

yet another issue Mr. GRIJALVA has been working on for Indian tribes.

I pay tribute to Congressman GRIJALVA for his tenacity in getting this bill moved through the House and urge all of our colleagues to support passage of H.R. 327.

I reserve the balance of my time.

Mr. GRIJALVA. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. HAYWORTH. Mr. Speaker, again I thank my colleague from Arizona; and, likewise, I have no additional requests for time, and I yield back the balance of my time and urge passage of H.R. 327.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arizona (Mr. HAYWORTH) that the House suspend the rules and pass the bill, H.R. 327.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

TAX REVISION ACT OF 2005

Mr. MCCRERY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4388) to amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4388

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

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the “Tax Revision Act of 2005”.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

- Sec. 1. Short title, etc.
- Sec. 2. Election to include combat pay as earned income for purposes of earned income credit.
- Sec. 3. Cover over of tax on distilled spirits.
- Sec. 4. Authority for undercover operations.
- Sec. 5. Disclosures of certain tax return information.
- Sec. 6. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 7. Technical corrections to regional value-content methods for rules of origin under Public Law 109-53.

SEC. 2. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF EARNED INCOME CREDIT.

(a) IN GENERAL.—Subclause (II) of section 32(c)(2)(B)(vi) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 3. COVER OVER OF TAX ON DISTILLED SPIRITS.

(a) IN GENERAL.—Paragraph (1) of section 7652(f) (relating to limitation on cover over

of tax on distilled spirits) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to articles brought into the United States after December 31, 2005.

SEC. 4. AUTHORITY FOR UNDERCOVER OPERATIONS.

Paragraph (6) of section 7608(c) (relating to application of section) is amended by striking “January 1, 2006” both places it appears and inserting “January 1, 2007”.

SEC. 5. DISCLOSURES OF CERTAIN TAX RETURN INFORMATION.

(a) DISCLOSURES TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.—

(1) IN GENERAL.—Subparagraph (B) of section 6103(d)(5) (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to disclosures after December 31, 2005.

(b) DISCLOSURES RELATING TO TERRORIST ACTIVITIES.—

(1) IN GENERAL.—Clause (iv) of section 6103(i)(3)(C) and subparagraph (E) of section 6103(i)(7) are each amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to disclosures after December 31, 2005.

(c) DISCLOSURES RELATING TO STUDENT LOANS.—

(1) IN GENERAL.—Subparagraph (D) of section 6103(l)(13) (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to requests made after December 31, 2005.

SEC. 6. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

(a) IN GENERAL.—Subsection (d) of section 199 (relating to definitions and special rules) is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

“(7) TREATMENT OF ACTIVITIES IN PUERTO RICO.—

“(A) IN GENERAL.—In the case of any taxpayer with gross receipts for any taxable year from sources within the Commonwealth of Puerto Rico, if all of such receipts are taxable under section 1 or 11 for such taxable year, then for purposes of determining the domestic production gross receipts of such taxpayer for such taxable year under subsection (c)(4), the term ‘United States’ shall include the Commonwealth of Puerto Rico.

“(B) TERMINATION.—Subparagraph (A) shall not apply to any taxable year beginning after December 31, 2006.”

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 7. TECHNICAL CORRECTIONS TO REGIONAL VALUE-CONTENT METHODS FOR RULES OF ORIGIN UNDER PUBLIC LAW 109-53.

Section 203(c) of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (Public Law 109-53; 19 U.S.C. 4033(c)) is amended as follows:

(1) In paragraph (2)(A), by striking all that follows “the following build-down method:” and inserting the following:

$$\text{“RVC} = \frac{\text{AV-VNM}}{\text{AV}} \times 100\text{”}.$$

(2) In paragraph (3)(A), by striking all that follows “the following build-up method:” and inserting the following:

$$\text{“RVC} = \frac{\text{VOM}}{\text{AV}} \times 100\text{”}.$$

(3) In paragraph (4)(A), by striking all that follows “the following net cost method:” and inserting the following:

$$\text{“RVC} = \frac{\text{NC-VNM}}{\text{NC}} \times 100\text{”}.$$

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Louisiana (Mr. MCCRERY) and the gentleman from New York (Mr. RANGEL) each will control 20 minutes.

The Chair recognizes the gentleman from Louisiana.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

The bill before us at this time is a bill that takes several expiring provisions of the Tax Code that were not eligible for inclusion in the tax reconciliation bill because of the rules of reconciliation and packages them in this legislation that we hope to pass out of the House today.

Briefly, Mr. Speaker, those provisions include treating combat pay as earned income under the Earned Income Credit. Currently, combat pay can be used to figure the earned income credit of our soldiers in combat. The special rule that allows that would expire this year. This provision in the bill would extend that special rule by 1 year.

