) of section 42(g)(1).

1           “(4) DEFINITIONS.—Any term used in this sub-  
2           section which is also used in section 42 shall have  
3           the same meaning as when used in such section.

4           “(d) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY  
5 ACQUIRED ON OR AFTER AUGUST 28, 2005.—

6           “(1) ADDITIONAL ALLOWANCE.—In the case of  
7           any qualified Gulf Opportunity Zone property—

8                   “(A) the depreciation deduction provided  
9                   by section 167(a) for the taxable year in which  
10                  such property is placed in service shall include  
11                  an allowance equal to 50 percent of the ad-  
12                  justed basis of such property, and

13                   “(B) the adjusted basis of the qualified  
14                  Gulf Opportunity Zone property shall be re-  
15                  duced by the amount of such deduction before  
16                  computing the amount otherwise allowable as a  
17                  depreciation deduction under this chapter for  
18                  such taxable year and any subsequent taxable  
19                  year.

20           “(2) QUALIFIED GULF OPPORTUNITY ZONE  
21 PROPERTY.— For purposes of this subsection—

22                   “(A) IN GENERAL.—The term ‘qualified  
23                  Gulf Opportunity Zone property’ means prop-  
24                  erty—

1 “(i)(I) which is described in section  
2 168(k)(2)(A)(i), or

3 “(II) which is nonresidential real  
4 property or residential rental property,

5 “(ii) substantially all of the use of  
6 which is in the Gulf Opportunity Zone and  
7 is in the active conduct of a trade or busi-  
8 ness by the taxpayer in such Zone,

9 “(iii) the original use of which in the  
10 Gulf Opportunity Zone commences with  
11 the taxpayer on or after August 28, 2005,

12 “(iv) which is acquired by the tax-  
13 payer by purchase (as defined in section  
14 179(d)) on or after August 28, 2005, but  
15 only if no written binding contract for the  
16 acquisition was in effect before August 28,  
17 2005, and

18 “(v) which is placed in service by the  
19 taxpayer on or before December 31, 2007  
20 (December 31, 2008, in the case of non-  
21 residential real property and residential  
22 rental property).

23 “(B) EXCEPTIONS.—

24 “(i) ALTERNATIVE DEPRECIATION  
25 PROPERTY.—Such term shall not include

1 any property described in section  
2 168(k)(2)(D)(i).

3 “(ii) TAX-EXEMPT BOND-FINANCED  
4 PROPERTY.—Such term shall not include  
5 any property any portion of which is fi-  
6 nanced with the proceeds of any obligation  
7 the interest on which is exempt from tax  
8 under section 103.

9 “(iii) QUALIFIED REVITALIZATION  
10 BUILDINGS.—Such term shall not include  
11 any qualified revitalization building with  
12 respect to which the taxpayer has elected  
13 the application of paragraph (1) or (2) of  
14 section 1400I(a).

15 “(iv) ELECTION OUT.—If a taxpayer  
16 makes an election under this clause with  
17 respect to any class of property for any  
18 taxable year, this subsection shall not  
19 apply to all property in such class placed  
20 in service during such taxable year.

21 “(3) SPECIAL RULES.—For purposes of this  
22 subsection, rules similar to the rules of subpara-  
23 graph (E) of section 168(k)(2) shall apply, except  
24 that such subparagraph shall be applied—

1           “(A) by substituting ‘August 27, 2005’ for  
2           ‘September 10, 2001’ each place it appears  
3           therein,

4           “(B) by substituting ‘January 1, 2008’ for  
5           ‘January 1, 2005’ in clause (i) thereof, and

6           “(C) by substituting ‘qualified Gulf Oppor-  
7           tunity Zone property’ for ‘qualified property’ in  
8           clause (iv) thereof.

9           “(4) ALLOWANCE AGAINST ALTERNATIVE MIN-  
10          IMUM TAX.—For purposes of this subsection, rules  
11          similar to the rules of section 168(k)(2)(G) shall  
12          apply.

13          “(5) RECAPTURE.—For purposes of this sub-  
14          section, rules similar to the rules under section  
15          179(d)(10) shall apply with respect to any qualified  
16          Gulf Opportunity Zone property which ceases to be  
17          qualified Gulf Opportunity Zone property.

18          “(e) INCREASE IN EXPENSING UNDER SECTION  
19          179.—

20          “(1) IN GENERAL.—For purposes of section  
21          179—

22                  “(A) the dollar amount in effect under sec-  
23                  tion 179(b)(1) for the taxable year shall be in-  
24                  creased by the lesser of—

25                          “(i) \$100,000, or

1                   “(ii) the cost of qualified section 179  
2                   Gulf Opportunity Zone property placed in  
3                   service during the taxable year, and

4                   “(B) the the dollar amount in effect under  
5                   section 179(b)(2) for the taxable year shall be  
6                   increased by the lesser of—

7                   “(i) \$600,000, or

8                   “(ii) the cost of qualified section 179  
9                   Gulf Opportunity Zone property placed in  
10                  service during the taxable year.

11                  “(2) QUALIFIED SECTION 179 GULF OPPOR-  
12                  TUNITY ZONE PROPERTY.—For purposes of this sub-  
13                  section, the term ‘qualified section 179 Gulf Oppor-  
14                  tunity Zone property’ means section 179 property  
15                  (as defined in section 179(d)) which is qualified Gulf  
16                  Opportunity Zone property (as defined in subsection  
17                  (d)(2)).

18                  “(3) COORDINATION WITH EMPOWERMENT  
19                  ZONES AND RENEWAL COMMUNITIES.—For purposes  
20                  of sections 1397A and 1400J, qualified section 179  
21                  Gulf Opportunity Zone property shall not be treated  
22                  as qualified zone property or qualified renewal prop-  
23                  erty, unless the taxpayer elects not to take such  
24                  qualified section 179 Gulf Opportunity Zone prop-  
25                  erty into account for purposes of this subsection.

1           “(4) RECAPTURE.—For purposes of this sub-  
2           section, rules similar to the rules under section  
3           179(d)(10) shall apply with respect to any qualified  
4           section 179 Gulf Opportunity Zone property which  
5           ceases to be qualified section 179 Gulf Opportunity  
6           Zone property.

7           “(f) EXPENSING FOR CERTAIN DEMOLITION AND  
8           CLEAN-UP COSTS.—

9           “(1) IN GENERAL.—A taxpayer may elect to  
10          treat 50 percent of any qualified Gulf Opportunity  
11          Zone clean-up cost as an expense which is not  
12          chargeable to capital account. Any cost so treated  
13          shall be allowed as a deduction for the taxable year  
14          in which such cost is paid or incurred.

15          “(2) QUALIFIED GULF OPPORTUNITY ZONE  
16          CLEAN-UP COST.—For purposes of this subsection,  
17          the term ‘qualified Gulf Opportunity Zone clean-up  
18          cost’ means any amount paid or incurred during the  
19          period beginning on August 28, 2005, and ending on  
20          December 31, 2007, for the removal of debris from,  
21          or the demolition of structures on, real property  
22          which is located in the Gulf Opportunity Zone and  
23          which is—

1           “(A) held by the taxpayer for use in a  
2           trade or business or for the production of in-  
3           come, or

4           “(B) property described in section  
5           1221(a)(1) in the hands of the taxpayer.

6           For purposes of the preceding sentence, amounts  
7           paid or incurred shall be taken into account only to  
8           the extent that such amount would (but for para-  
9           graph (1)) be chargeable to capital account.

10          “(g) EXTENSION OF EXPENSING FOR ENVIRON-  
11          MENTAL REMEDIATION COSTS.—With respect to any  
12          qualified environmental remediation expenditure (as de-  
13          fined in section 198(b)) paid or incurred on or after Au-  
14          gust 28, 2005, in connection with a qualified contaminated  
15          site located in the Gulf Opportunity Zone, section 198 (re-  
16          lating to expensing of environmental remediation costs)  
17          shall be applied—

18                 “(1) by substituting ‘December 31, 2007’ for  
19                 ‘December 31, 2005’, and

20                 “(2) except as provided in section 198(d)(2), by  
21                 treating petroleum products (as defined in section  
22                 4612(a)(3)) as a hazardous substance.

