

110TH CONGRESS
2D SESSION

S. 3322

To provide tax relief for the victims of severe storms, tornados, and flooding
in the Midwest, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 23, 2008

Mr. GRASSLEY (for himself, Mr. HARKIN, Mr. ROBERTS, Mr. DURBIN, Mr. COLEMAN, Mr. BOND, Mr. BROWNBACK, Mr. BAYH, Mrs. McCASKILL, Ms. KLOBUCHAR, Mr. OBAMA, and Mr. LUGAR) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide tax relief for the victims of severe storms, tornados, and flooding in the Midwest, 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.**

4 This Act may be cited as the “Midwestern Disaster
5 Tax Relief Act of 2008”.

1 **SEC. 2. TEMPORARY TAX RELIEF FOR AREAS DAMAGED BY**
 2 **2008 MIDWESTERN SEVERE STORMS, TOR-**
 3 **NADOS, AND FLOODING.**

4 (a) IN GENERAL.—Subject to the modifications de-
 5 scribed in this section, the following provisions of or relat-
 6 ing to the Internal Revenue Code of 1986 shall apply to
 7 any Midwestern disaster area in addition to the areas to
 8 which such provisions otherwise apply:

9 (1) GO ZONE BENEFITS.—

10 (A) Section 1400N (relating to tax bene-
 11 fits) other than subsections (b), (i), (j), (m),
 12 and (o) thereof.

13 (B) Section 1400O (relating to education
 14 tax benefits).

15 (C) Section 1400P (relating to housing tax
 16 benefits).

17 (D) Section 1400Q (relating to special
 18 rules for use of retirement funds).

19 (E) Section 1400R(a) (relating to em-
 20 ployee retention credit for employers).

21 (F) Section 1400S (relating to additional
 22 tax relief) other than subsection (d) thereof.

23 (G) Section 1400T (relating to special
 24 rules for mortgage revenue bonds).

25 (2) OTHER BENEFITS INCLUDED IN KATRINA
 26 EMERGENCY TAX RELIEF ACT OF 2005.—Sections

1 302, 303, 304, 401, and 405 of the Katrina Emer-
 2 gency Tax Relief Act of 2005.

3 (b) USE OF AMENDED INCOME TAX RETURNS TO
 4 TAKE INTO ACCOUNT RECEIPT OF CERTAIN CASUALTY
 5 LOSS GRANTS BY DISALLOWING PREVIOUSLY TAKEN
 6 CASUALTY LOSS DEDUCTIONS.—

7 (1) IN GENERAL.—Notwithstanding any other
 8 provision of the Internal Revenue Code of 1986, if
 9 a taxpayer claims a deduction for any taxable year
 10 with respect to a casualty loss to a principal resi-
 11 dence (within the meaning of section 121 of such
 12 Code) resulting from the severe storms, tornados, or
 13 flooding giving rise to any Presidential declaration
 14 described in subsection (c)(1)(A) and in a subse-
 15 quent taxable year receives a grant under any Fed-
 16 eral or State program as reimbursement for such
 17 loss, such taxpayer may elect to file an amended in-
 18 come tax return for the taxable year in which such
 19 deduction was allowed (and for any taxable year to
 20 which such deduction is carried) and reduce (but not
 21 below zero) the amount of such deduction by the
 22 amount of such reimbursement.

23 (2) TIME OF FILING AMENDED RETURN.—
 24 Paragraph (1) shall apply with respect to any grant

1 only if any amended income tax returns with respect
 2 to such grant are filed not later than the later of—

3 (A) the due date for filing the tax return
 4 for the taxable year in which the taxpayer re-
 5 ceives such grant, or

6 (B) the date which is 1 year after the date
 7 of the enactment of this Act.

8 (3) WAIVER OF PENALTIES AND INTEREST.—

9 Any underpayment of tax resulting from the reduc-
 10 tion under paragraph (1) of the amount otherwise
 11 allowable as a deduction shall not be subject to any
 12 penalty or interest under such Code if such tax is
 13 paid not later than 1 year after the filing of the
 14 amended return to which such reduction relates.

