

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

term 'qualified Gulf Opportunity Zone Bond' means any bond issued as part of an issue if—

“(A)(i) 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of such issue are to be used for qualified project costs, or

“(ii) such issue meets the requirements of a qualified mortgage issue, except as otherwise provided in this subsection.

“(B) such bond is issued by the State of Alabama, Louisiana, or Mississippi, or any political subdivision thereof.

“(C) such bond is designated for purposes of this section by—

“(i) in the case of a bond which is required under State law to be approved by the bond commission of such State, such bond commission, and

“(ii) in the case of any other bond, the Governor of such State, and

“(D) such bond is issued after the date of the enactment of this section and before January 1, 2011.

“(3) LIMITATIONS ON BONDS.—

“(A) AGGREGATE AMOUNT DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under this subsection with respect to any State shall not exceed the product of \$2,500 multiplied by the portion of the State population which is in the Gulf Opportunity Zone (as determined on the basis of the most recent census estimate of resident population released by the Bureau of Census before August 28, 2005).

“(B) MOVABLE PROPERTY.—No bonds shall be issued which are to be used for movable fixtures and equipment.

“(4) QUALIFIED PROJECT COSTS.—For purposes of this subsection, the term ‘qualified project costs’ means the cost of acquisition, construction, reconstruction, and renovation of—

“(A) nonresidential real property and qualified residential rental property (as defined in section 142(d)) located in the Gulf Opportunity Zone, and

“(B) public utility property (as defined in section 168(i)(10)) located in the Gulf Opportunity Zone.

“(5) SPECIAL RULES.—In applying this title to any qualified Gulf Opportunity Zone Bond, the following modifications shall apply:

“(A) Section 142(d)(1) (defining qualified residential rental project) shall be applied—

“(i) by substituting ‘60 percent’ for ‘50 percent’ in subparagraph (A) thereof, and

“(ii) by substituting ‘70 percent’ for ‘60 percent’ in subparagraph (B) thereof.

“(B) Section 143 (relating to mortgage revenue bonds: qualified mortgage bond and qualified veterans’ mortgage bond) shall be applied—

“(i) by treating only residences in the Gulf Opportunity Zone as owner-occupied residences,

“(ii) by treating any residence in the Gulf Opportunity Zone as a targeted area residence, and

“(iii) by substituting ‘\$150,000’ for ‘\$15,000’ in subsection (k)(4) thereof.

“(C) Except as provided in section 143, repayments of principal on financing provided by the issue of which such bond is a part may not be used to provide financing.

“(D) Section 146 (relating to volume cap) shall not apply.

“(E) Section 147(d)(2) (relating to acquisition of existing property not permitted) shall be applied by substituting ‘50 percent’ for ‘15 percent’ each place it appears.

“(F) Section 148(f)(4)(C) (relating to exception from rebate for certain proceeds to be used to finance construction expenditures) shall apply to the available construction proceeds of bonds which are part of an issue described in paragraph (2)(A)(i).

“(G) Section 57(a)(5) (relating to tax-exempt interest) shall not apply.

“(6) SEPARATE ISSUE TREATMENT OF PORTIONS OF AN ISSUE.—This subsection shall not apply to the portion of an issue which (if issued as a separate issue) would be treated as a qualified bond or as a bond that is not a private activity bond (determined without regard to paragraph (1)), if the issuer elects to so treat such portion.

“(b) ADVANCE REFUNDINGS OF CERTAIN TAX-EXEMPT BONDS.—

“(1) IN GENERAL.—With respect to a bond described in paragraph (3) which is not a qualified 501(c)(3) bond, one additional advance refunding after the date of the enactment of this section and before January 1, 2011, shall be allowed under the applicable rules of section 149(d) if—

“(A) the Governor of the State designates the advance refunding bond for purposes of this subsection, and

“(B) the requirements of paragraph (5) are met.

“(2) CERTAIN PRIVATE ACTIVITY BONDS.—With respect to a bond described in paragraph (3) which is an exempt facility bond described in paragraph (1) or (2) of section 142(a), one advance refunding after the date of the enactment of this section and before January 1, 2011, shall be allowed under the applicable rules of section 149(d) (notwithstanding paragraph (2) thereof) if the requirements of subparagraphs (A) and (B) of paragraph (1) are met.

