

109TH CONGRESS
2D SESSION

S. 2451

To amend the Internal Revenue Code of 1986 to expand certain tax benefits related to Hurricane Katrina and to Hurricane Rita.

IN THE SENATE OF THE UNITED STATES

MARCH 16 (legislative day, MARCH 15), 2006

Ms. LANDRIEU introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to expand certain tax benefits related to Hurricane Katrina and to Hurricane Rita.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Hurricane Rita Relief
5 Act of 2006”.

1 **SEC. 2. EXPANSION OF CERTAIN TAX BENEFITS FOR INDIVIDUALS AFFECTED BY HURRICANE KATRINA**
2 **TO INDIVIDUALS AFFECTED BY HURRICANE**
3 **RITA.**
4

5 (a) WORK OPPORTUNITY TAX CREDIT FOR HURRICANE RITA EMPLOYEES.—

7 (1) IN GENERAL.—For purposes of section 51
8 of the Internal Revenue Code of 1986, a Hurricane
9 Rita employee shall be treated as a member of a tar-
10 geted group.

11 (2) HURRICANE RITA EMPLOYEE.—For pur-
12 poses of this subsection, the term “Hurricane Rita
13 employee” means any individual who is certified as
14 an individual who on September 23, 2005, had a
15 principal place of abode in that portion of the Rita
16 GO Zone which is not part of the Gulf Opportunity
17 Zone and who is hired during the 2-year period be-
18 ginning on such date for a position the principal
19 place of employment of which is located in the Rita
20 GO Zone or the Gulf Opportunity Zone.

21 (3) REASONABLE IDENTIFICATION ACCEPT-
22 ABLE.—In lieu of the certification requirement
23 under subparagraph (A) of section 51(d)(12) of such
24 Code, an individual may provide to the employer rea-
25 sonable evidence that the individual is a Hurricane
26 Rita employee, and subparagraph (B) of such sec-

tion shall be applied as if such evidence were a certification described in such subparagraph.

(4) SPECIAL RULES FOR DETERMINING CREDIT.—For purposes of applying subpart F of part IV of subchapter A of chapter 1 of such Code to wages paid or incurred to any Hurricane Rita employee—

(A) section 51(c)(4) of such Code shall not apply, and

(B) section 51(i)(2) of such Code shall not apply with respect to the first hire of such employee as a Hurricane Rita employee, unless such employee was an employee of the employer on September 23, 2005.

(b) ADDITIONAL EXEMPTION FOR HOUSING HURRICANE RITA DISPLACED INDIVIDUALS.—

(1) IN GENERAL.—In the case of taxable years of a natural person beginning in 2005 and 2006, for purposes of the Internal Revenue Code of 1986, taxable income shall be reduced by \$500 for each Hurricane Rita displaced individual of the taxpayer for the taxable year.

(2) LIMITATIONS.—

(A) DOLLAR LIMITATION.—The reduction under paragraph (1) shall not exceed \$2,000, reduced by the amount of the reduction under

1 this subsection and section 302(a) of the
 2 Katrina Emergency Tax Relief Act of 2005 for
 3 all previous taxable years.

4 (B) INDIVIDUALS TAKEN INTO ACCOUNT
 5 ONLY ONCE.—An individual shall not be taken
 6 into account under paragraph (1) if such indi-
 7 vidual was taken into account under such para-
 8 graph or under section 302(a) of the Katrina
 9 Emergency Tax Relief Act of 2005 by the tax-
 10 payer in any prior taxable year.

11 (C) IDENTIFYING INFORMATION RE-
 12 QUIRED.—An individual shall not be taken into
 13 account under paragraph (1) for a taxable year
 14 unless the taxpayer identification number of
 15 such individual is included on the return of the
 16 taxpayer for such taxable year.

17 (3) HURRICANE RITA DISPLACED INDI-
 18 VIDUAL.—For purposes of this subsection, the term
 19 “Hurricane Rita displaced individual” means, with
 20 respect to any taxpayer for any taxable year, a nat-
 21 ural person if—

22 (A) such person is not a Hurricane
 23 Katrina displaced individual (within the mean-
 24 ing of section 302(c) of the Katrina Emergency
 25 Tax Relief Act of 2005),

1 (B) such person's principal place of abode
2 on September 23, 2005, was in the Hurricane
3 Rita disaster area,

4 (C)(i) in the case of such an abode located
5 in the Rita GO Zone, such person is displaced
6 from such abode, or

7 (ii) in the case of such an abode located
8 outside the Rita GO Zone, such person is dis-
9 placed from such abode, and

10 (I) such abode was damaged by Hur-
11 ricane Rita, or

12 (II) such person was evacuated from
13 such abode by reason of Hurricane Rita,
14 and

15 (D) such person is provided housing free of
16 charge by the taxpayer in the principal resi-
17 dence of the taxpayer for a period of 60 con-
18 secutive days which ends in such taxable year.