15 (c) MIDWESTERN DISASTER AREA.—

16 (1) IN GENERAL.—For purposes of this section
 17 and for applying the substitutions described in sub-
 18 sections (e) and (f), the term “Midwestern disaster
 19 area” means an area—

20 (A) with respect to which a major disaster
 21 has been declared by the President on or after
 22 May 20, 2008, and before August 1, 2008,
 23 under section 401 of the Robert T. Stafford
 24 Disaster Relief and Emergency Assistance Act
 25 by reason of severe storms, tornados, or flood-

ing occurring in any of the States of Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, and Wisconsin, and

(B) determined by the President to warrant individual or individual and public assistance from the Federal Government under such Act with respect to damages attributable to such severe storms, tornados, or flooding.

(2) CERTAIN BENEFITS AVAILABLE TO AREAS ELIGIBLE ONLY FOR PUBLIC ASSISTANCE.—For purposes of applying this section to benefits under the following provisions, paragraph (1) shall be applied without regard to subparagraph (B):

(A) Sections 1400Q, 1400S(b), and 1400S(d) of the Internal Revenue Code of 1986.

(B) Sections 302, 401, and 405 of the Katrina Emergency Tax Relief Act of 2005.

(d) REFERENCES.—

(1) AREA.—Any reference in such provisions to the Hurricane Katrina disaster area or the Gulf Opportunity Zone shall be treated as a reference to any Midwestern disaster area and any reference to the Hurricane Katrina disaster area or the Gulf Opportunity Zone within a State shall be treated as a ref-

1 erence to all Midwestern disaster areas within the
2 State.

3 (2) ITEMS ATTRIBUTABLE TO DISASTER.—Any
4 reference in such provisions to any loss, damage, or
5 other item attributable to Hurricane Katrina shall
6 be treated as a reference to any loss, damage, or
7 other item attributable to the severe storms, tor-
8 nados, or flooding giving rise to any Presidential
9 declaration described in subsection (c)(1)(A).

10 (3) APPLICABLE DISASTER DATE.—For pur-
11 poses of applying the substitutions described in sub-
12 sections (e) and (f), the term “applicable disaster
13 date” means, with respect to any Midwestern dis-
14 aster area, the date on which the severe storms, tor-
15 nados, or flooding giving rise to the Presidential dec-
16 laration described in subsection (c)(1)(A) occurred.

17 (e) MODIFICATIONS TO 1986 CODE.—The following
18 provisions of the Internal Revenue Code of 1986 shall be
19 applied with the following modifications:

20 (1) TAX-EXEMPT BOND FINANCING.—Section
21 1400N(a)—

22 (A) by substituting “qualified Midwestern
23 disaster area bond” for “qualified Gulf Oppor-
24 tunity Zone Bond” each place it appears, except

1 that in determining whether a bond is a quali-
2 fied Midwestern disaster area bond—

3 (i) paragraph (2)(A)(i) shall be ap-
4 plied by only treating costs as qualified
5 project costs if—

6 (I) in the case of a project involv-
7 ing a private business use (as defined
8 in section 141(b)(6)), either the per-
9 son using the property suffered a loss
10 in a trade or business attributable to
11 the severe storms, tornados, or flood-
12 ing giving rise to any Presidential dec-
13 laration described in subsection
14 (c)(1)(A) or is a person designated for
15 purposes of this section by the Gov-
16 ernor of the State in which the project
17 is located as a person carrying on a
18 trade or business replacing a trade or
19 business with respect to which another
20 person suffered such a loss, and

21 (II) in the case of a project relat-
22 ing to public utility property, the
23 project involves repair or reconstruc-
24 tion of public utility property dam-

1 aged by such severe storms, tornados,
2 or flooding, and

3 (ii) paragraph (2)(A)(ii) shall be ap-
4 plied by treating an issue as a qualified
5 mortgage issue only if 95 percent or more
6 of the net proceeds (as defined in section
7 150(a)(3)) of the issue are to be used to
8 provide financing for mortgagors who suf-
9 fered damages to their principal residences
10 attributable to such severe storms, tor-
11 nados, or flooding.

