

114TH CONGRESS
2D SESSION

H. R. 5163

To amend the Internal Revenue Code of 1986 to provide for economic recovery in the Virgin Islands and Guam, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 29, 2016

Ms. PLASKETT (for herself and Ms. BORDALLO) 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 provide for economic recovery in the Virgin Islands and Guam, 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 “Territorial Economic
5 Growth and Recovery Act of 2016”.

6 **SEC. 2. REPEAL OF LIMITATION ON COVER OVER OF DIS-**
7 **TILLED SPIRITS TAXES.**

8 (a) IN GENERAL.—Section 7652(f) of the Internal
9 Revenue Code of 1986 is repealed.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 this section shall apply to distilled spirits brought into the
 3 United States after December 31, 2015.

4 **SEC. 3. PAYMENTS TO UNITED STATES TERRITORIES AND**
 5 **POSSESSIONS.**

6 (a) EARNED INCOME CREDIT.—Section 32 of the In-
 7 ternal Revenue Code of 1986 is amended by adding at the
 8 end the following:

9 “(n) TREATMENT OF POSSESSIONS.—

10 “(1) PAYMENTS TO POSSESSIONS.—

11 “(A) MIRROR CODE POSSESSION.—The
 12 Secretary of the Treasury shall periodically (but
 13 not less frequently than annually) pay to each
 14 possession of the United States with a mirror
 15 code tax system amounts equal to the loss to
 16 that possession by reason of the application of
 17 this section (determined without regard to para-
 18 graph (2)) with respect to taxable years begin-
 19 ning after December 31, 2015. Such amounts
 20 shall be determined by the Secretary of the
 21 Treasury based on information provided by the
 22 government of the respective possession.

23 “(B) OTHER POSSESSIONS.—The Sec-
 24 retary of the Treasury shall periodically (but no
 25 less frequently than annually) pay to each pos-

1 session of the United States which does not
2 have a mirror code tax system amounts esti-
3 mated by the Secretary of the Treasury as
4 being equal to the aggregate benefits that would
5 have been provided to residents of such posses-
6 sion by reason of the application of this section
7 for taxable years beginning after December 31,
8 2015, if a mirror code tax system had been in
9 effect in such possession. The preceding sen-
10 tence shall not apply with respect to any posses-
11 sion of the United States unless such possession
12 has a plan, which has been approved by the
13 Secretary of the Treasury, under which such
14 possession will promptly distribute such pay-
15 ments to the residents of such possession.

16 “(2) COORDINATION WITH CREDIT ALLOWED
17 AGAINST UNITED STATES INCOME TAXES.—No cred-
18 it shall be allowed under this section for any taxable
19 year to any person—

20 “(A) to whom a credit is allowed against
21 taxes imposed by the possession by reason of
22 this section (determined without regard to this
23 paragraph) for such taxable year, or

1 “(B) who is eligible for a payment under
2 a plan described in paragraph (1)(B) with re-
3 spect to such taxable year.

4 “(3) DEFINITIONS AND SPECIAL RULES.—

5 “(A) POSSESSION OF THE UNITED
6 STATES.—For purposes of this subsection, the
7 term ‘possession of the United States’ includes
8 the Commonwealth of Puerto Rico and the
9 Commonwealth of the Northern Mariana Is-
10 lands.

11 “(B) MIRROR CODE TAX SYSTEM.—For
12 purposes of this subsection, the term ‘mirror
13 code tax system’ means, with respect to any
14 possession of the United States, the income tax
15 system of such possession if the income tax li-
16 ability of the residents of such possession under
17 such system is determined by reference to the
18 income tax laws of the United States as if such
19 possession were the United States, and such
20 system includes a tax credit substantially iden-
21 tical to the credit allowed under this section.

22 “(C) TREATMENT OF PAYMENTS.—For
23 purposes of section 1324(b)(2) of title 31,
24 United States Code, or any similar rule of law,
25 any payment made under this subsection shall

1 be treated in the same manner as a refund due
2 from the credit allowed under this section.”.

3 (b) CHILD TAX CREDIT.—Section 24 of such Code
4 is amended by adding at the end the following:

5 “(h) PAYMENTS TO VIRGIN ISLANDS AND GUAM FOR
6 LOST REVENUE.—The Secretary shall make annual pay-
7 ments to the Virgin Islands and to Guam in amounts
8 equal to the aggregate loss to the Virgin Islands or Guam,
9 as the case may be, by reason of the application of this
10 section with respect to taxable years beginning after 2015.
11 Such amounts shall be determined by the Secretary based
12 on information provided by the Virgin Islands and Guam.
13 For purposes of section 1324(b)(2) of title 31, United
14 States Code, the payments under this subsection shall be
15 treated in the same manner as a refund due from the cred-
16 it allowed under this section.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply with respect to taxable years begin-
19 ning after December 31, 2015.

20 **SEC. 4. STUDY AND REPORT REGARDING VIRGIN ISLANDS**
21 **PUBLIC PENSION PLANS.**

22 Not later than 6 months after the date of the enact-
23 ment of this Act, the Joint Board for the Enrollment of
24 Actuaries established under section 3041 of the Employee
25 Retirement Income Security Act of 1974 (29 U.S.C. 1241)

1 shall report to the Office of Domestic Finance of the De-
2 partment of the Treasury on recommendations on actions
3 that would be necessary to ensure that the public pension
4 plans of the Virgin Islands can be sustainably maintained
5 and funded by the government of the Virgin Islands for
6 the next 20 years.