19 Such term shall not include the spouse or any de-
20 pendent of the taxpayer.

21 (4) COMPENSATION FOR HOUSING.—No deduc-
22 tion shall be allowed under this subsection if the tax-
23 payer receives any rent or other amount (from any
24 source) in connection with the providing of such
25 housing.

1 (c) MILEAGE REIMBURSEMENT TO CHARITABLE
2 VOLUNTEERS EXCLUDED FROM GROSS INCOME.—

3 (1) IN GENERAL.—For purposes of the Internal
4 Revenue Code of 1986, gross income of an individual
5 for taxable years ending on or after September 23,
6 2005, does not include amounts received, from an
7 organization described in section 170(c) of such
8 Code, as reimbursement of operating expenses with
9 respect to use of a passenger automobile for the ben-
10 efit of such organization in connection with pro-
11 viding relief relating to Hurricane Rita during the
12 period beginning on September 23, 2005, and end-
13 ing on December 31, 2006. The preceding sentence
14 shall apply only to the extent that the expenses
15 which are reimbursed would be deductible under
16 chapter 1 of such Code if section 274(d) of such
17 Code were applied—

18 (A) by using the standard business mileage
19 rate in effect under section 162(a) of such Code
20 at the time of such use, and

21 (B) as if the individual were an employee
22 of an organization not described in section
23 170(c) of such Code.

24 (2) APPLICATION TO VOLUNTEER SERVICES
25 ONLY.—Paragraph (1) shall not apply with respect

1 to any expenses relating to the performance of serv-
 2 ices for compensation.

3 (3) NO DOUBLE BENEFIT.—No deduction or
 4 credit shall be allowed under any other provision of
 5 such Code with respect to the expenses excludable
 6 from gross income under paragraph (1).

7 (d) EXCLUSIONS OF CERTAIN CANCELLATIONS OF
 8 INDEBTEDNESS FOR VICTIMS OF HURRICANE RITA.—

9 (1) IN GENERAL.—For purposes of the Internal
 10 Revenue Code of 1986, gross income shall not in-
 11 clude any amount which (but for this subsection)
 12 would be includible in gross income by reason of the
 13 discharge (in whole or in part) of indebtedness of a
 14 natural person described in paragraph (2) by an ap-
 15 plicable entity (as defined in section 6050P(c)(1) of
 16 such Code).

17 (2) PERSON DESCRIBED.—A natural person is
 18 described in this paragraph if the principal place of
 19 abode of such person on September 23, 2005, was
 20 located—

21 (A) in the Rita GO Zone, or

22 (B) in the Hurricane Rita disaster area
 23 (but outside the Rita GO Zone) and such per-
 24 son suffered economic loss by reason of Hurri-
 25 cane Rita.

1 (3) EXCEPTIONS.—

2 (A) BUSINESS INDEBTEDNESS.—Para-
3 graph (1) shall not apply to any indebtedness
4 incurred in connection with a trade or business.

5 (B) REAL PROPERTY OUTSIDE RITA GO
6 ZONE.—Paragraph (1) shall not apply to any
7 discharge of indebtedness to the extent that real
8 property constituting security for such indebt-
9 edness is located outside the Hurricane Rita
10 disaster area.

11 (4) DENIAL OF DOUBLE BENEFIT.—For pur-
12 poses of the Internal Revenue Code of 1986, the
13 amount excluded from gross income under para-
14 graph (1) shall treated in the same manner as an
15 amount excluded under section 108(a) of such Code.

16 (5) EFFECTIVE DATE.—This subsection shall
17 apply to discharges made on or after September 23,
18 2005, and before January 1, 2007.

19 (e) DEFINITIONS.—For purposes of this section, the
20 terms “Rita GO Zone”, “Hurricane Rita disaster area”,
21 and “Gulf Opportunity Zone” have the meanings given
22 such terms under section 1400M of the Internal Revenue
23 Code of 1986.

1 **SEC. 3. EXPANSION OF EDUCATION TAX BENEFITS AND**
 2 **HOUSING TAX BENEFITS TO PERSONS AF-**
 3 **FECTED BY HURRICANE RITA.**

4 (a) EDUCATION TAX BENEFITS.—Section 1400O of
 5 the Internal Revenue Code of 1986 is amended by insert-
 6 ing “or the Rita GO Zone” after “Gulf Opportunity
 7 Zone”.