12 (B) by substituting “any State in which a
13 Midwestern disaster area is located” for “the
14 State of Alabama, Louisiana, or Mississippi” in
15 paragraph (2)(B),

16 (C) by substituting “designated for pur-
17 poses of this section (on the basis of providing
18 assistance to areas in the order in which such
19 assistance is most needed)” for “designated for
20 purposes of this section” in paragraph (2)(C),

21 (D) by substituting “January 1, 2013” for
22 “January 1, 2011” in paragraph (2)(D),

23 (E) in paragraph (3)(A)—

24 (i) by substituting “\$1,000” for
25 “\$2,500”, and

1 (ii) by substituting “before the ear-
 2 liest applicable disaster date for Mid-
 3 western disaster areas within the State”
 4 for “before August 28, 2005”,

5 (F) by substituting “qualified Midwestern
 6 disaster area repair or construction” for “quali-
 7 fied GO Zone repair or construction” each place
 8 it appears, and

9 (G) by substituting “after the date of the
 10 enactment of the Housing and Economic Recov-
 11 ery Act of 2008 and before January 1, 2013”
 12 for “after the date of the enactment of this
 13 paragraph and before January 1, 2011” in
 14 paragraph (7)(C).

15 (2) LOW-INCOME HOUSING CREDIT.—Section
 16 1400N(c)—

17 (A) only with respect to calendar years
 18 2009, 2010, and 2011,

19 (B) by substituting “Disaster Recovery As-
 20 sistance housing amount” for “Gulf Oppor-
 21 tunity housing amount”,

22 (C) in paragraph (1)(B)—

23 (i) by substituting “\$4.00” for
 24 “\$18.00”, and

1 (ii) by substituting “before the ear-
 2 liest applicable disaster date for Mid-
 3 western disaster areas within the State”
 4 for “before August 28, 2005” , and

5 (D) determined without regard to para-
 6 graphs (2), (3), (4), (5), and (6) thereof.

7 (3) SPECIAL ALLOWANCE FOR CERTAIN PROP-
 8 ERTY ACQUIRED ON OR AFTER THE APPLICABLE
 9 DISASTER DATE.—Section 1400N(d)—

10 (A) by substituting “qualified Disaster Re-
 11 covery Assistance property” for “qualified Gulf
 12 Opportunity Zone property” each place it ap-
 13 pears, except that a taxpayer shall be allowed
 14 additional bonus depreciation and expensing
 15 under such subsection or section 1400N(e) with
 16 respect to such property only if—

17 (i) the taxpayer suffered an economic
 18 loss attributable to the severe storms, tor-
 19 nados, or flooding giving rise to any Presi-
 20 dential declaration described in subsection
 21 (c)(1)(A), and

22 (ii) such property—

23 (I) rehabilitates property dam-
 24 aged, or replaces property destroyed
 25 or condemned, as a result of such se-

1 vere storms, tornados, or flooding, ex-
2 cept that, for purposes of this clause,
3 property shall be treated as replacing
4 property destroyed or condemned if,
5 as part of an integrated plan, such
6 property replaces property which is in-
7 cluded in a continuous area which in-
8 cludes real property destroyed or con-
9 demned, and

10 (II) is similar in nature to, and
11 located in the same county as, the
12 property being rehabilitated or re-
13 placed,

14 (B) by substituting “the applicable disaster
15 date” for “August 28, 2005” each place it ap-
16 pears,

17 (C) by substituting “December 31, 2011”
18 for “December 31, 2007” in paragraph
19 (2)(A)(v),

20 (D) by substituting “December 31, 2012”
21 for “December 31, 2008” in paragraph
22 (2)(A)(v),

23 (E) by substituting “the day before the ap-
24 plicable disaster date” for “August 27, 2005”
25 in paragraph (3)(A),

1 (F) determined without regard to para-
 2 graph (6) thereof, and

3 (G) by not including as qualified Disaster
 4 Recovery Assistance property any property to
 5 which section 168(k) applies.

6 (4) INCREASE IN EXPENSING UNDER SECTION
 7 179.—Section 1400N(e), by substituting “qualified
 8 section 179 Disaster Recovery Assistance property”
 9 for “qualified section 179 Gulf Opportunity Zone
 10 property” each place it appears.

