

110TH CONGRESS
1ST SESSION

S. 538

To reduce income tax withholding deposits to reflect a FICA payroll tax credit for certain employers located in specified portions of the GO Zone, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 8, 2007

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

A BILL

To reduce income tax withholding deposits to reflect a FICA payroll tax credit for certain employers located in specified portions of the GO Zone, 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 “Work, Hope, and Opportunity for the Disaster Area
6 Today Act”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-
9 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 **SEC. 2. REDUCTION IN INCOME TAX WITHHOLDING DEPOS-**

5 **ITS TO REFLECT FICA PAYROLL TAX CREDIT**
6 **FOR CERTAIN EMPLOYERS LOCATED IN**
7 **SPECIFIED PORTIONS OF THE GO ZONE DUR-**
8 **ING 2007.**

9 (a) **GENERAL RULE.**—In the case of any applicable
10 calendar quarter—

11 (1) the aggregate amount of required income
12 tax deposits of an eligible employer for the calendar
13 quarter following the applicable calendar quarter
14 shall be reduced by the payroll tax credit equivalent
15 amount for the applicable calendar quarter, and

16 (2) the amount of any deduction allowable to
17 the eligible employer under chapter 1 of the Internal
18 Revenue Code of 1986 for taxes paid under section
19 3111 of such Code with respect to employment dur-
20 ing the applicable calendar quarter shall be reduced
21 by such payroll tax credit equivalent amount.

22 For purposes of the Internal Revenue Code of 1986, an
23 eligible employer shall be treated as having paid, and an
24 eligible employee shall be treated as having received, any

1 wages or compensation deducted and withheld but not de-
2 posited by reason of paragraph (1).

3 (b) CARRYOVERS OF UNUSED AMOUNTS.—If the
4 payroll tax credit equivalent amount for any applicable cal-
5 endar quarter exceeds the required income tax deposits for
6 the following calendar quarter—

7 (1) such excess shall be added to the payroll tax
8 credit equivalent amount for the next applicable cal-
9 endar quarter, and

10 (2) in the case of the last applicable calendar
11 quarter, such excess shall be used to reduce required
12 income tax deposits for any succeeding calendar
13 quarter until such excess is used.

14 (c) PAYROLL TAX CREDIT EQUIVALENT AMOUNT.—

15 For purposes of this section—

16 (1) IN GENERAL.—The term “payroll tax credit
17 equivalent amount” means, with respect to any ap-
18 plicable calendar quarter, an amount equal to 7.65
19 percent of the aggregate amount of wages or com-
20 pensation—

21 (A) paid or incurred by the eligible em-
22 ployer with respect to employment of eligible
23 employees during the applicable calendar quar-
24 ter, and

1 (B) subject to the tax imposed by section
2 3111 of the Internal Revenue Code of 1986.

13 (d) ELIGIBLE EMPLOYER; ELIGIBLE EMPLOYEE.—
14 For purposes of this section—

15 (1) ELIGIBLE EMPLOYER.—

22 (B) SPECIFIED PORTIONS OF THE GO
23 ZONE.—The term “specified portions of the GO
24 Zone” has the meaning given such term by sec-

10 (e) APPLICABLE CALENDAR QUARTER.—For pur-
11 poses of this section, the term “applicable calendar quar-
12 ter” means any of the 4 calendar quarters beginning in
13 2007.

14 (f) SPECIAL RULES.—For purposes of this section—

21 (2) AGGREGATION RULES.—Rules similar to the
22 rules of subsections (a) and (b) of section 52 of the
23 Internal Revenue Code of 1986 shall apply.

24 (3) EMPLOYERS NOT ON QUARTERLY SYS-
25 TEM.—The Secretary of the Treasury shall prescribe

1 rules for the application of this section in the case
2 of an eligible employer whose required income tax
3 deposits are not made on a quarterly basis.

4 (4) ADJUSTMENTS FOR CERTAIN ACQUISITIONS,
5 ETC.—Under regulations prescribed by the Sec-
6 retary—

7 (A) ACQUISITIONS.—If, after December
8 31, 2006, an employer acquires the major por-
9 tion of a trade or business of another person
10 (hereafter in this paragraph referred to as the
11 “predecessor”) or the major portion of a sepa-
12 rate unit of a trade or business of a prede-
13 cessor, then, for purposes of applying this sec-
14 tion for any calendar quarter ending after such
15 acquisition, the amount of wages or compensa-
16 tion deemed paid by the employer during peri-
17 ods before such acquisition shall be increased by
18 so much of such wages or compensation paid by
19 the predecessor with respect to the acquired
20 trade or business as is attributable to the por-
21 tion of such trade or business acquired by the
22 employer.

