

110TH CONGRESS
1ST SESSION

H. R. 1562

IN THE SENATE OF THE UNITED STATES

MARCH 28, 2007

Received; read twice and referred to the Committee on Finance

AN ACT

To amend the Internal Revenue Code of 1986 to extend and expand certain rules with respect to housing in the GO Zones.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Katrina Housing Tax
3 Relief Act of 2007”.

4 **SEC. 2. EXTENSION AND EXPANSION OF LOW-INCOME**
5 **HOUSING CREDIT RULES FOR BUILDINGS IN**
6 **THE GO ZONES.**

7 (a) TIME FOR MAKING LOW-INCOME HOUSING
8 CREDIT ALLOCATIONS.—Subsection (c) of section 1400N
9 of the Internal Revenue Code of 1986 (relating to low-
10 income housing credit) is amended by redesignating para-
11 graph (5) as paragraph (6) and by inserting after para-
12 graph (4) the following new paragraph:

13 “(5) TIME FOR MAKING LOW-INCOME HOUSING
14 CREDIT ALLOCATIONS.—Section 42(h)(1)(B) shall
15 not apply to an allocation of housing credit dollar
16 amount to a building located in the Gulf Oppor-
17 tunity Zone, the Rita GO Zone, or the Wilma GO
18 Zone, if such allocation is made in 2006, 2007, or
19 2008, and such building is placed in service before
20 January 1, 2011.”.

21 (b) EXTENSION OF PERIOD FOR TREATING GO
22 ZONES AS DIFFICULT DEVELOPMENT AREAS.—

23 (1) IN GENERAL.—Subparagraph (A) of section
24 1400N(c)(3) of such Code is amended by striking
25 “2006, 2007, or 2008” and inserting “the period be-

1 ginning on January 1, 2006, and ending on Decem-
2 ber 31, 2010”.

3 (2) CONFORMING AMENDMENT.—Clause (ii) of
4 section 1400N(c)(3)(B) of such Code is amended by
5 striking “such period” and inserting “the period de-
6 scribed in subparagraph (A)”.

7 (c) COMMUNITY DEVELOPMENT BLOCK GRANTS NOT
8 TAKEN INTO ACCOUNT IN DETERMINING IF BUILDINGS
9 ARE FEDERALLY SUBSIDIZED.—Subsection (c) of section
10 1400N of such Code (relating to low-income housing cred-
11 it), as amended by this Act, is amended by redesignating
12 paragraph (6) as paragraph (7) and by inserting after
13 paragraph (5) the following new paragraph:

14 “(6) COMMUNITY DEVELOPMENT BLOCK
15 GRANTS NOT TAKEN INTO ACCOUNT IN DETER-
16 MINING IF BUILDINGS ARE FEDERALLY SUB-
17 SIDIZED.—For purpose of applying section
18 42(i)(2)(D) to any building which is placed in serv-
19 ice in the Gulf Opportunity Zone, the Rita GO Zone,
20 or the Wilma GO Zone during the period beginning
21 on January 1, 2006, and ending on December 31,
22 2010, a loan shall not be treated as a below market
23 Federal loan solely by reason of any assistance pro-
24 vided under section 106, 107, or 108 of the Housing
25 and Community Development Act of 1974 by reason

1 of section 122 of such Act or any provision of the
 2 Department of Defense Appropriations Act, 2006, or
 3 the Emergency Supplemental Appropriations Act for
 4 Defense, the Global War on Terror, and Hurricane
 5 Recovery, 2006.”.

6 **SEC. 3. SPECIAL TAX-EXEMPT BOND FINANCING RULE FOR**
 7 **REPAIRS AND RECONSTRUCTIONS OF RESI-**
 8 **DENCES IN THE GO ZONES.**

9 Subsection (a) of section 1400N of the Internal Rev-
 10 enue Code of 1986 (relating to tax-exempt bond financing)
 11 is amended by adding at the end the following new para-
 12 graph:

13 “(7) SPECIAL RULE FOR REPAIRS AND RECON-
 14 STRUCTIONS.—

15 “(A) IN GENERAL.—For purposes of sec-
 16 tion 143 and this subsection, any qualified GO
 17 Zone repair or reconstruction shall be treated
 18 as a qualified rehabilitation.