11 (5) EXPENSING FOR CERTAIN DEMOLITION AND
 12 CLEAN-UP COSTS.—Section 1400N(f)—

13 (A) by substituting “qualified Disaster Re-
 14 covery Assistance clean-up cost” for “qualified
 15 Gulf Opportunity Zone clean-up cost” each
 16 place it appears,

17 (B) by substituting “beginning on the ap-
 18 plicable disaster date and ending on December
 19 31, 2010” for “beginning on August 28, 2005,
 20 and ending on December 31, 2007” in para-
 21 graph (2), and

22 (C) by treating costs as qualified Disaster
 23 Recovery Assistance clean-up costs only if the
 24 removal of debris or demolition of any structure
 25 was necessary due to damage attributable to

1 the severe storms, tornados, or flooding giving
 2 rise to any Presidential declaration described in
 3 subsection (c)(1)(A).

4 (6) EXTENSION OF EXPENSING FOR ENVIRON-
 5 MENTAL REMEDIATION COSTS.—Section 1400N(g)—

6 (A) by substituting “the applicable disaster
 7 date” for “August 28, 2005” each place it ap-
 8 pears,

9 (B) by substituting “January 1, 2011” for
 10 “January 1, 2008” in paragraph (1),

11 (C) by substituting “December 31, 2010”
 12 for “December 31, 2007” in paragraph (1), and

13 (D) by treating a site as a qualified con-
 14 taminated site only if the release (or threat of
 15 release) or disposal of a hazardous substance at
 16 the site was attributable to the severe storms,
 17 tornados, or flooding giving rise to any Presi-
 18 dential declaration described in subsection
 19 (c)(1)(A).

20 (7) INCREASE IN REHABILITATION CREDIT.—
 21 Section 1400N(h)—

22 (A) by substituting “the applicable disaster
 23 date” for “August 28, 2005”,

24 (B) by substituting “January 1, 2011” for
 25 “January 1, 2008” in paragraph (1), and

(C) by only applying such subsection to qualified rehabilitation expenditures with respect to any building or structure which was damaged or destroyed as a result of the severe storms, tornados, or flooding giving rise to any Presidential declaration described in subsection (c)(1)(A).

(8) TREATMENT OF NET OPERATING LOSSES ATTRIBUTABLE TO DISASTER LOSSES.—Section 1400N(k)—

(A) by substituting “qualified Disaster Recovery Assistance loss” for “qualified Gulf Opportunity Zone loss” each place it appears,

(B) by substituting “after the day before the applicable disaster date, and before January 1, 2011” for “after August 27, 2005, and before January 1, 2008” each place it appears,

(C) by substituting “the applicable disaster date” for “August 28, 2005” in paragraph (2)(B)(ii)(I),

(D) by substituting “qualified Disaster Recovery Assistance property” for “qualified Gulf Opportunity Zone property” in paragraph (2)(B)(iv), and

1 (E) by substituting “qualified Disaster Re-
 2 covery Assistance casualty loss” for “qualified
 3 Gulf Opportunity Zone casualty loss” each
 4 place it appears.

5 (9) CREDIT TO HOLDERS OF TAX CREDIT
 6 BONDS.—Section 1400N(l)—

7 (A) by substituting “Midwestern tax credit
 8 bond” for “Gulf tax credit bond” each place it
 9 appears,

10 (B) by substituting “any State in which a
 11 Midwestern disaster area is located” for “the
 12 State of Alabama, Louisiana, or Mississippi” in
 13 paragraph (4)(A)(i),

14 (C) by substituting “after December 31,
 15 2008 and before January 1, 2010” for “after
 16 December 31, 2005, and before January 1,
 17 2007”,

18 (D) by substituting “shall not exceed
 19 \$100,000,000 for any State with an aggregate
 20 population located in all Midwestern disaster
 21 areas within the State of at least 2,000,000,
 22 \$50,000,000 for any State with an aggregate
 23 population located in all Midwestern disaster
 24 areas within the State of at least 1,000,000 but
 25 less than 2,000,000, and zero for any other

1 State. The population of a State within any
 2 area shall be determined on the basis of the
 3 most recent census estimate of resident popu-
 4 lation released by the Bureau of Census before
 5 the earliest applicable disaster date for Mid-
 6 western disaster areas within the State.” for
 7 “shall not exceed” and all that follows in para-
 8 graph (4)(C), and

9 (E) by substituting “the earliest applicable
 10 disaster date for Midwestern disaster areas
 11 within the State” for “August 28, 2005” in
 12 paragraph (5)(A).

