115TH CONGRESS
2D SESSION

S. 3206

To amend the Internal Revenue Code of 1986 to provide tax relief to areas affected by toxic algal blooms.

IN THE SENATE OF THE UNITED STATES

JULY 12, 2018

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

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A BILL

To amend the Internal Revenue Code of 1986 to provide tax relief to areas affected by toxic algal blooms.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Toxic Algae Tax Relief Act''.

SEC. 2. TOXIC ALGAE ZONE DEDUCTION.

(a) IN GENERAL.—Section 165 of the Internal Revenue Code of 1986 is amended—

(1) by redesignating subsection (m) as subsection (n); and

(2) by inserting after subsection (l) the following:

"(m) SPECIAL DEDUCTION FOR LOSSES ATTRIBUTABLE TO A TOXIC ALGAE ZONE.—

"(1) IN GENERAL.—Notwithstanding any other provision of this section, in the case of a taxpayer who operates a qualified trade or business in a toxic algae zone, there shall be allowed as a deduction an amount equal to—

"(A) the average qualified net profits of such trade or business during the period of the 3 taxable years preceding the taxable year in which a qualified incident occurred, minus

"(B) the qualified net profits of such trade or business during the taxable year in which such qualified event occurred.

"(2) ADDITIONAL DEDUCTION.—The deduction allowed under this subsection shall be in addition to any deduction allowed under subsection (a).

"(3) YEAR OF ELECTION.—For purposes of the deduction allowed under this subsection, such deduction may, at the election of the taxpayer, be claimed in—

"(A) the taxable year in which the qualified incident occurred, or

"(B) the taxable year immediately preceding the taxable year described in subparagraph (A).

"(4) DEFINITIONS.—In this subsection:

"(A) QUALIFIED INCIDENT.—The term 'qualified incident' means any act or event that exposes an area to toxic algal blooms, as determined by the Secretary in consultation with the National Oceanic and Atmospheric Administration.

"(B) QUALIFIED NET PROFITS.—The term 'qualified net profits' means the net profits of a qualified trade or business which is properly attributable to activities of such trade or business within a toxic algae zone.

"(C) QUALIFIED TRADE OR BUSINESS.—The term 'qualified trade or business' means a trade or business that meets the gross receipts test under subsection (c) of section 448.

"(D) STATE.—The term 'State' means any of the several States, the District of Columbia, or any territory or possession of the United States.

"(E) TOXIC ALGAE ZONE.—

"(i) IN GENERAL.—The term 'toxic algae zone' means any census tract or political subdivision of a State which has been designated by the Secretary, in consultation with the National Oceanic and Atmospheric Administration, as experiencing economic hardship which is directly attributable to a qualified incident.

"(ii) LIMITATION.—A census tract or political subdivision of a State may not be designated as a toxic algae zone for a period of consecutive years in excess of 3 years.

"(F) TOXIC ALGAL BLOOM.—The term 'toxic algal bloom' means the existence of algae on or near the surface of water in quantities sufficient to cause anoxic conditions in such water.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

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