Also, an extension of the transfer of the rum excise taxes to the Virgin Islands and Puerto Rico is included in this bill.

Also, Mr. Speaker, there is a provision in current law that expires at the end of this year which gives the IRS the authority to use income generated by an undercover operation to pay ongoing expenses on that operation.

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Again, that authority would be extended by 1 year in this bill. Also there is authority in the bill for the IRS to disclose certain tax information to other Federal and State authorities.

Finally, Mr. Speaker, a provision in this bill would allow Puerto Rico and businesses in Puerto Rico to claim the manufacturing deduction that was part of legislation previously passed by this House. That summarizes the provisions of this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I fully support this bill. I hope that the gentleman from Louisiana would understand how those of us on the committee would have a lot of concern about so many of these tax issues coming up under the suspension calendar. This is so since the ones that we agree on and are concerned about are subject to unanimous consent in the Senate. Therefore, it does not have the same type of protections it would if it was included in the reconciliation bill. I say that not from a partisan

viewpoint, but from a respect and appreciation of the work that is done by Republicans and Democrats on the Committee on Ways and Means.

Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina (Mr. SPRATT), the ranking member of the Budget Committee.

Mr. SPRATT. Mr. Speaker, we have three tax cut bills before us today, a large one coming up tomorrow, and here is the problem with doing business that way, especially under suspension.

When you break these tax cuts into so many small places, virtually fragments, we quickly lose the audit trail and do not appreciate in the aggregate how much they add up to. So let me try to reconstruct that audit trail on the back of this envelope right here and show you exactly what the summation of today and tomorrow will mean for the bottom line, i.e. the deficit.

If we take the transportation bill which we passed this year, is \$1.1 billion over 10 years, about a billion dollars over 5 years.

The Energy Policy Act is about \$6.9 billion in revenues lost over 5 years.

The Katrina Tax Relief of 2005 has a \$6.1 billion price tag. That is its revenue impact.

The big bill tomorrow will be the Tax Extension Reconciliation Act, \$56 billion in the House, \$80 billion over 10 years.

We have just done the Stealth Tax Relief Act extending for 1 year the AMT at its existing level of application. The cost of that for 1 year over 5 years is \$31 billion.

Then we have the Tax Revision Act of 2005 with small cuts in it which have not been scored, but it has a cost.

Finally, we have the Gulf Opportunity Zone Act of 2005. The revenue effect of it over 5 years is \$7 billion.

Add all of those together, and the cost, the revenue impact, comes to nearly \$100 billion which, goes straight to the bottom line and adds to the deficit.

And the reconciliation spending bill that you passed only offsets half of that amount.

That is not all. As we demonstrate today, the AMT will have to be fixed. It will be fixed this year, patched, patched next year, and patched into the future until we finally do something about its application to middle income families for whom it was never intended. If we do basically in future years what we have done today, the cost is going to be at least \$30–40 billion a year.

If you assume in the next 4 years after 2006, we will also have fixes to the AMT, the cost of these tax bills we are doing today, and it is going to be close to \$200 billion. All of it goes to the bottom line and adds to the budget deficit, and all of it supports what we have been saying that until you deal with this aspect of the budget deficit, the revenue side of the equation as well as the spending side, until you reinstate the pay-go rule and offset these costly

provisions in the aggregate, you are going to have a huge deficit.

We would have offered, given the chance, on offset. And we will offer offsets tomorrow, given the chance, in the bill presented. We will offer a substitute that will offset the revenue impact on the bottom line. If we had that opportunity on the House floor and in committee, we would have done it again and we could have avoided the revenue impact and at least protected the deficit from being made any worse. It is a shame we will not have that opportunity.

Mr. MCCRERY. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. SHAW), the chairman of the Trade Subcommittee of the Committee on Ways and Means.

Mr. SHAW. Mr. Speaker, I rise in strong support of this particular provision. As House Members know, moneys received that are paid during combat is not subject to taxation. That means then it is not used in the calculation of the earned income tax credit. Clearly our soldiers, our men and women in the combat zone, deserve that particular treatment so they can claim the earned income tax credit.

This simply allows it and it extends that provision for an additional year. This is another provision we should look at and see when we should look at a permanent fix, that the earned income tax credit would certainly apply to combat pay.

The question has been as to whether or not this should have been in reconciliation. Well, it is an outlay; and, therefore, it would be prohibited as far as the reconciliation bill. The so-called Byrd rule when this bill gets over into the Senate, would knock it out of reconciliation, so this is the proper way to bring it to the floor. I urge all Members to support the bill, as I am sure they will.

Mr. MCCRERY. Mr. Speaker, I yield 3 minutes to the gentleman from Arizona (Mr. HAYWORTH), a respected member of the Committee on Ways and Means.