23          “(h) INCREASE IN REHABILITATION CREDIT.—In the  
24          case of qualified rehabilitation expenditures (as defined in  
25          section 47(c)) paid or incurred during the period begin-

1 ning on August 28, 2005, and ending on December 31,  
2 2008, with respect to any qualified rehabilitated building  
3 or certified historic structure (as defined in section 47(c))  
4 located in the Gulf Opportunity Zone, subsection (a) of  
5 section 47 (relating to rehabilitation credit) shall be ap-  
6 plied—

7           “(1) by substituting ‘13 percent’ for ‘10 per-  
8 cent’ in paragraph (1) thereof, and

9           “(2) by substituting ‘26 percent’ for ‘20 per-  
10 cent’ in paragraph (2) thereof.

11       “(i) SPECIAL RULES FOR SMALL TIMBER PRO-  
12 DUCERS.—

13           “(1) INCREASED EXPENSING FOR QUALIFIED  
14 TIMBER PROPERTY.—In the case of qualified timber  
15 property any portion of which is located in the Gulf  
16 Opportunity Zone or in that portion of the Rita GO  
17 Zone which is not part of the Gulf Opportunity  
18 Zone, the limitation under subparagraph (B) of sec-  
19 tion 194(b)(1) shall be increased by the lesser of—

20           “(A) the limitation which would (but for  
21 this subsection) apply under such subpara-  
22 graph, or

23           “(B) the amount of reforestation expendi-  
24 tures (as defined in section 194(c)(3)) paid or  
25 incurred by the taxpayer with respect to such

1 qualified timber property during the specified  
2 portion of the taxable year.

3 “(2) 5 YEAR NOL CARRYBACK OF CERTAIN TIM-  
4 BER LOSSES.—For purposes of determining farming  
5 loss under section 172(i), income and deductions  
6 which are allocable to the specified portion of the  
7 taxable year and which are attributable to qualified  
8 timber property any portion of which is located in  
9 the Gulf Opportunity Zone or in that portion of the  
10 Rita GO Zone which is not part of the Gulf Oppor-  
11 tunity Zone shall be treated as attributable to farm-  
12 ing businesses.

13 “(3) RULES NOT APPLICABLE TO LARGE TIM-  
14 BER PRODUCERS.—

15 “(A) EXPENSING.—Paragraph (1) shall  
16 not apply to any taxpayer if such taxpayer  
17 holds more than 500 acres of qualified timber  
18 property at any time during the taxable year.

19 “(B) NOL CARRYBACK.—Paragraph (2)  
20 shall not apply with respect to any qualified  
21 timber property unless—

22 “(i) such property was held by the  
23 taxpayer—

24 “(I) on August 28, 2005, in the  
25 case of qualified timber property any

1 portion of which is located in the Gulf  
2 Opportunity Zone, or

3 “(II) on September 23, 2005, in  
4 the case of qualified timber property  
5 (other than property described in sub-  
6 clause (I)) any portion of which is lo-  
7 cated in that portion of the Rita GO  
8 Zone which is not part of the Gulf  
9 Opportunity Zone, and

10 “(ii) such taxpayer held not more  
11 than 500 acres of qualified timber property  
12 on such date.

13 “(C) AGGREGATION RULE.—For purposes  
14 of subparagraphs (A) and (B), related persons  
15 shall be treated as one taxpayer. For purposes  
16 of the preceding sentence, the following shall be  
17 treated as related persons—

18 “(i) 2 or more persons if the relation-  
19 ship between such persons would result in  
20 a disallowance of losses under section 267  
21 or 707(b), and

22 “(ii) 2 or more persons which are  
23 members of the same controlled group  
24 (within the meaning of section  
25 194(b)(2)(A)) of corporations.

1 For purposes of clause (i), section 267 shall be  
2 applied without regard to subsection (b)(1)  
3 thereof.

4 “(4) DEFINITIONS.—For purposes of this sub-  
5 section—

6 “(A) SPECIFIED PORTION.—The term  
7 ‘specified portion’ means—

8 “(i) in the case of the Gulf Oppor-  
9 tunity Zone, that portion of the taxable  
10 year which is on or after August 28, 2005,  
11 and before January 1, 2007, and

12 “(ii) in the case of that portion of the  
13 Rita GO Zone which is not part of the  
14 Gulf Opportunity Zone, that portion of the  
15 taxable year which is on or after Sep-  
16 tember 23, 2005, and before January 1,  
17 2007.

18 “(B) QUALIFIED TIMBER PROPERTY.—The  
19 term ‘qualified timber property’ has the mean-  
20 ing given such term in section 194(c)(1).

21 “(j) SPECIAL RULE FOR GULF OPPORTUNITY ZONE  
22 PUBLIC UTILITY CASUALTY LOSSES.—

23 “(1) IN GENERAL.—The amount described in  
24 section 172(f)(1)(A) for any taxable year shall be in-

1        creased by the Gulf Opportunity Zone public utility  
2        casualty loss for such taxable year.

3               “(2) GULF OPPORTUNITY ZONE PUBLIC UTIL-  
4        ITY CASUALTY LOSS.—For purposes of this sub-  
5        section, the term ‘Gulf Opportunity Zone public util-  
6        ity casualty loss’ means any casualty loss of public  
7        utility property (as defined in section 168(i)(10)) lo-  
8        cated in the Gulf Opportunity Zone if—

9                       “(A) such loss is allowed as a deduction  
10                      under section 165 for the taxable year,

11                     “(B) such loss is by reason of Hurricane  
12                     Katrina, and

13                     “(C) the taxpayer elects the application of  
14                     this subsection with respect to such loss.

15               “(3) REDUCTION FOR GAINS FROM INVOLUN-  
16        TARY CONVERSION.—The amount of Gulf Oppor-  
17        tunity Zone public utility casualty loss which would  
18        (but for this paragraph) be taken into account under  
19        paragraph (1) for any taxable year shall be reduced  
20        by the amount of any gain recognized by the tax-  
21        payer for such year from the involuntary conversion  
22        by reason of Hurricane Katrina of public utility  
23        property (as so defined) located in the Gulf Oppor-  
24        tunity Zone.

1           “(4) COORDINATION WITH GENERAL DISASTER  
2           LOSS RULES.—Section 165(i) shall not apply to any  
3           Gulf Opportunity Zone public utility casualty loss to  
4           the extent such loss is taken into account under  
5           paragraph (1).

6           “(5) ELECTION.—Any election under paragraph  
7           (2)(C) shall be made in such manner as may be pre-  
8           scribed by the Secretary and shall be made by the  
9           due date (including extensions of time) for filing the  
10          taxpayer’s return for the taxable year of the loss.  
11          Such election, once made for any taxable year, shall  
12          be irrevocable for such taxable year.

13          “(k) SPECIAL NOL CARRYBACK OF COST RECOVERY  
14          DEDUCTIONS FOR QUALIFIED GO ZONE PROPERTY.—

15                 “(1) IN GENERAL.—For purposes of section  
16                 172, the GO Zone cost recovery loss for any taxable  
17                 year ending on or after August 28, 2005, and before  
18                 January 1, 2009, shall be a net operating loss  
19                 carryback to each of the 5 taxable years preceding  
20                 the taxable year of the loss.

21                 “(2) GO ZONE COST RECOVERY LOSS.—For  
22                 purposes of this subsection, the term ‘GO Zone cost  
23                 recovery loss’ means, with respect to any taxable  
24                 year, the lesser of—

1           “(A) the aggregate amount of the deduc-  
2           tions allowed under sections 167 and 168 with  
3           respect to qualified Gulf Opportunity Zone  
4           property (as defined in subsection (d)(2), but  
5           without regard to subparagraph (B)(iv) thereof)  
6           which is placed in service during such taxable  
7           year, or

8           “(B) the excess of—

9           “(i) the net operating loss for such  
10          taxable year, over

11          “(ii) the specified liability loss for  
12          such taxable year to which a 10-year  
13          carryback applies under section  
14          172(b)(1)(C).

