

110TH CONGRESS
1ST SESSION

H. R. 1916

To amend the Internal Revenue Code of 1986 to expand, and extend for 10 years, the American Samoa economic development credit.

IN THE HOUSE OF REPRESENTATIVES

APRIL 18, 2007

Mr. FALEOMAVAEGA introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to expand, and extend for 10 years, the American Samoa economic development credit.

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. EXPANSION AND EXTENSION OF AMERICAN**
4 **SAMOA ECONOMIC DEVELOPMENT CREDIT.**

5 (a) IN GENERAL.—Subpart B of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 is amended by adding at the end the following new
8 section:

1 **“SEC. 30D. AMERICAN SAMOA ECONOMIC DEVELOPMENT**
2 **CREDIT.**

3 “(a) ALLOWANCE OF CREDIT.—In the case of a
4 qualified domestic corporation, there shall be allowed as
5 a credit against the tax imposed by this chapter an
6 amount equal to the portion of the tax which is attrib-
7 utable to the taxable income, from sources without the
8 United States, from—

9 “(1) the active conduct of a trade or business
10 within American Samoa, or

11 “(2) the sale or exchange of substantially all of
12 the assets used by the taxpayer in the active conduct
13 of such trade or business.

14 “(b) LIMITATION.—The amount of the credit deter-
15 mined under subsection (a) for any taxable year shall not
16 exceed the sum of the following amounts (determined by
17 treating American Samoa as the only possession of the
18 United States):

19 “(1) 60 percent of the sum of—

20 “(A) the aggregate amount of the qualified
21 domestic corporation’s qualified possession
22 wages for such taxable year, plus

23 “(B) the allocable employee fringe benefit
24 expenses of the qualified domestic corporation
25 for such taxable year.

26 “(2) The sum of—

1 “(A) 15 percent of the depreciation allow-
2 ances for the taxable year with respect to short-
3 life qualified tangible property,

4 “(B) 40 percent of the depreciation allow-
5 ances for the taxable year with respect to me-
6 dium-life qualified tangible property, and

7 “(C) 65 percent of the depreciation allow-
8 ances for the taxable year with respect to long-
9 life qualified tangible property.

10 “(c) QUALIFIED DOMESTIC CORPORATION.—For
11 purposes of this section, the term ‘qualified domestic cor-
12 poration’ means any domestic corporation which meets the
13 conditions of both paragraphs (1) and (2) of section
14 30A(b).

15 “(d) CREDIT NOT ALLOWED AGAINST CERTAIN
16 TAXES.—The credit provided by subsection (a) shall not
17 be allowed against any tax referred to in a paragraph of
18 section 30A(c).

19 “(e) TREATMENT OF CERTAIN FOREIGN TAXES.—
20 For purposes of this title, any tax of a foreign country
21 or a possession of the United States which is paid or ac-
22 crued with respect to taxable income which is taken into
23 account in computing the credit under subsection (a) shall
24 not be treated as income, war profits, or excess profits
25 taxes paid or accrued to a foreign country or possession

1 of the United States, and no deduction shall be allowed
2 under this title with respect to any amounts so paid or
3 accrued.

4 “(f) ADMINISTRATIVE PROVISIONS.—For purposes of
5 this title—

6 “(1) the credit under this section shall be treat-
7 ed in the same manner as the credit under section
8 936, and

9 “(2) a corporation to which this section applies
10 shall be treated in the same manner as if it were a
11 corporation electing the application of section 936.

12 “(g) DENIAL OF DOUBLE BENEFIT.—Any wages or
13 other expenses taken into account in determining the cred-
14 it under this section may not be taken into account in de-
15 termining the credit under section 41.

16 “(h) APPLICATION OF SECTION.—This section shall
17 apply to taxable years beginning after December 31, 2007,
18 and before January 1, 2018.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Paragraph (1) of section 55(c) of such Code
21 is amended by striking “and the Puerto Rico eco-
22 nomic activity credit under section 30A” and insert-
23 ing “the Puerto Rico economic activity credit under
24 section 30A, and the American Samoa economic de-
25 velopment credit under section 30D”.

1 (2) Subclause (I) of section 56(g)(4)(C)(ii) of
 2 such Code is amended by inserting “30D,” after
 3 “30A,”.

4 (3) Subclause (VI) of section 56(g)(4)(C)(iii) of
 5 such Code is amended to read as follows:

6 “(VI) APPLICATION TO SECTIONS
 7 30A AND 30D CORPORATIONS.—Ref-
 8 erences in this clause to section 936
 9 shall be treated as including ref-
 10 erences to sections 30A and 30D.”.

11 (4) Subsection (b) of section 59 of such Code
 12 is amended by inserting “, 30D,” after “30A” each
 13 place it appears, including the heading.

14 (5) The table of sections for subpart B of part
 15 IV of subchapter A of chapter 1 of such Code is
 16 amended by adding at the end the following new
 17 item:

“Sec. 30D. American Samoa economic development credit.”.

18 (c) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to taxable years beginning after
 20 December 31, 2007.

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