(Mr. HAYWORTH asked and was given permission to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, I rise in strong support of this legislation and welcome the bipartisan support we will see for its passage. I especially applaud the efforts of the gentlewoman from North Carolina (Ms. FOXX) for dealing with the key provision of treating combat pay as earned income under the earned income credit. It has been stated before on the floor but it deserves amplification again, especially in the wake of this House voting 403–3 in strong support of our men and women in uniform in the combat zone in Iraq.

Under current law, combat pay is ignored for the purpose of calculating the combat credit. Ignoring combat pay can reduce the EIC in some cases, but a special rule gives military personnel

the option to include combat pay in their earned income calculation. This would extend the special rule by 1 year.

The criticism to the extent we have heard today is not based totally on partisan posturing. No, the criticism is inherent at times in dealing in an institution that is a deliberative body. Sometimes the clock catches up with us. We would note not in terms of criticism but in terms of fact that our friends across the Capitol in the other body do not return this week, indeed do not return until Wednesday of next week, so the work tends to accumulate. But we do have this venue of suspension to move legislation upon which we agree.

To the criticisms offered by my friend from South Carolina dealing with what this costs, I would simply point out that in the broader context of tax reductions, what we have seen by reducing the overall tax bite, what we see in so many ways with broader tax policy is that actually revenues to the Federal Government increase. It is not something that is especially partisan. President Kennedy offered it in the 1960s; President Reagan in the 1980s; President Bush and this majority in Congress now early in the 21st century, so actually to invigorate our economy, we reduce tax rates, and although some may quibble about some provisions, in general, a reduction in tax rates actually fuels the engines of economic prosperity. That is our intent.

People of goodwill may differ on that, but I expect we will see broad bipartisan agreement with this modest package of what is called in the trade extenders, and especially dealing with combat pay.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

I would like to say to my friend from Arizona that while we do not have any problem with the substance of the bill, it is just unfair to talk about the timetable of the other body. We have a responsibility to deliberate and to legislate and to do what we think are in the best interests of the people of the United States of America. We should not be guided by the lack of time the people on the other side have.

As a matter of fact, by sending this piece of legislation over there, albeit that it is not paid for, they only need unanimous consent. Any Member of the Senate can stand up and just object to this and then the good work is just wiped out. What I am suggesting is that when we do try to work in a bipartisan way, this should always be included in a House bill that is protected by the House Members and not left to arbitrary decisions by people on the other side.

Mr. Speaker, in closing, the gentleman from Louisiana (Mr. MCCRERY) is a hardworking member of the Committee on Ways and Means, and while we may have differences on legislation and policy, that we all have to protect the integrity of that committee. That

is the only committee outlined in the Constitution to provide the ways and means to run this great republic, and I just do not like to see the Rules Committee making decisions on what has fiscal implications not only for the Congress and the Members here, but for the entire country. I do not have any objections to this, and I encourage Members on both sides of the aisle to support this suspension.

Mrs. CHRISTENSEN. Mr. Speaker, I rise in support of H.R. 4388, legislation which amends the Internal Revenue code of 1986 to extend certain expiring provisions.

I want to express my profound gratitude to the Chairman of the Ways and Means Committee, BILL THOMAS, for including in the bill a provision to extend the cover-over of the additional \$1.50 of the taxes on distilled spirits produced in the Virgin Islands and Puerto Rico for another year. While the amount of the revenue generated by this tax is minuscule in relation to the overall federal budget, it is critically important to my constituents because the government of the Virgin Islands utilizes this funding as security for the bonds that are used to provide for improvements to our public infrastructure.

I am eternally grateful, as well, to my good friend, the Ranking Member of the committee, CHARLIE RANGEL, for his steadfast support.

Mr. Speaker, my constituents and I look forward to the day, which we hope will not be too long in coming, when we will be able to see the return of the full tax and that it be made permanent, as was originally the case, so that we won't have to annually vie for its extension.

I urge my colleagues to support the passage of H.R. 4388 and I yield back the balance of my time.

Mr. LARSON of Connecticut. Mr. Speaker, I rise today in support of H.R. 4388, the Tax Revision Act. Among other things, H.R. 4388 includes an extension of a critical tax provision that our troops and their families rely on to make ends meet when deployed in Iraq and Afghanistan.

The Working Families Tax Relief Act (PL-108-311), which we passed last year, included language which ensured that military families are not unfairly prevented from receiving the Earned Income Tax Credit (EITC) because the combat pay they rely on to make ends meet is tax free.

Ordinarily only those with taxable earned income are eligible for the EITC. However the only source of income for many military families is the tax free combat pay of a spouse deployed in Iraq or Afghanistan. As a result, before we passed last year's legislation, many low-income military families were unable to claim the EITC based on the tax free status of their family members' combat pay.