15          “(3) COORDINATION WITH ORDERING RULE.—

16          For purposes of applying section 172(b)(2), a GO  
17          Zone cost recovery loss to which paragraph (1) ap-  
18          plies shall be treated in a manner similar to the  
19          manner in which a specified liability loss is treated.

20          “(4) ELECTION OUT.—A rule similar to the  
21          rule of section 172(j) shall apply for purposes of this  
22          subsection.

23          “(1) CREDIT TO HOLDERS OF GULF TAX CREDIT  
24          BONDS.—

1           “(1) ALLOWANCE OF CREDIT.—If a taxpayer  
2 holds a Gulf tax credit bond on one or more credit  
3 allowance dates of the bond occurring during any  
4 taxable year, there shall be allowed as a credit  
5 against the tax imposed by this chapter for the tax-  
6 able year an amount equal to the sum of the credits  
7 determined under paragraph (2) with respect to  
8 such dates.

9           “(2) AMOUNT OF CREDIT.—

10           “(A) IN GENERAL.—The amount of the  
11 credit determined under this paragraph with re-  
12 spect to any credit allowance date for a Gulf  
13 tax credit bond is 25 percent of the annual  
14 credit determined with respect to such bond.

15           “(B) ANNUAL CREDIT.—The annual credit  
16 determined with respect to any Gulf tax credit  
17 bond is the product of—

18           “(i) the credit rate determined by the  
19 Secretary under subparagraph (C) for the  
20 day on which such bond was sold, multi-  
21 plied by

22           “(ii) the outstanding face amount of  
23 the bond.

24           “(C) DETERMINATION.—For purposes of  
25 subparagraph (B), with respect to any Gulf tax

1 credit bond, the Secretary shall determine daily  
2 or cause to be determined daily a credit rate  
3 which shall apply to the first day on which  
4 there is a binding, written contract for the sale  
5 or exchange of the bond. The credit rate for  
6 any day is the credit rate which the Secretary  
7 or the Secretary's designee estimates will per-  
8 mit the issuance of Gulf tax credit bonds with  
9 a specified maturity or redemption date without  
10 discount and without interest cost to the issuer.

11 “(D) CREDIT ALLOWANCE DATE.—For  
12 purposes of this subsection, the term ‘credit al-  
13 lowance date’ means March 15, June 15, Sep-  
14 tember 15, and December 15. Such term also  
15 includes the last day on which the bond is out-  
16 standing.

17 “(E) SPECIAL RULE FOR ISSUANCE AND  
18 REDEMPTION.—In the case of a bond which is  
19 issued during the 3-month period ending on a  
20 credit allowance date, the amount of the credit  
21 determined under this paragraph with respect  
22 to such credit allowance date shall be a ratable  
23 portion of the credit otherwise determined  
24 based on the portion of the 3-month period dur-  
25 ing which the bond is outstanding. A similar

1 rule shall apply when the bond is redeemed or  
2 matures.

3 “(3) LIMITATION BASED ON AMOUNT OF  
4 TAX.—The credit allowed under paragraph (1) for  
5 any taxable year shall not exceed the excess of—

6 “(A) the sum of the regular tax liability  
7 (as defined in section 26(b)) plus the tax im-  
8 posed by section 55, over

9 “(B) the sum of the credits allowable  
10 under part IV of subchapter A (other than sub-  
11 part C and this subsection).

12 “(4) GULF TAX CREDIT BOND.—For purposes  
13 of this subsection—

14 “(A) IN GENERAL.—The term ‘Gulf tax  
15 credit bond’ means any bond issued as part of  
16 an issue if—

17 “(i) the bond is issued by the State of  
18 Alabama, Louisiana, or Mississippi,

19 “(ii) 95 percent or more of the pro-  
20 ceeds of such issue are to be used to—

21 “(I) pay principal, interest, or  
22 premiums on qualified bonds issued  
23 by such State or any political subdivi-  
24 sion of such State, or

1                   “(II) make a loan to any political  
2                   subdivision of such State to pay prin-  
3                   cipal, interest, or premiums on quali-  
4                   fied bonds issued by such political  
5                   subdivision,

6                   “(iii) the Governor of such State des-  
7                   ignates such bond for purposes of this sub-  
8                   section,

9                   “(iv) the bond is a general obligation  
10                  of such State and is in registered form  
11                  (within the meaning of section 149(a)),

12                  “(v) the maturity of such bond does  
13                  not exceed 2 years, and

14                  “(vi) the bond is issued after Decem-  
15                  ber 31, 2005, and before January 1, 2007.

16                  “(B) STATE MATCHING REQUIREMENT.—A  
17                  bond shall not be treated as a Gulf tax credit  
18                  bond unless—

19                  “(i) the issuer of such bond pledges as  
20                  of the date of the issuance of the issue an  
21                  amount equal to the face amount of such  
22                  bond to be used for payments described in  
23                  subclause (I) of subparagraph (A)(ii), or  
24                  loans described in subclause (II) of such  
25                  subparagraph, as the case may be, with re-

1           spect to the issue of which such bond is a  
2           part, and

3           “(ii) any such payment or loan is  
4           made in equal amounts from the proceeds  
5           of such issue and from the amount pledged  
6           under clause (i).

7           The requirement of clause (ii) shall be treated  
8           as met with respect to any such payment or  
9           loan made during the 1-year period beginning  
10          on the date of the issuance (or any successor 1-  
11          year period) if such requirement is met when  
12          applied with respect to the aggregate amount of  
13          such payments and loans made during such pe-  
14          riod.

15          “(C) AGGREGATE LIMIT ON BOND DES-  
16          IGNATIONS.—The maximum aggregate face  
17          amount of bonds which may be designated  
18          under this subsection by the Governor of a  
19          State shall not exceed—

20                 “(i) \$200,000,000 in the case of the  
21                 State of Louisiana,

22                 “(ii) \$100,000,000 in the case of the  
23                 State of Mississippi, and

24                 “(iii) \$50,000,000 in the case of the  
25                 State of Alabama.

1           “(D) SPECIAL RULES RELATING TO ARBI-  
2           TRAGE.—A bond which is part of an issue shall  
3           not be treated as a Gulf tax credit bond unless,  
4           with respect to the issue of which the bond is  
5           a part, the issuer satisfies the arbitrage require-  
6           ments of section 148 with respect to proceeds  
7           of the issue and any loans made with such pro-  
8           ceeds.

9           “(5) QUALIFIED BOND.—For purposes of this  
10          subsection—

11           “(A) IN GENERAL.—The term ‘qualified  
12           bond’ means any obligation of a State or polit-  
13           ical subdivision thereof which was outstanding  
14           on August 28, 2005.

15           “(B) EXCEPTION FOR PRIVATE ACTIVITY  
16           BONDS.—Such term shall not include any pri-  
17           vate activity bond.

18           “(C) EXCEPTION FOR ADVANCE  
19           REFUNDINGS.—Such term shall not include any  
20           bond—

21           “(i) which is designated as an advance  
22           refunding bond under subsection (b)(1), or

23           “(ii) with respect to which there is  
24           any outstanding bond to refund such bond.

1           “(6) CREDIT INCLUDED IN GROSS INCOME.—  
2           Gross income includes the amount of the credit al-  
3           lowed to the taxpayer under this subsection (deter-  
4           mined without regard to paragraph (3)) and the  
5           amount so included shall be treated as interest in-  
6           come.

7           “(7) OTHER DEFINITIONS AND SPECIAL  
8           RULES.—For purposes of this subsection—

9                   “(A) BOND.—The term ‘bond’ includes  
10                   any obligation.