19 “(B) QUALIFIED GO ZONE REPAIR OR RE-
 20 CONSTRUCTION.—For purposes of subpara-
 21 graph (A), the term ‘qualified GO Zone repair
 22 or reconstruction’ means any repair of damage
 23 caused by Hurricane Katrina, Hurricane Rita,
 24 or Hurricane Wilma to a building located in the
 25 Gulf Opportunity Zone, the Rita GO Zone, or

1 the Wilma GO Zone (or reconstruction of such
2 building in the case of damage constituting de-
3 struction) if the expenditures for such repair or
4 reconstruction are 25 percent or more of the
5 mortgagor's adjusted basis in the residence.
6 For purposes of the preceding sentence, the
7 mortgagor's adjusted basis shall be determined
8 as of the completion of the repair or reconstruc-
9 tion or, if later, the date on which the mort-
10 gagor acquires the residence.

11 “(C) TERMINATION.—This paragraph shall
12 apply only to owner-financing provided after the
13 date of the enactment of this paragraph and be-
14 fore January 1, 2011.”.

15 **SEC. 4. GAO STUDY OF PRACTICES EMPLOYED BY STATE**
16 **AND LOCAL GOVERNMENTS IN ALLOCATING**
17 **AND UTILIZING TAX INCENTIVES PROVIDED**
18 **PURSUANT TO THE GULF OPPORTUNITY**
19 **ZONE ACT OF 2005.**

20 (a) IN GENERAL.—The Comptroller General of the
21 United States shall conduct a study of the practices em-
22 ployed by State and local governments, and subdivisions
23 thereof, in allocating and utilizing tax incentives provided
24 pursuant to the Gulf Opportunity Zone Act of 2005 and
25 this Act.

1 (b) SUBMISSION OF REPORT.—Not later than one
 2 year after the date of the enactment of this Act, the Comp-
 3 troller General shall submit a report on the findings of
 4 the study conducted under subsection (a) and shall include
 5 therein recommendations (if any) relating to such find-
 6 ings. The report shall be submitted to the Committee on
 7 Ways and Means of the House of Representatives and the
 8 Committee on Finance of the Senate.

9 (c) CONGRESSIONAL HEARINGS.—In the case that
 10 the report submitted under this section includes findings
 11 of significant fraud, waste or abuse, each Committee spec-
 12 ified in subsection (b) shall, within 60 days after the date
 13 the report is submitted under subsection (b), hold a public
 14 hearing to review such findings.

15 **SEC. 5. MODIFICATION OF COLLECTION DUE PROCESS**
 16 **PROCEDURES FOR EMPLOYMENT TAX LI-**
 17 **ABILITIES.**

18 (a) IN GENERAL.—Section 6330(f) of the Internal
 19 Revenue Code of 1986 (relating to jeopardy and State re-
 20 fund collection) is amended—

- 21 (1) by striking “; or” at the end of paragraph
 22 (1) and inserting a comma,
 23 (2) by adding “or” at the end of paragraph (2),
 24 and

1 (3) by inserting after paragraph (2) the fol-
2 lowing new paragraph:

3 “(3) the Secretary has served a disqualified em-
4 ployment tax levy,”.

5 (b) DISQUALIFIED EMPLOYMENT TAX LEVY.—Sec-
6 tion 6330 of such Code (relating to notice and opportunity
7 for hearing before levy) is amended by adding at the end
8 the following new subsection:

9 “(h) DISQUALIFIED EMPLOYMENT TAX LEVY.—For
10 purposes of subsection (f), a disqualified employment tax
11 levy is any levy in connection with the collection of employ-
12 ment taxes for any taxable period if—

13 “(1) the person subject to the levy (or any
14 predecessor thereof) requested a hearing under this
15 section with respect to unpaid employment taxes
16 arising in the most recent 2-year period before the
17 beginning of the taxable period with respect to which
18 the levy is served, and

19 “(2) such levy is served before February 29,
20 2016.

21 For purposes of the preceding sentence, the term ‘employ-
22 ment taxes’ means any taxes under chapter 21, 22, 23,
23 or 24.”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to levies served on or after the date

1 that is 120 days after the date of the enactment of this
2 Act.

3 **SEC. 6. TIME FOR PAYMENT OF CORPORATE ESTIMATED**
4 **TAXES.**

5 Subparagraph (B) of section 401(1) of the Tax In-
6 crease Prevention and Reconciliation Act of 2005 is
7 amended by striking “106.25 percent” and inserting
8 “106.45 percent”.

Passed the House of Representatives March 27,
2007.

Attest: LORRAINE C. MILLER,
Clerk.