The last thing our troops in Iraq and Afghanistan need to worry about is their families' taxes. The extension of the EITC combat pay provision will ensure that the families of our brave men and women in uniform are not unfairly and inadvertently punished when their loved ones are deployed abroad.

The tax treatment of combat pay for EITC purposes is not controversial. However, it was not included in the larger reconciliation bill on apparently technical grounds that the refund portion of the EITC is a budget outlay and therefore cannot be included in the bill. The substitute that Democrats offered in Com-

mittee contained a provision, rejected by majority, that was designed to continue full EITC benefits to our military families and which did not run afoul of the budget rules.

I worry that this bill is for show and merely meant to help make some on the other side of the aisle feel better about the tax cut bill they will support tomorrow which helps the wealthy and ignores working and military families. I hope that my concerns are unfounded and that this important legislation is made into law.

Mr. RANGEL. Mr. Speaker, I yield back the balance of my time.

Mr. MCCRERY. Mr. Speaker, I have no additional speakers, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the motion offered by the gentleman from Louisiana (Mr. MCCRERY) that the House suspend the rules and pass the bill, H.R. 4388, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. MCCRERY. Mr. Speaker, on that, I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this question will be postponed.

GENERAL LEAVE

Mr. MCCRERY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the subject of the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

GULF OPPORTUNITY ZONE ACT OF 2005

Mr. MCCRERY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4440) to amend the Internal Revenue Code of 1986 to provide tax benefits for the Gulf Opportunity Zone and certain areas affected by Hurricanes Rita and Wilma, and for other purposes.

The Clerk read as follows:

H.R. 4440

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

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Gulf Opportunity Zone Act of 2005".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—ESTABLISHMENT OF GULF OPPORTUNITY ZONE

Sec. 101. Tax benefits for Gulf Opportunity Zone.

Sec. 102. Federal guarantee of certain State bonds.

TITLE II—TAX BENEFITS RELATED TO HURRICANES RITA AND WILMA

Sec. 201. Extension of certain emergency tax relief for Hurricane Katrina to Hurricanes Rita and Wilma.

TITLE III—OTHER PROVISIONS

Sec. 301. Secretarial authority to extend period during which traveling expenses are treated as incurred away from home in case of major disaster.

Sec. 302. Gulf Coast Recovery Bonds.

TITLE I—ESTABLISHMENT OF GULF OPPORTUNITY ZONE

SEC. 101. TAX BENEFITS FOR GULF OPPORTUNITY ZONE.

(a) IN GENERAL.—Subchapter Y of chapter 1 is amended by adding at the end the following new part:

"PART II—TAX BENEFITS FOR GULF OPPORTUNITY ZONE

"Sec. 1400M. Definitions.

"Sec. 1400N. Tax benefits for Gulf Opportunity Zone.

"SEC. 1400M. DEFINITIONS.

"For purposes of this part—

"(1) GULF OPPORTUNITY ZONE.—The terms 'Gulf Opportunity Zone' and 'GO Zone' mean that portion of the Hurricane Katrina disaster area determined by the President to warrant individual or individual and public assistance from the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Katrina.

"(2) HURRICANE KATRINA DISASTER AREA.—The term 'Hurricane Katrina disaster area' means an area with respect to which a major disaster has been declared by the President before September 14, 2005, under section 401 of such Act by reason of Hurricane Katrina.

"(3) RITA GO ZONE.—The term 'Rita GO Zone' means that portion of the Hurricane Rita disaster area determined by the President to warrant individual or individual and public assistance from the Federal Government under such Act by reason of Hurricane Rita.

"(4) HURRICANE RITA DISASTER AREA.—The term 'Hurricane Rita disaster area' means an area with respect to which a major disaster has been declared by the President, before October 6, 2005, under section 401 of such Act by reason of Hurricane Rita.

"(5) WILMA GO ZONE.—The term 'Wilma GO Zone' means that portion of the Hurricane Wilma disaster area determined by the President to warrant individual or individual and public assistance from the Federal Government under such Act by reason of Hurricane Wilma.

"(6) HURRICANE WILMA DISASTER AREA.—The term 'Hurricane Wilma disaster area' means an area with respect to which a major disaster has been declared by the President, before November 14, 2005, under section 401 of such Act by reason of Hurricane Wilma.

"SEC. 1400N. TAX BENEFITS FOR GULF OPPORTUNITY ZONE.

"(a) TAX-EXEMPT BOND FINANCING.—

"(1) IN GENERAL.—For purposes of this title—

"(A) any qualified Gulf Opportunity Zone Bond described in paragraph (2)(A)(i) shall be treated as an exempt facility bond, and

"(B) any qualified Gulf Opportunity Zone Bond described in paragraph (2)(A)(ii) shall be treated as a qualified mortgage bond.

"(2) QUALIFIED GULF OPPORTUNITY ZONE BOND.—For purposes of this subsection, the