11                   “(B) PARTNERSHIP; S CORPORATION; AND  
12                   OTHER PASS-THRU ENTITIES.—

13                           “(i) IN GENERAL.—Under regulations  
14                           prescribed by the Secretary, in the case of  
15                           a partnership, trust, S corporation, or  
16                           other pass-thru entity, rules similar to the  
17                           rules of section 41(g) shall apply with re-  
18                           spect to the credit allowable under para-  
19                           graph (1).

20                           “(ii) NO BASIS ADJUSTMENT.—In the  
21                           case of a bond held by a partnership or an  
22                           S corporation, rules similar to the rules  
23                           under section 1397E(i) shall apply.

24                   “(C) BONDS HELD BY REGULATED IN-  
25                   VESTMENT COMPANIES.—If any Gulf tax credit

1           bond is held by a regulated investment com-  
2           pany, the credit determined under paragraph  
3           (1) shall be allowed to shareholders of such  
4           company under procedures prescribed by the  
5           Secretary.

6           “(D) REPORTING.—Issuers of Gulf tax  
7           credit bonds shall submit reports similar to the  
8           reports required under section 149(e).

9           “(E) CREDIT TREATED AS NONREFUND-  
10          ABLE BONDHOLDER CREDIT.—For purposes of  
11          this title, the credit allowed by this subsection  
12          shall be treated as a credit allowable under sub-  
13          part H of part IV of subchapter A of this chap-  
14          ter.”.

15          (b) CONFORMING AMENDMENTS.—

16               (1) Paragraph (2) of section 54(c) is amended  
17               by inserting “, section 1400N(l),” after “subpart  
18               C”.

19               (2) Subparagraph (A) of section 6049(d)(8) is  
20               amended—

21                       (A) by inserting “or 1400N(l)(6)” after  
22                       “section 54(g)”, and

23                       (B) by inserting “or 1400N(l)(2)(D), as  
24                       the case may be” after “section 54(b)(4)”.

1           (3) So much of subchapter Y of chapter 1 as  
 2           precedes section 1400L is amended to read as fol-  
 3           lows:

4   **“Subchapter Y—Short-term Regional Benefits**

          “PART I—TAX BENEFITS FOR NEW YORK LIBERTY ZONE

          “PART II—TAX BENEFITS FOR GULF OPPORTUNITY ZONE

5   **“PART I—TAX BENEFITS FOR NEW YORK LIBERTY**  
 6   **ZONE**

          “Sec. 1400L. Tax benefits for New York Liberty Zone.”.

7           (4) The item relating to subchapter Y in the  
 8           table of subchapters for chapter 1 is amended to  
 9           read as follows:

          “SUBCHAPTER Y—SHORT-TERM REGIONAL BENEFITS”.

10          (c) EFFECTIVE DATE.—

11           (1) IN GENERAL.—Except as provided in para-  
 12           graph (2), the amendments made by this section  
 13           shall apply to taxable years ending on or after Au-  
 14           gust 28, 2005.

15           (2) CARRYBACKS.—Subsections (i)(2), (j), and  
 16           (k) of section 1400N of the Internal Revenue Code  
 17           of 1986 (as added by this section) shall apply to  
 18           losses arising in such taxable years.

1 **SEC. 102. FEDERAL GUARANTEE OF CERTAIN STATE**  
2 **BONDS.**

3 (a) STATE BONDS DESCRIBED.—This section shall  
4 apply to a bond issued as part of an issue if—

5 (1) the issue of which such bond is part is an  
6 issue of the State of Alabama, Louisiana, or Mis-  
7 sissippi,

8 (2) the bond is a general obligation of the  
9 issuing State and is in registered form,

10 (3) the proceeds of the bond are distributed to  
11 one or more political subdivisions of the issuing  
12 State,

13 (4) the maturity of such bond does not exceed  
14 5 years,

15 (5) the bond is issued after the date of the en-  
16 actment of this Act and before January 1, 2008,  
17 and

18 (6) the bond is designated by the Secretary of  
19 the Treasury for purposes of this section.

20 (b) APPLICATION.—

21 (1) IN GENERAL.—The Secretary of the Treas-  
22 ury may only designate a bond for purposes of this  
23 section pursuant to an application submitted to the  
24 Secretary by the State which demonstrates the need  
25 for such designation on the basis of the criteria  
26 specified in paragraph (2).

1           (2) CRITERIA.—For purposes of paragraph (1),  
2           the criteria specified in this paragraph are—

3                   (A) the loss of revenue base of one or more  
4                   political subdivisions of the State by reason of  
5                   Hurricane Katrina,

6                   (B) the need for resources to fund infra-  
7                   structure within, or operating expenses of, any  
8                   such political subdivision,

9                   (C) the lack of access of such political sub-  
10                  division to capital, and

11                  (D) any other criteria as may be deter-  
12                  mined by the Secretary.

13           (3) GUIDANCE FOR SUBMISSION AND CONSID-  
14           ERATION OF APPLICATIONS.—The Secretary of the  
15           Treasury shall prescribe regulations or other guid-  
16           ance which provide for the time and manner for the  
17           submission and consideration of applications under  
18           this subsection.

19           (c) FEDERAL GUARANTEE.—A bond described in  
20           subsection (a) is guaranteed by the United States in an  
21           amount equal to 50 percent of the outstanding principal  
22           with respect to such bond.

23           (d) AGGREGATE LIMIT ON BOND DESIGNATIONS.—  
24           The maximum aggregate face amount of bonds which may

1 be issued under this section shall not exceed  
 2 \$3,000,000,000.

3 **TITLE II—TAX BENEFITS**  
 4 **RELATED TO HURRICANE RITA**

5 **SEC. 201. EXTENSION OF CERTAIN EMERGENCY TAX RE-**  
 6 **LIEF FOR HURRICANE KATRINA TO HURRI-**  
 7 **CANE RITA.**

8 (a) IN GENERAL.—Part II of subchapter Y of chap-  
 9 ter 1 (as added by this Act) is amended by adding at the  
 10 end the following new sections:

11 **“SEC. 14000. SPECIAL RULES FOR USE OF RETIREMENT**  
 12 **FUNDS.**

13 “(a) TAX-FAVORED WITHDRAWALS FROM RETIRE-  
 14 MENT PLANS.—

15 “(1) IN GENERAL.—Section 72(t) shall not  
 16 apply to any qualified hurricane distribution.

17 “(2) AGGREGATE DOLLAR LIMITATION.—

18 “(A) IN GENERAL.—For purposes of this  
 19 subsection, the aggregate amount of distribu-  
 20 tions received by an individual which may be  
 21 treated as qualified hurricane distributions for  
 22 any taxable year shall not exceed the excess (if  
 23 any) of—

24 “(i) \$100,000, over

1           “(ii) the aggregate amounts treated as  
2           qualified hurricane distributions received  
3           by such individual for all prior taxable  
4           years.

5           “(B) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would  
6           (without regard to subparagraph (A)) be a  
7           qualified hurricane distribution, a plan shall not  
8           be treated as violating any requirement of this  
9           title merely because the plan treats such dis-  
10          tribution as a qualified hurricane distribution,  
11          unless the aggregate amount of such distribu-  
12          tions from all plans maintained by the employer  
13          (and any member of any controlled group which  
14          includes the employer) to such individual ex-  
15          ceeds \$100,000.  
16

17          “(C) CONTROLLED GROUP.—For purposes  
18          of subparagraph (B), the term ‘controlled  
19          group’ means any group treated as a single em-  
20          ployer under subsection (b), (c), (m), or (o) of  
21          section 414.

22          “(3) AMOUNT DISTRIBUTED MAY BE REPAID.—

23                 “(A) IN GENERAL.—Any individual who  
24                 receives a qualified hurricane distribution may,  
25                 at any time during the 3-year period beginning

1 on the day after the date on which such dis-  
2 tribution was received, make one or more con-  
3 tributions in an aggregate amount not to exceed  
4 the amount of such distribution to an eligible  
5 retirement plan of which such individual is a  
6 beneficiary and to which a rollover contribution  
7 of such distribution could be made under sec-  
8 tion 402(e), 403(a)(4), 403(b)(8), 408(d)(3), or  
9 457(e)(16), as the case may be.