13 (10) EDUCATION TAX BENEFITS.—Section
 14 1400O, by substituting “2008 or 2009” for “2005
 15 or 2006”.

16 (11) HOUSING TAX BENEFITS.—Section 1400P,
 17 by substituting “the applicable disaster date” for
 18 “August 28, 2005” in subsection (c)(1).

19 (12) SPECIAL RULES FOR USE OF RETIREMENT
 20 FUNDS.—Section 1400Q—

21 (A) by substituting “qualified Disaster Re-
 22 covery Assistance distribution” for “qualified
 23 hurricane distribution” each place it appears,

24 (B) by substituting “on or after the appli-
 25 cable disaster date and before January 1,

1 2010” for “on or after August 25, 2005, and
2 before January 1, 2007” in subsection
3 (a)(4)(A)(i),

4 (C) by substituting “the applicable disaster
5 date” for “August 28, 2005” in subsections
6 (a)(4)(A)(i) and (c)(3)(B),

7 (D) by disregarding clauses (ii) and (iii) of
8 subsection (a)(4)(A) thereof,

9 (E) by substituting “qualified storm dam-
10 age distribution” for “qualified Katrina dis-
11 tribution” each place it appears,

12 (F) by substituting “after the date which
13 is 6 months before the applicable disaster date
14 and before the date which is the day after the
15 applicable disaster date” for “after February
16 28, 2005, and before August 29, 2005” in sub-
17 section (b)(2)(B)(ii),

18 (G) by substituting “the Midwestern dis-
19 aster area, but not so purchased or constructed
20 on account of severe storms, tornados, or flood-
21 ing giving rise to the designation of the area as
22 a disaster area” for “the Hurricane Katrina
23 disaster area, but not so purchased or con-
24 structed on account of Hurricane Katrina” in
25 subsection (b)(2)(B)(iii),

1 (H) by substituting “beginning on the ap-
2 plicable disaster date and ending on the date
3 which is 5 months after the date of the enact-
4 ment of the Housing and Economic Recovery
5 Act of 2008” for “beginning on August 25,
6 2005, and ending on February 28, 2006” in
7 subsection (b)(3)(A),

8 (I) by substituting “qualified storm dam-
9 age individual” for “qualified Hurricane
10 Katrina individual” each place it appears,

11 (J) by substituting “December 31, 2009”
12 for “December 31, 2006” in subsection
13 (c)(2)(A),

14 (K) by substituting “beginning on the date
15 of the enactment of the Housing and Economic
16 Recovery Act of 2008 and ending on December
17 31, 2009” for “beginning on September 24,
18 2005, and ending on December 31, 2006” in
19 subsection (c)(4)(A)(i),

20 (L) by substituting “the applicable disaster
21 date” for “August 25, 2005” in subsection
22 (c)(4)(A)(ii), and

23 (M) by substituting “January 1, 2010” for
24 “January 1, 2007” in subsection (d)(2)(A)(ii).

1 (13) EMPLOYEE RETENTION CREDIT FOR EM-
 2 PLOYERS AFFECTED BY SEVERE STORMS, TOR-
 3 NADOS, AND FLOODING.—Section 1400R(a)—

4 (A) by substituting “the applicable disaster
 5 date” for “August 28, 2005” each place it ap-
 6 pears,

7 (B) by substituting “January 1, 2009” for
 8 “January 1, 2006” both places it appears, and

9 (C) only with respect to eligible employers
 10 who employed an average of not more than 200
 11 employees on business days during the taxable
 12 year before the applicable disaster date.