23 (B) DISPOSITIONS.—If, after December
24 31, 2006—

1 (i) an employer disposes of the major
2 portion of any trade or business of the em-
3 ployer or the major portion of a separate
4 unit of a trade or business of the employer
5 in a transaction to which paragraph (1)
6 applies, and

7 (ii) the employer furnishes the acquiring
8 person such information as is necessary
9 for the application of subparagraph
10 (A),

11 then, for purposes of applying this section for
12 any calendar quarter ending after such disposi-
13 tion, the amount of wages or compensation
14 deemed paid by the employer during periods be-
15 fore such disposition shall be decreased by so
16 much of such wages as is attributable to such
17 trade or business or separate unit.

18 (5) OTHER RULES.—

**5 SEC. 3. BONUS BUSINESS TRAVEL DEDUCTION IN SPECI-
6 FIED PORTIONS OF THE GO ZONE.**

7 (a) IN GENERAL.—Section 274(n)(2) (relating to ex-
8 ceptions) is amended by striking “or” at the end of sub-
9 paragraph (D), by striking the period at the end of sub-
10 paragraph (E)(iv) and inserting “, or”, and by inserting
11 after subparagraph (E)(iv) the following new subpara-
12 graph:

13 “(F) such expense is for goods, services, or
14 facilities made available before January 1,
15 2010, in one or more specified portions of the
16 GO Zone (as defined in section
17 1400N(d)(6)(C).”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to expenses paid or incurred after
20 the date of the enactment of this Act, in taxable years
21 ending after such date.

1 **SEC. 4. EXTENSION OF INCREASED EXPENSING FOR QUALI-**
2 **FIED SECTION 179 GULF OPPORTUNITY ZONE**
3 **PROPERTY LOCATED IN SPECIFIED POR-**
4 **TIONS OF THE GO ZONE.**

5 Paragraph (2) of section 1400N(e) (relating to qualifi-
6 ed section 179 Gulf Opportunity Zone property) is
7 amended—

8 (1) by striking “this subsection, the term” and
9 inserting “this subsection—

10 “(A) IN GENERAL.—The term”, and

11 (2) by adding at the end the following new sub-
12 paragraph:

13 “(B) EXTENSION FOR CERTAIN PROP-
14 ERTY.—In the case of property substantially all
15 of the use of which is in one or more specified
16 portions of the GO Zone (as defined in sub-
17 section (d)(6)(C)), such term shall include sec-
18 tion 179 property (as so defined) which is de-
19 scribed in subsection (d)(2), determined—

20 “(i) without regard to subsection
21 (d)(6), and

22 “(ii) by substituting, in subparagraph
23 (A)(v) thereof—

24 “(I) ‘2009’ for ‘2007’, and

25 “(II) ‘2009’ for ‘2008’.”.

1 **SEC. 5. EXTENSION OF WORK OPPORTUNITY TAX CREDIT**2 **FOR HURRICANE KATRINA EMPLOYEES**
3 **HIRED BY SMALL BUSINESSES LOCATED IN**
4 **SPECIFIED PORTIONS OF THE GO ZONE.**5 (a) **IN GENERAL.**—Section 201(b)(1) of the Katrina
6 Emergency Tax Relief Act of 2005 (Public Law 109–73)
7 is amended by striking “who is hired during the 2-year
8 period” and all that follows and inserting “who—9 “(A) is hired during the 2-year period be-
10 ginning on such date for a position the prin-
11 cipal place of employment which is located in
12 the core disaster area, or

13 “(B) is hired—

14 “(i) during the period beginning on
15 the date of the enactment of the Work,
16 Hope, Opportunity, and Disaster Area Tax
17 Act of 2007 and ending before January 1,
18 2010, for a position the principal place of
19 employment which is located in one or
20 more specified portions of the GO Zone (as
21 defined in subsection 1400N(d)(6)(C) of
22 the Internal Revenue Code of 1986), and23 “(ii) by an employer who has no more
24 than 100 employees on the date such indi-
25 vidual is hired, and”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section take effect as if included in section 201 of
3 the Katrina Emergency Tax Relief Act of 2005.