10 “(B) TREATMENT OF REPAYMENTS OF  
11 DISTRIBUTIONS FROM ELIGIBLE RETIREMENT  
12 PLANS OTHER THAN IRAS.—For purposes of  
13 this title, if a contribution is made pursuant to  
14 subparagraph (A) with respect to a qualified  
15 hurricane distribution from an eligible retire-  
16 ment plan other than an individual retirement  
17 plan, then the taxpayer shall, to the extent of  
18 the amount of the contribution, be treated as  
19 having received the qualified hurricane distribu-  
20 tion in an eligible rollover distribution (as de-  
21 fined in section 402(e)(4)) and as having trans-  
22 ferred the amount to the eligible retirement  
23 plan in a direct trustee to trustee transfer with-  
24 in 60 days of the distribution.

1           “(C) TREATMENT OF REPAYMENTS FOR  
2           DISTRIBUTIONS FROM IRAS.—For purposes of  
3           this title, if a contribution is made pursuant to  
4           subparagraph (A) with respect to a qualified  
5           hurricane distribution from an individual retire-  
6           ment plan (as defined by section 7701(a)(37)),  
7           then, to the extent of the amount of the con-  
8           tribution, the qualified hurricane distribution  
9           shall be treated as a distribution described in  
10          section 408(d)(3) and as having been trans-  
11          ferred to the eligible retirement plan in a direct  
12          trustee to trustee transfer within 60 days of the  
13          distribution.

14          “(4) DEFINITIONS.—For purposes of this sub-  
15          section—

16                 “(A) QUALIFIED HURRICANE DISTRIBUTION.—Except as provided in paragraph (2),  
17                 the term ‘qualified hurricane distribution’  
18                 means—  
19                 means—

20                         “(i) any distribution from an eligible  
21                         retirement plan made on or after August  
22                         25, 2005, and before January 1, 2007, to  
23                         an individual whose principal place of  
24                         abode on August 28, 2005, is located in  
25                         the Hurricane Katrina disaster area and

1           who has sustained an economic loss by rea-  
2           son of Hurricane Katrina, and

3           “(ii) any distribution (which is not de-  
4           scribed in clause (i)) from an eligible re-  
5           tirement plan made on or after September  
6           23, 2005, and before January 1, 2007, to  
7           an individual whose principal place of  
8           abode on September 23, 2005, is located in  
9           the Hurricane Rita disaster area and who  
10          has sustained an economic loss by reason  
11          of Hurricane Rita.

12          “(B) ELIGIBLE RETIREMENT PLAN.—The  
13          term ‘eligible retirement plan’ shall have the  
14          meaning given such term by section  
15          402(c)(8)(B).

16          “(5) INCOME INCLUSION SPREAD OVER 3-YEAR  
17          PERIOD.—

18          “(A) IN GENERAL.—In the case of any  
19          qualified hurricane distribution, unless the tax-  
20          payer elects not to have this paragraph apply  
21          for any taxable year, any amount required to be  
22          included in gross income for such taxable year  
23          shall be so included ratably over the 3-taxable  
24          year period beginning with such taxable year.

1           “(B) SPECIAL RULE.—For purposes of  
2           subparagraph (A), rules similar to the rules of  
3           subparagraph (E) of section 408A(d)(3) shall  
4           apply.

5           “(6) SPECIAL RULES.—

6           “(A) EXEMPTION OF DISTRIBUTIONS FROM  
7           TRUSTEE TO TRUSTEE TRANSFER AND WITH-  
8           HOLDING RULES.—For purposes of sections  
9           401(a)(31), 402(f), and 3405, qualified hurri-  
10          cane distributions shall not be treated as eligi-  
11          ble rollover distributions.

12          “(B) QUALIFIED HURRICANE DISTRIBUTU-  
13          TIONS TREATED AS MEETING PLAN DISTRIBUTU-  
14          TION REQUIREMENTS.—For purposes this title,  
15          a qualified hurricane distribution shall be treat-  
16          ed as meeting the requirements of sections  
17          401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11),  
18          and 457(d)(1)(A).

19          “(b) RECONTRIBUTIONS OF WITHDRAWALS FOR  
20          HOME PURCHASES.—

21          “(1) RECONTRIBUTIONS.—

22          “(A) IN GENERAL.—Any individual who  
23          received a qualified distribution may, during the  
24          applicable period, make one or more contribu-  
25          tions in an aggregate amount not to exceed the

1 amount of such qualified distribution to an eli-  
2 gible retirement plan (as defined in section  
3 402(c)(8)(B)) of which such individual is a ben-  
4 efiary and to which a rollover contribution of  
5 such distribution could be made under section  
6 402(c), 403(a)(4), 403(b)(8), or 408(d)(3), as  
7 the case may be.

8 “(B) TREATMENT OF REPAYMENTS.—  
9 Rules similar to the rules of subparagraphs (B)  
10 and (C) of subsection (a)(3) shall apply for pur-  
11 poses of this subsection.

12 “(2) QUALIFIED DISTRIBUTION.—For purposes  
13 of this subsection—

14 “(A) IN GENERAL.—The term ‘qualified  
15 distribution’ means any qualified Katrina dis-  
16 tribution and any qualified Rita distribution.

17 “(B) QUALIFIED KATRINA DISTRIBUTION.—The term ‘qualified Katrina distribu-  
18 tion’ means any distribution—  
19

20 “(i) described in section  
21 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but  
22 only to the extent such distribution relates  
23 to financial hardship), 403(b)(11)(B), or  
24 72(t)(2)(F),

1           “(ii) received after February 28,  
2           2005, and before August 29, 2005, and

3           “(iii) which was to be used to pur-  
4           chase or construct a principal residence in  
5           the Hurricane Katrina disaster area, but  
6           which was not so purchased or constructed  
7           on account of Hurricane Katrina.

8           “(C) QUALIFIED RITA DISTRIBUTION.—  
9           The term ‘qualified Rita distribution’ means  
10          any distribution (other than a qualified Katrina  
11          distribution)—

12           “(i) described in section  
13           401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but  
14           only to the extent such distribution relates  
15           to financial hardship), 403(b)(11)(B), or  
16           72(t)(2)(F),

17           “(ii) received after February 28,  
18           2005, and before September 24, 2005, and

19           “(iii) which was to be used to pur-  
20           chase or construct a principal residence in  
21           the Hurricane Rita disaster area, but  
22           which was not so purchased or constructed  
23           on account of Hurricane Rita.

24           “(3) APPLICABLE PERIOD.—For purposes of  
25          this subsection, the term ‘applicable period’ means—

1           “(A) with respect to any qualified Katrina  
2           distribution, the period beginning on August  
3           25, 2005, and ending on February 28, 2006,  
4           and

5           “(B) with respect to any qualified Rita dis-  
6           tribution, the period beginning on September  
7           23, 2005, and ending on February 28, 2006.

8           “(c) LOANS FROM QUALIFIED PLANS.—

9           “(1) INCREASE IN LIMIT ON LOANS NOT TREAT-  
10          ED AS DISTRIBUTIONS.—In the case of any loan  
11          from a qualified employer plan (as defined under  
12          section 72(p)(4)) to a qualified individual made dur-  
13          ing the applicable period—

14               “(A) clause (i) of section 72(p)(2)(A) shall  
15               be applied by substituting ‘\$100,000’ for  
16               ‘\$50,000’, and

17               “(B) clause (ii) of such section shall be ap-  
18               plied by substituting ‘the present value of the  
19               nonforfeitable accrued benefit of the employee  
20               under the plan’ for ‘one-half of the present  
21               value of the nonforfeitable accrued benefit of  
22               the employee under the plan’.