13 (14) TEMPORARY SUSPENSION OF LIMITATIONS
 14 ON CHARITABLE CONTRIBUTIONS.—Section
 15 1400S(a), by substituting the following paragraph
 16 for paragraph (4) thereof:

17 “(4) QUALIFIED CONTRIBUTIONS.—

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

22 “(i) such contribution—

23 “(I) is paid during the period be-
 24 ginning on the earliest applicable dis-
 25 aster date for all States and ending

1 on December 31, 2008, in cash to an
2 organization described in section
3 170(b)(1)(A), and

4 “(II) is made for relief efforts in
5 1 or more Midwestern disaster areas,

6 “(ii) the taxpayer obtains from such
7 organization contemporaneous written ac-
8 knowledgment (within the meaning of sec-
9 tion 170(f)(8)) that such contribution was
10 used (or is to be used) for relief efforts in
11 1 or more Midwestern disaster areas, and

12 “(iii) the taxpayer has elected the ap-
13 plication of this subsection with respect to
14 such contribution.

15 “(B) EXCEPTION.—Such term shall not in-
16 clude a contribution by a donor if the contribu-
17 tion is—

18 “(i) to an organization described in
19 section 509(a)(3), or

20 “(ii) for establishment of a new, or
21 maintenance of an existing, donor advised
22 fund (as defined in section 4966(d)(2)).

23 “(C) APPLICATION OF ELECTION TO PART-
24 NERSHIPS AND S CORPORATIONS.—In the case
25 of a partnership or S corporation, the election

1 under subparagraph (A)(iii) shall be made sepa-
 2 rately by each partner or shareholder.”.

3 (15) SUSPENSION OF CERTAIN LIMITATIONS ON
 4 PERSONAL CASUALTY LOSSES.—Section
 5 1400S(b)(1), by substituting “the applicable disaster
 6 date” for “August 25, 2005”.

7 (16) SPECIAL RULE FOR DETERMINING
 8 EARNED INCOME.—Section 1400S(d)—

9 (A) by treating an individual as a qualified
 10 individual if such individual’s principal place of
 11 abode on the applicable disaster date was lo-
 12 cated in a Midwestern disaster area,

13 (B) by treating the applicable disaster date
 14 with respect to any such individual as the appli-
 15 cable date for purposes of such subsection, and

16 (C) by treating an area as described in
 17 paragraph (2)(B)(ii) thereof if the area is a
 18 Midwestern disaster area only by reason of sub-
 19 section (b)(2) of this section (relating to areas
 20 eligible only for public assistance).

21 (17) ADJUSTMENTS REGARDING TAXPAYER AND
 22 DEPENDENCY STATUS.—Section 1400S(e), by sub-
 23 stituting “2008 or 2009” for “2005 or 2006”.

24 (f) MODIFICATIONS TO KATRINA EMERGENCY TAX
 25 RELIEF ACT OF 2005.—The following provisions of the

1 Katrina Emergency Tax Relief Act of 2005 shall be ap-
 2 plied with the following modifications:

3 (1) ADDITIONAL EXEMPTION FOR HOUSING DIS-
 4 PLACED INDIVIDUAL.—Section 302—

5 (A) by substituting “2008 or 2009” for
 6 “2005 or 2006” in subsection (a) thereof,

7 (B) by substituting “Midwestern displaced
 8 individual” for “Hurricane Katrina displaced
 9 individual” each place it appears, and

10 (C) by treating an area as a core disaster
 11 area for purposes of applying subsection (c)
 12 thereof if the area is a Midwestern disaster area
 13 without regard to subsection (b)(2) of this sec-
 14 tion (relating to areas eligible only for public
 15 assistance).

16 (2) INCREASE IN STANDARD MILEAGE RATE.—
 17 Section 303, by substituting “beginning on the ap-
 18 plicable disaster date and ending on December 31,
 19 2008” for “beginning on August 25, 2005, and end-
 20 ing on December 31, 2006”.

21 (3) MILEAGE REIMBURSEMENTS FOR CHARI-
 22 TABLE VOLUNTEERS.—Section 304—

23 (A) by substituting “beginning on the ap-
 24 plicable disaster date and ending on December
 25 31, 2008” for “beginning on August 25, 2005,

1 and ending on December 31, 2006” in sub-
 2 section (a), and

3 (B) by substituting “the applicable disaster
 4 date” for “August 25, 2005” in subsection (a).