4 SEC. 6. EXTENSION AND MODIFICATION OF 15-YEAR
5 STRAIGHT-LINE COST RECOVERY FOR QUALI-
6 FIED LEASEHOLD IMPROVEMENTS AND
7 QUALIFIED RESTAURANT IMPROVEMENTS
8 LOCATED IN SPECIFIED PORTIONS OF THE
9 GO ZONE; 15-YEAR STRAIGHT-LINE COST RE-
10 COVERY FOR CERTAIN IMPROVEMENTS TO
11 RETAIL SPACE LOCATED IN SPECIFIED POR-
12 TIONS OF THE GO ZONE.

13 (a) EXTENSION OF LEASEHOLD AND RESTAURANT
14 IMPROVEMENTS.—

22 (2) EFFECTIVE DATE.—The amendment made
23 by this subsection shall apply to property placed in
24 service after December 31, 2007.

1 (b) MODIFICATION OF TREATMENT OF QUALIFIED
2 RESTAURANT PROPERTY AS 15-YEAR PROPERTY FOR
3 PURPOSES OF DEPRECIATION DEDUCTION.—

4 (1) TREATMENT TO INCLUDE NEW CONSTRUC-
5 TION.—Paragraph (7) of section 168(e) (relating to
6 classification of property) is amended to read as fol-
7 lows:

8 “(7) QUALIFIED RESTAURANT PROPERTY.—

9 “(A) IN GENERAL.—Except as provided in
10 subparagraph (B), the term ‘qualified res-
11 taurant property’ means any section 1250 prop-
12 erty which is an improvement to a building if—

13 “(i) such improvement is placed in
14 service more than 3 years after the date
15 such building was first placed in service,
16 and

17 “(ii) more than 50 percent of the
18 building’s square footage is devoted to
19 preparation of, and seating for on-premises
20 consumption of, prepared meals.

21 “(B) PROPERTY LOCATED IN CERTAIN
22 AREAS OF GO ZONE.—In the case of property
23 placed in service in one or more specified por-
24 tions of the GO Zone (as defined in subsection
25 1400Nd)(6)(C)), such term means any section

1 1250 property which is a building (or its struc-
2 tural components) or an improvement to such
3 building if more than 50 percent of such build-
4 ing's square footage is devoted to preparation
5 of, and seating for on-premises consumption of,
6 prepared meals.”.

7 (2) EFFECTIVE DATE.—The amendment made
8 by this subsection shall apply to any property placed
9 in service after the date of the enactment of this
10 Act.

11 (c) RECOVERY PERIOD FOR DEPRECIATION OF CER-
12 TAIN IMPROVEMENTS TO RETAIL SPACE.—

13 (1) 15-YEAR RECOVERY PERIOD.—Section
14 168(e)(3)(E) (relating to 15-year property) is
15 amended by striking “and” at the end of clause
16 (vii), by striking the period at the end of clause (viii)
17 and inserting “, and”, and by adding at the end the
18 following new clause:

19 “(ix) any qualified retail improvement
20 property placed in service before January
21 1, 2009, in one or more specified portions
22 of the GO Zone (as defined in subsection
23 1400Nd)(6)(C).”.

4 “(8) QUALIFIED RETAIL IMPROVEMENT PROP-
5 ERTY.—

6 “(A) IN GENERAL.—The term ‘qualified
7 retail improvement property’ means any im-
8 provement to an interior portion of a building
9 which is nonresidential real property if—

1 “(C) CERTAIN IMPROVEMENTS NOT IN-
 2 CLUDED.—Such term shall not include any im-
 3 provement for which the expenditure is attrib-
 4 utable to—

5 “(i) the enlargement of the building,
 6 “(ii) any elevator or escalator,
 7 “(iii) any structural component bene-
 8 fitting a common area, or
 9 “(iv) the internal structural frame-
 10 work of the building.”.

11 (3) REQUIREMENT TO USE STRAIGHT LINE
 12 METHOD.—Section 168(b)(3) is amended by adding
 13 at the end the following new subparagraph:

14 “(I) Qualified retail improvement property
 15 described in subsection (e)(8).”.

16 (4) ALTERNATIVE SYSTEM.—The table con-
 17 tained in section 168(g)(3)(B) is amended by insert-
 18 ing after the item relating to subparagraph (E)(viii)
 19 the following new item:

“(E)(ix) 39”.

20 (5) EFFECTIVE DATE.—The amendments made
 21 by this section shall apply to property placed in serv-
 22 ice after the date of the enactment of this Act.