23               “(2) DELAY OF REPAYMENT.—In the case of a  
24          qualified individual with an outstanding loan on or

1 after the qualified beginning date from a qualified  
2 employer plan (as defined in section 72(p)(4))—

3 “(A) if the due date pursuant to subpara-  
4 graph (B) or (C) of section 72(p)(2) for any re-  
5 payment with respect to such loan occurs dur-  
6 ing the period beginning on the qualified begin-  
7 ning date and ending on December 31, 2006,  
8 such due date shall be delayed for 1 year,

9 “(B) any subsequent repayments with re-  
10 spect to any such loan shall be appropriately  
11 adjusted to reflect the delay in the due date  
12 under paragraph (1) and any interest accruing  
13 during such delay, and

14 “(C) in determining the 5-year period and  
15 the term of a loan under subparagraph (B) or  
16 (C) of section 72(p)(2), the period described in  
17 subparagraph (A) shall be disregarded.

18 “(3) QUALIFIED INDIVIDUAL.—For purposes of  
19 this subsection—

20 “(A) IN GENERAL.—The term ‘qualified  
21 individual’ means any qualified Hurricane  
22 Katrina individual and any qualified Hurricane  
23 Rita individual.

24 “(B) QUALIFIED HURRICANE KATRINA IN-  
25 DIVIDUAL.—The term ‘qualified Hurricane

1 Katrina individual’ means an individual whose  
2 principal place of abode on August 28, 2005, is  
3 located in the Hurricane Katrina disaster area  
4 and who has sustained an economic loss by rea-  
5 son of Hurricane Katrina.

6 “(C) QUALIFIED HURRICANE RITA INDI-  
7 VIDUAL.—The term ‘qualified Hurricane Rita  
8 individual’ means an individual (other than a  
9 qualified Hurricane Katrina individual) whose  
10 principal place of abode on September 23,  
11 2005, is located in the Hurricane Rita disaster  
12 area and who has sustained an economic loss by  
13 reason of Hurricane Rita.

14 “(4) APPLICABLE PERIOD; QUALIFIED BEGIN-  
15 NING DATE.—For purposes of this subsection—

16 “(A) HURRICANE KATRINA.—In the case  
17 of any qualified Hurricane Katrina individual—

18 “(i) the applicable period is the period  
19 beginning on September 24, 2005, and  
20 ending on December 31, 2006, and

21 “(ii) the qualified beginning date is  
22 August 25, 2005.

23 “(B) HURRICANE RITA.—In the case of  
24 any qualified Hurricane Rita individual—

1           “(i) the applicable period is the period  
2           beginning on the date of the enactment of  
3           this subsection and ending on December  
4           31, 2006, and

5           “(ii) the qualified beginning date is  
6           September 23, 2005.

7           “(d) PROVISIONS RELATING TO PLAN AMEND-  
8           MENTS.—

9           “(1) IN GENERAL.—If this subsection applies to  
10          any amendment to any plan or annuity contract,  
11          such plan or contract shall be treated as being oper-  
12          ated in accordance with the terms of the plan during  
13          the period described in paragraph (2)(B)(i).

14          “(2) AMENDMENTS TO WHICH SUBSECTION AP-  
15          PLIES.—

16          “(A) IN GENERAL.—This subsection shall  
17          apply to any amendment to any plan or annuity  
18          contract which is made—

19                 “(i) pursuant to this section, or pur-  
20                 suant to any regulation issued by the Sec-  
21                 retary or the Secretary of Labor under this  
22                 section, and

23                 “(ii) on or before the last day of the  
24                 first plan year beginning on or after Janu-

1           ary 1, 2007, or such later date as the Sec-  
2           retary may prescribe.

3           In the case of a governmental plan (as defined  
4           in section 414(d)), clause (ii) shall be applied  
5           by substituting the date which is 2 years after  
6           the date otherwise applied under clause (ii).

7           “(B) CONDITIONS.—This subsection shall  
8           not apply to any amendment unless—

9                   “(i) during the period—

10                           “(I) beginning on the date that  
11                           this section or the regulation de-  
12                           scribed in subparagraph (A)(i) takes  
13                           effect (or in the case of a plan or con-  
14                           tract amendment not required by this  
15                           section or such regulation, the effec-  
16                           tive date specified by the plan), and

17                           “(II) ending on the date de-  
18                           scribed in subparagraph (A)(ii) (or, if  
19                           earlier, the date the plan or contract  
20                           amendment is adopted),

21           the plan or contract is operated as if such  
22           plan or contract amendment were in effect;  
23           and

24                   “(ii) such plan or contract amendment  
25           applies retroactively for such period.

1 **“SEC. 1400P. EMPLOYMENT RELIEF.**

2 “(a) **EMPLOYEE RETENTION CREDIT FOR EMPLOY-**  
3 **ERS AFFECTED BY HURRICANE KATRINA.—**

4 “(1) **IN GENERAL.—**For purposes of section 38,  
5 in the case of an eligible employer, the Hurricane  
6 Katrina employee retention credit for any taxable  
7 year is an amount equal to 40 percent of the quali-  
8 fied wages with respect to each eligible employee of  
9 such employer for such taxable year. For purposes  
10 of the preceding sentence, the amount of qualified  
11 wages which may be taken into account with respect  
12 to any individual shall not exceed \$6,000.

13 “(2) **DEFINITIONS.—**For purposes of this sub-  
14 section—

15 “(A) **ELIGIBLE EMPLOYER.—**The term ‘eli-  
16 gible employer’ means any employer—

17 “(i) which conducted an active trade  
18 or business on August 28, 2005, in the GO  
19 Zone, and

20 “(ii) with respect to whom the trade  
21 or business described in clause (i) is inop-  
22 erable on any day after August 28, 2005,  
23 and before January 1, 2006, as a result of  
24 damage sustained by reason of Hurricane  
25 Katrina.

1           “(B) ELIGIBLE EMPLOYEE.—The term ‘el-  
2           igible employee’ means with respect to an eligi-  
3           ble employer an employee whose principal place  
4           of employment on August 28, 2005, with such  
5           eligible employer was in the GO Zone.

6           “(C) QUALIFIED WAGES.—The term  
7           ‘qualified wages’ means wages (as defined in  
8           section 51(c)(1), but without regard to section  
9           3306(b)(2)(B)) paid or incurred by an eligible  
10          employer with respect to an eligible employee on  
11          any day after August 28, 2005, and before Jan-  
12          uary 1, 2006, which occurs during the period—

13                 “(i) beginning on the date on which  
14                 the trade or business described in subpara-  
15                 graph (A) first became inoperable at the  
16                 principal place of employment of the em-  
17                 ployee immediately before Hurricane  
18                 Katrina, and

19                 “(ii) ending on the date on which such  
20                 trade or business has resumed significant  
21                 operations at such principal place of em-  
22                 ployment.

23          Such term shall include wages paid without re-  
24          gard to whether the employee performs no serv-  
25          ices, performs services at a different place of

1           employment than such principal place of em-  
2           ployment, or performs services at such principal  
3           place of employment before significant oper-  
4           ations have resumed.

5           “(3) CREDIT NOT ALLOWED FOR LARGE BUSI-  
6           NESSES.—The term ‘eligible employer’ shall not in-  
7           clude any trade or business for any taxable year if  
8           such trade or business employed an average of more  
9           than 200 employees on business days during the tax-  
10          able year.

11          “(4) CERTAIN RULES TO APPLY.—For purposes  
12          of this subsection, rules similar to the rules of sec-  
13          tions 51(i)(1), 52, and 280C(a) shall apply.

14          “(5) EMPLOYEE NOT TAKEN INTO ACCOUNT  
15          MORE THAN ONCE.—An employee shall not be treat-  
16          ed as an eligible employee for purposes of this sub-  
17          section for any period with respect to any employer  
18          if such employer is allowed a credit under section 51  
19          with respect to such employee for such period.