8 (b) HOUSING TAX BENEFITS.—

9 (1) QUALIFIED EMPLOYEE.—Subsection (c) of
 10 section 1400P of the Internal Revenue Code of 1986
 11 is amended to read as follows:

12 “(c) QUALIFIED EMPLOYEE.—For purposes of this
 13 section, the term ‘qualified employee’ means, with respect
 14 to any month—

15 “(1) any individual—

16 “(A) who had a principal residence (as de-
 17 fined in section 121) in the Gulf Opportunity
 18 Zone on August 28, 2005, and

19 “(B) who performs substantially all em-
 20 ployment services—

21 “(i) in the Gulf Opportunity Zone,
 22 and

23 “(ii) for the qualified employer which
 24 furnishes lodging to such individual, and

25 “(2) any individual—

1 “(A) who had a principal residence (as de-
 2 fined in section 121) in the Rita GO Zone on
 3 September 23, 2005, and

4 “(B) who performs substantially all em-
 5 ployment services—

6 “(i) in the Rita GO Zone, and

7 “(ii) for the qualified employer which
 8 furnishes lodging to such individual.”.

9 (2) QUALIFIED EMPLOYER.—Subsection (d) of
 10 section 1400P of the Internal Revenue Code of 1986
 11 is amended to read as follows:

12 “(d) QUALIFIED EMPLOYER.—The term ‘qualified
 13 employer’ means—

14 “(1) with respect to a qualified employee de-
 15 scribed in subsection (c)(1), any employer with a
 16 trade or business located in the Gulf Opportunity
 17 Zone, and

18 “(2) with respect to a qualified employee de-
 19 scribed in subsection (c)(2), any employer with a
 20 trade or business located in the Rita GO Zone.”.

21 (3) CONFORMING AMENDMENTS.—

22 (A) The heading for subsection (a) of sec-
 23 tion 1400P of the Internal Revenue Code of
 24 1986 is amended by striking “INDIVIDUAL AF-
 25 FECTED BY HURRICANE KATRINA” and insert-

1 ing “INDIVIDUALS AFFECTED BY HURRICANES
2 KATRINA AND RITA”.

3 (B) Section 1400P(b) of such Code is
4 amended—

5 (i) by inserting “of a qualified em-
6 ployee” after “in the case of a qualified
7 employer”,

8 (ii) by striking “the Hurricane
9 Katrina housing credit” and inserting “the
10 Hurricane Katrina and Rita housing cred-
11 it”,

12 (iii) by striking “of a qualified em-
13 ployee of such employer” and inserting “of
14 all qualified employees of such employer”,
15 and

16 (iv) by striking “HURRICANE
17 KATRINA” in the heading and inserting
18 “HURRICANES KATRINA AND RITA”.

19 (C) Section 38(b)(27) of such Code is
20 amended by striking “Hurricane Katrina hous-
21 ing credit” and inserting “Hurricane Katrina
22 and Rita housing credit”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall take effect as if included in the Gulf Op-
25 portunity Zone Act of 2005.

1 **SEC. 4. EXPANSION OF CERTAIN GULF OPPORTUNITY ZONE**

2 **BENEFITS TO THE RITA GO ZONE.**

3 (a) IN GENERAL.—Section 1400N is amended by
4 adding at the end the following new subsection:

5 “(q) APPLICATION OF SECTION TO RITA GO
6 ZONE.—

7 “(1) IN GENERAL.—For purposes of sub-
8 sections (d), (e), (f), (g), (h), and (k)—

9 “(A) the term ‘Gulf Opportunity Zone’
10 shall include the Rita GO Zone,

11 “(B) any reference to August 28, 2005,
12 shall be treated as a reference to September 23,
13 2005, with respect to that portion of the Rita
14 GO Zone which is not a part of the Gulf Oppor-
15 tunity Zone,

16 “(C) any reference to August 27, 2005,
17 shall be treated as a reference to September 22,
18 2005, with respect to that portion of the Rita
19 GO Zone which is not a part of the Gulf Oppor-
20 tunity Zone, and

21 “(D) any reference to Hurricane Katrina
22 shall be treated as a reference to Hurricane
23 Rita with respect to any portion of the Gulf Op-
24 portunity Zone (after the application of sub-
25 paragraph (A)) which is also a part of the Rita
26 GO Zone.

1 “(2) SPECIAL RULE.—For purposes of sub-
2 section (k)(2), in the case of any individual whose
3 principal place of abode was located in that portion
4 of the Rita GO Zone which is not a part of the Gulf
5 Opportunity Zone (as defined in section 1400M(1)
6 without regard to paragraph (1)(A)), no deduction
7 for moving expenses under subparagraph (B)(ii)
8 thereof shall be taken into account unless the prin-
9 cipal place of employment of such individual is lo-
10 cated in the Rita GO Zone.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall take effect as if included in the Gulf Op-
13 portunity Zone Act of 2005.

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