5 (4) EXCLUSION OF CERTAIN CANCELLATION OF
 6 INDEBTEDNESS INCOME.—Section 401—

7 (A) by treating an individual whose prin-
 8 cipal place of abode on the applicable disaster
 9 date was in a Midwestern disaster area (deter-
 10 mined without regard to subsection (b)(2) of
 11 this section) as an individual described in sub-
 12 section (b)(1) thereof, and by treating an indi-
 13 vidual whose principal place of abode on the ap-
 14 plicable disaster date was in a Midwestern dis-
 15 aster area solely by reason of subsection (b)(2)
 16 of this section as an individual described in sub-
 17 section (b)(2) thereof,

18 (B) by substituting “the applicable disaster
 19 date” for “August 28, 2005” both places it ap-
 20 pears, and

21 (C) by substituting “January 1, 2010” for
 22 “January 1, 2007” in subsection (e).

23 (5) EXTENSION OF REPLACEMENT PERIOD FOR
 24 NONRECOGNITION OF GAIN.—Section 405, by sub-

stituting “on or after the applicable disaster date”
for “on or after August 25, 2005”.

SEC. 3. ENHANCED CHARITABLE DEDUCTIONS FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) INCREASED AMOUNT OF DEDUCTION.—

(1) IN GENERAL.—Clause (iv) of section 170(e)(3)(C) (relating to termination) of the Internal Revenue Code of 1986 is amended by striking “December 31, 2007” and inserting “December 31, 2009”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to contributions made after December 31, 2007.

(b) TEMPORARY SUSPENSION OF LIMITATIONS ON CHARITABLE CONTRIBUTIONS.—

(1) IN GENERAL.—Section 170(b) of such Code is amended by adding at the end the following new paragraph:

“(3) TEMPORARY SUSPENSION OF LIMITATIONS ON CHARITABLE CONTRIBUTIONS.—In the case of a qualified farmer or rancher (as defined in paragraph (1)(E)(v)), any charitable contribution of food—

“(A) to which subsection (e)(3)(C) applies (without regard to clause (ii) thereof), and

1 “(B) which is made during the period be-
 2 ginning on the date of the enactment of this
 3 paragraph and before January 1, 2009,
 4 shall be treated for purposes of paragraph (1)(E) or
 5 (2)(B), whichever is applicable, as if it were a quali-
 6 fied conservation contribution which is made by a
 7 qualified farmer or rancher and which otherwise
 8 meets the requirements of such paragraph.”.

9 (2) EFFECTIVE DATE.—The amendment made
 10 by this subsection shall apply to taxable years end-
 11 ing after the date of the enactment of this Act.

12 **SEC. 4. EXTENSION OF ENHANCED CHARITABLE DEDUC-**
 13 **TION FOR CONTRIBUTIONS OF BOOK INVEN-**
 14 **TORY.**

15 (a) EXTENSION.—Clause (iv) of section 170(e)(3)(D)
 16 of the Internal Revenue Code of 1986 (relating to termi-
 17 nation) of the Internal Revenue Code of 1986 is amended
 18 by striking “December 31, 2007” and inserting “Decem-
 19 ber 31, 2009”.

20 (b) CLERICAL AMENDMENT.—Clause (iii) of section
 21 170(e)(3)(D) of such Code (relating to certification by
 22 donee) is amended by inserting “of books” after “to any
 23 contribution”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to contributions made after De-
 3 cember 31, 2007.

4 **SEC. 5. REPORTING REQUIREMENTS RELATING TO DIS-**
 5 **ASTER RELIEF CONTRIBUTIONS.**

6 (a) IN GENERAL.—Section 6033(b) of the Internal
 7 Revenue Code of 1986 (relating to returns of certain orga-
 8 nizations described in section 501(c)(3)) is amended by
 9 striking “and” at the end of paragraph (13), by redesign-
 10 ating paragraph (14) as paragraph (15), and by adding
 11 after paragraph (13) the following new paragraph:

12 “(14) such information as the Secretary may
 13 require with respect to disaster relief activities, in-
 14 cluding the amount and use of qualified contribu-
 15 tions to which section 1400S(a) applies, and”.

16 (b) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to returns the due date for which
 18 (determined without regard to any extension) occurs after
 19 December 31, 2008.

○