20          “(b) EMPLOYEE RETENTION CREDIT FOR EMPLOY-  
21          ERS AFFECTED BY HURRICANE RITA.—

22          “(1) IN GENERAL.—For purposes of section 38,  
23          in the case of an eligible employer, the Hurricane  
24          Rita employee retention credit for any taxable year  
25          is an amount equal to 40 percent of the qualified

1 wages with respect to each eligible employee of such  
2 employer for such taxable year. For purposes of the  
3 preceding sentence, the amount of qualified wages  
4 which may be taken into account with respect to any  
5 individual shall not exceed \$6,000.

6 “(2) DEFINITIONS.—For purposes of this sub-  
7 section—

8 “(A) ELIGIBLE EMPLOYER.—The term ‘eli-  
9 gible employer’ means any employer—

10 “(i) which conducted an active trade  
11 or business on September 23, 2005, in the  
12 Rita GO Zone, and

13 “(ii) with respect to whom the trade  
14 or business described in clause (i) is inop-  
15 erable on any day after September 23,  
16 2005, and before January 1, 2006, as a re-  
17 sult of damage sustained by reason of  
18 Hurricane Rita.

19 “(B) ELIGIBLE EMPLOYEE.—The term ‘el-  
20 igible employee’ means with respect to an eligi-  
21 ble employer an employee whose principal place  
22 of employment on September 23, 2005, with  
23 such eligible employer was in the Rita GO  
24 Zone.

1           “(C) QUALIFIED WAGES.—The term  
2           ‘qualified wages’ means wages (as defined in  
3           section 51(c)(1), but without regard to section  
4           3306(b)(2)(B)) paid or incurred by an eligible  
5           employer with respect to an eligible employee on  
6           any day after September 23, 2005, and before  
7           January 1, 2006, which occurs during the pe-  
8           riod—

9                   “(i) beginning on the date on which  
10                   the trade or business described in subpara-  
11                   graph (A) first became inoperable at the  
12                   principal place of employment of the em-  
13                   ployee immediately before Hurricane Rita,  
14                   and

15                   “(ii) ending on the date on which such  
16                   trade or business has resumed significant  
17                   operations at such principal place of em-  
18                   ployment.

19           Such term shall include wages paid without re-  
20           gard to whether the employee performs no serv-  
21           ices, performs services at a different place of  
22           employment than such principal place of em-  
23           ployment, or performs services at such principal  
24           place of employment before significant oper-  
25           ations have resumed.

1           “(3) CREDIT NOT ALLOWED FOR LARGE BUSI-  
2           NESSES.—The term ‘eligible employer’ shall not in-  
3           clude any trade or business for any taxable year if  
4           such trade or business employed an average of more  
5           than 200 employees on business days during the tax-  
6           able year.

7           “(4) CERTAIN RULES TO APPLY.—For purposes  
8           of this subsection, rules similar to the rules of sec-  
9           tions 51(i)(1), 52, and 280C(a) shall apply.

10           “(5) EMPLOYEE NOT TAKEN INTO ACCOUNT  
11           MORE THAN ONCE.—An employee shall not be treat-  
12           ed as an eligible employee for purposes of this sub-  
13           section for any period with respect to any employer  
14           if such employer is allowed a credit under subsection  
15           (a) or section 51 with respect to such employee for  
16           such period.

17   **“SEC. 1400Q. ADDITIONAL TAX RELIEF PROVISIONS.**

18           “(a) TEMPORARY SUSPENSION OF LIMITATIONS ON  
19           CHARITABLE CONTRIBUTIONS.—

20           “(1) IN GENERAL.—Except as otherwise pro-  
21           vided in paragraph (2), section 170(b) shall not  
22           apply to qualified contributions and such contribu-  
23           tions shall not be taken into account for purposes of  
24           applying subsections (b) and (d) of section 170 to  
25           other contributions.

1           “(2) TREATMENT OF EXCESS CONTRIBU-  
2           TIONS.—For purposes of section 170—

3           “(A) INDIVIDUALS.—In the case of an in-  
4           dividual—

5           “(i) LIMITATION.—Any qualified con-  
6           tribution shall be allowed only to the ex-  
7           tent that the aggregate of such contribu-  
8           tions does not exceed the excess of the tax-  
9           payer’s contribution base (as defined in  
10          subparagraph (F) of section 170(b)(1))  
11          over the amount of all other charitable  
12          contributions allowed under section  
13          170(b)(1).

14          “(ii) CARRYOVER.—If the aggregate  
15          amount of qualified contributions made in  
16          the contribution year (within the meaning  
17          of section 170(d)(1)) exceeds the limitation  
18          of clause (i), such excess shall be added to  
19          the excess described in the portion of sub-  
20          paragraph (A) of such section which pre-  
21          cedes clause (i) thereof for purposes of ap-  
22          plying such section.

23          “(B) CORPORATIONS.—In the case of a  
24          corporation—

1           “(i) LIMITATION.—Any qualified con-  
2           tribution shall be allowed only to the ex-  
3           tent that the aggregate of such contribu-  
4           tions does not exceed the excess of the tax-  
5           payer’s taxable income (as determined  
6           under paragraph (2) of section 170(b))  
7           over the amount of all other charitable  
8           contributions allowed under such para-  
9           graph.

10           “(ii) CARRYOVER.—Rules similar to  
11           the rules of subparagraph (A)(ii) shall  
12           apply for purposes of this subparagraph.

13           “(3) EXCEPTION TO OVERALL LIMITATION ON  
14           ITEMIZED DEDUCTIONS.—So much of any deduction  
15           allowed under section 170 as does not exceed the  
16           qualified contributions paid during the taxable year  
17           shall not be treated as an itemized deduction for  
18           purposes of section 68.

19           “(4) QUALIFIED CONTRIBUTIONS.—

20           “(A) IN GENERAL.—For purposes of this  
21           subsection, the term ‘qualified contribution’  
22           means any charitable contribution (as defined  
23           in section 170(c)) if—

24           “(i) such contribution is paid during  
25           the period beginning on August 28, 2005,

1 and ending on December 31, 2005, in cash  
2 to an organization described in section  
3 170(b)(1)(A) (other than an organization  
4 described in section 509(a)(3)),

5 “(ii) in the case of a contribution paid  
6 by a corporation, such contribution is for  
7 relief efforts related to Hurricane Katrina  
8 or Hurricane Rita, and

9 “(iii) the taxpayer has elected the ap-  
10 plication of this subsection with respect to  
11 such contribution.

12 “(B) EXCEPTION.—Such term shall not in-  
13 clude a contribution if the contribution is for  
14 establishment of a new, or maintenance in an  
15 existing, segregated fund or account with re-  
16 spect to which the donor (or any person ap-  
17 pointed or designated by such donor) has, or  
18 reasonably expects to have, advisory privileges  
19 with respect to distributions or investments by  
20 reason of the donor’s status as a donor.

21 “(C) APPLICATION OF ELECTION TO PART-  
22 NERSHIPS AND S CORPORATIONS.—In the case  
23 of a partnership or S corporation, the election  
24 under subparagraph (A)(iii) shall be made sepa-  
25 rately by each partner or shareholder.

1       “(b) SUSPENSION OF CERTAIN LIMITATIONS ON  
2 PERSONAL CASUALTY LOSSES.—Paragraphs (1) and  
3 (2)(A) of section 165(h) shall not apply to losses described  
4 in section 165(c)(3)—

5               “(1) which arise in the Hurricane Katrina dis-  
6 aster area on or after August 25, 2005, and which  
7 are attributable to Hurricane Katrina, or

8               “(2) which arise in the Hurricane Rita disaster  
9 area on or after September 23, 2005, and which are  
10 attributable to Hurricane Rita.

11 In the case of any other losses, section 165(h)(2)(A) shall  
12 be applied without regard to the losses referred to in the  
13 preceding sentence.

14       “(c) REQUIRED EXERCISE OF AUTHORITY UNDER  
15 SECTION 7508A.—In the case of any taxpayer determined  
16 by the Secretary to be affected by the Presidentially de-  
17 clared disaster relating to Hurricane Katrina or Hurricane  
18 Rita, any relief provided by the Secretary under section  
19 7508A shall be for a period ending not earlier than Feb-  
20 ruary 28, 2006.

21       “(d) SPECIAL RULE FOR DETERMINING EARNED IN-  
22 COME.—

23               “(1) IN GENERAL.—In the case of a qualified  
24 individual, if the earned income of the taxpayer for  
25 the taxable year which includes the applicable date

1 is less than the earned income of the taxpayer for  
2 the preceding taxable year, the credits allowed under  
3 sections 24(d) and 32 may, at the election of the  
4 taxpayer, be determined by substituting—

5 “(A) such earned income for the preceding  
6 taxable year, for

7 “(B) such earned income for the taxable  
8 year which includes the applicable date.

9 “(2) QUALIFIED INDIVIDUAL.—For purposes of  
10 this subsection—

11 “(A) IN GENERAL.—The term ‘qualified  
12 individual’ means any qualified Hurricane  
13 Katrina individual and any qualified Hurricane  
14 Rita individual.

15 “(B) QUALIFIED HURRICANE KATRINA IN-  
16 DIVIDUAL.—The term ‘qualified Hurricane  
17 Katrina individual’ means any individual whose  
18 principal place of abode on August 25, 2005,  
19 was located—

20 “(i) in the GO Zone, or

21 “(ii) in the Hurricane Katrina dis-  
22 aster area (but outside the GO Zone) and  
23 such individual was displaced from such  
24 principal place of abode by reason of Hur-  
25 ricane Katrina.

1           “(C) QUALIFIED HURRICANE RITA INDI-  
2 VIDUAL.—The term ‘qualified Hurricane Rita  
3 individual’ means any individual (other than a  
4 qualified Hurricane Katrina individual) whose  
5 principal place of abode on September 23,  
6 2005, was located—

7                   “(i) in the Rita GO Zone, or

8                   “(ii) in the Hurricane Rita disaster  
9 area (but outside the Rita GO Zone) and  
10 such individual was displaced from such  
11 principal place of abode by reason of Hur-  
12 ricane Rita.

13           “(3) APPLICABLE DATE.—For purposes of this  
14 subsection, the term ‘applicable date’ means—

15                   “(A) in the case of a qualified Hurricane  
16 Katrina individual, August 25, 2005, and

17                   “(B) in the case of a qualified Hurricane  
18 Rita individual, September 23, 2005.

19           “(4) EARNED INCOME.—For purposes of this  
20 subsection, the term ‘earned income’ has the mean-  
21 ing given such term under section 32(c).

22           “(5) SPECIAL RULES.—

23                   “(A) APPLICATION TO JOINT RETURNS.—  
24 For purposes of paragraph (1), in the case of

1 a joint return for a taxable year which includes  
2 the applicable date—

3 “(i) such paragraph shall apply if ei-  
4 ther spouse is a qualified individual, and

5 “(ii) the earned income of the tax-  
6 payer for the preceding taxable year shall  
7 be the sum of the earned income of each  
8 spouse for such preceding taxable year.

9 “(B) UNIFORM APPLICATION OF ELEC-  
10 TION.—Any election made under paragraph (1)  
11 shall apply with respect to both section 24(d)  
12 and section 32.

13 “(C) ERRORS TREATED AS MATHEMATICAL  
14 ERROR.—For purposes of section 6213, an in-  
15 correct use on a return of earned income pursu-  
16 ant to paragraph (1) shall be treated as a  
17 mathematical or clerical error.

18 “(D) NO EFFECT ON DETERMINATION OF  
19 GROSS INCOME, ETC.—Except as otherwise pro-  
20 vided in this subsection, this title shall be ap-  
21 plied without regard to any substitution under  
22 paragraph (1).

23 “(e) SECRETARIAL AUTHORITY TO MAKE ADJUST-  
24 MENTS REGARDING TAXPAYER AND DEPENDENCY STA-  
25 TUS.—With respect to taxable years beginning in 2005 or

1 2006, the Secretary may make such adjustments in the  
2 application of the internal revenue laws as may be nec-  
3 essary to ensure that taxpayers do not lose any deduction  
4 or credit or experience a change of filing status by reason  
5 of temporary relocations by reason of Hurricane Katrina  
6 or Hurricane Rita. Any adjustments made under the pre-  
7 ceding sentence shall ensure that an individual is not  
8 taken into account by more than one taxpayer with respect  
9 to the same tax benefit.”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Subsection (b) of section 38 is amended by  
12 striking “and” at the end of paragraph (25), by  
13 striking the period at the end of paragraph (26) and  
14 inserting a comma, and by adding at the end the fol-  
15 lowing new paragraphs:

16 “(27) the Hurricane Katrina employee reten-  
17 tion credit determined under section 1400P(a), and

18 “(28) the Hurricane Rita employee retention  
19 credit determined under section 1400P(b).”.

20 (2) The table of sections for part II of sub-  
21 chapter Y of chapter 1 is amended by adding at the  
22 end the following new items:

“Sec. 1400O. Special rules for use of retirement funds.

“Sec. 1400P. Employment relief.

“Sec. 1400Q. Additional tax relief provisions.”.

1           (3) The heading for such part is amended by  
2 striking “**GULF OPPORTUNITY ZONE**” and  
3 inserting “**HURRICANE RELIEF**”.

4           (4) The following provisions of the Katrina  
5 Emergency Tax Relief Act of 2005 are hereby re-  
6 pealed:

7           (A) Title I.

8           (B) Sections 202, 301, 402, 403(b), 406,  
9 and 407.

## 10 **TITLE III—OTHER PROVISIONS**

### 11 **SEC. 301. SECRETARIAL AUTHORITY TO EXTEND PERIOD** 12 **DURING WHICH TRAVELING EXPENSES ARE** 13 **TREATED AS INCURRED AWAY FROM HOME** 14 **IN CASE OF MAJOR DISASTER.**

15       (a) IN GENERAL.—Section 162 (relating to trade or  
16 business expenses) is amended by redesignating subsection  
17 (q) as subsection (r) and by inserting after subsection (p)  
18 the following new subsection:

19       “(q) LIMITATION ON TRAVELING EXPENSES.—

20           “(1) IN GENERAL.—For purposes of subsection  
21 (a)(2), the taxpayer shall not be treated as being  
22 temporarily away from home during any period of  
23 employment if such period exceeds 1 year.

24           “(2) AUTHORITY TO EXTEND IN CASE OF  
25 MAJOR DISASTER.—In the case of a taxpayer who is

1 away from home in pursuit of a trade or business  
2 by reason of a disaster which the President has de-  
3 clared to be a major disaster under section 401 of  
4 the Robert T. Stafford Disaster Relief and Emer-  
5 gency Assistance Act, the Secretary may extend the  
6 1-year period referred to in paragraph (1) for a pe-  
7 riod not exceeding 1 additional year.

8 “(3) EXCEPTION FOR CERTAIN FEDERAL EM-  
9 PLOYEES DESIGNATED BY THE ATTORNEY GEN-  
10 ERAL.—Paragraph (1) shall not apply to any Fed-  
11 eral employee during any period for which such em-  
12 ployee is certified by the Attorney General (or the  
13 designee thereof) as traveling on behalf of the  
14 United States in temporary duty status to inves-  
15 tigate or prosecute, or provide support services for  
16 the investigation or prosecution of, a Federal  
17 crime.”.

18 (b) CONFORMING AMENDMENT.—Subsection (a) of  
19 section 162 is amended by striking the last two sentences.

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

23 **SEC. 302. GULF COAST RECOVERY BONDS.**

24 It is the sense of the Congress that the Secretary of  
25 the Treasury, or the Secretary’s delegate, should designate

1 one or more series of bonds or certificates (or any portion  
2 thereof) issued under section 3105 of title 31, United  
3 States Code, as “Gulf Coast Recovery Bonds” in response  
4 to Hurricanes Katrina and Rita.

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