“(3) BONDS DESCRIBED.—A bond is described in this paragraph if such bond was outstanding on August 28, 2005, and is issued by the State of Alabama, Louisiana, or Mississippi, or a political subdivision thereof.

“(4) AGGREGATE LIMIT.—The maximum aggregate face amount of bonds which may be designated under this subsection by the Governor of a State shall not exceed—

“(A) \$4,500,000,000 in the case of the State of Louisiana,

“(B) \$2,250,000,000 in the case of the State of Mississippi, and

“(C) \$1,125,000,000 in the case of the State of Alabama.

“(5) ADDITIONAL REQUIREMENTS.—The requirements of this paragraph are met with respect to any advance refunding of a bond described in paragraph (3) if—

“(A) no advance refundings of such bond would be allowed under this title on or after August 28, 2005,

“(B) the advance refunding bond is the only other outstanding bond with respect to the refunded bond, and

“(C) the requirements of section 148 are met with respect to all bonds issued under this subsection.

“(c) LOW-INCOME HOUSING CREDIT.—

“(1) ADDITIONAL HOUSING CREDIT DOLLAR AMOUNT.—

“(A) IN GENERAL.—For purposes of section 42, in the case of calendar years 2006, 2007, and 2008, the State housing credit ceiling of each State, any portion of which is located in the Gulf Opportunity Zone, shall be increased by the lesser of—

“(i) the aggregate housing credit dollar amount allocated by the State housing credit agency of such State to buildings located in the Gulf Opportunity Zone for such calendar year, or

“(ii) the Gulf Opportunity housing amount for such State for such calendar year.

“(B) GULF OPPORTUNITY HOUSING AMOUNT.—For purposes of subparagraph (A), the term ‘Gulf Opportunity housing amount’ means, for any calendar year, the amount equal to the product of \$18.00 multiplied by the portion of the State population which is in the Gulf Opportunity Zone (as determined on the basis of the most recent census estimate of

resident population released by the Bureau of Census before August 28, 2005).

“(C) ALLOCATIONS TREATED AS MADE FIRST FROM ADDITIONAL ALLOCATION AMOUNT FOR PURPOSES OF DETERMINING CARRYOVER.—For purposes of determining the unused State housing credit ceiling under section 42(h)(3)(C) for any calendar year, any increase in the State housing credit ceiling under subparagraph (A) shall be treated as an amount described in clause (ii) of such section.

“(2) DIFFICULT DEVELOPMENT AREA.—

“(A) IN GENERAL.—For purposes of section 42, in the case of property placed in service during 2006, 2007, or 2008, the Gulf Opportunity Zone—

“(i) shall be treated as a difficult development area designated under subclause (I) of section 42(d)(5)(C)(iii), and

“(ii) shall not be taken into account for purposes of applying the limitation under subclause (II) of such section.

“(B) APPLICATION.—Subparagraph (A) shall apply only to—

“(i) housing credit dollar amounts allocated during the period beginning on January 1, 2006, and ending on December 31, 2008, and

“(ii) buildings placed in service during such period to the extent that paragraph (1) of section 42(h) does not apply to any building by reason of paragraph (4) thereof, but only with respect to bonds issued after December 31, 2005.

“(3) SPECIAL RULE FOR APPLYING INCOME TESTS.—In the case of property placed in service—

“(A) during 2006, 2007, or 2008,

“(B) in the Gulf Opportunity Zone, and

“(C) in a nonmetropolitan area (as defined in section 42(d)(5)(C)(iv)(IV)), section 42 shall be applied by substituting ‘national nonmetropolitan median gross income (determined under rules similar to the rules of section 142(d)(2)(B))’ for ‘area median gross income’ in subparagraphs (A) and (B) of section 42(g)(1).

“(4) DEFINITIONS.—Any term used in this subsection which is also used in section 42 shall have the same meaning as when used in such section.

“(d) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED ON OR AFTER AUGUST 28, 2005.—

“(1) ADDITIONAL ALLOWANCE.—In the case of any qualified Gulf Opportunity Zone property—

“(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 50 percent of the adjusted basis of such property, and

“(B) the adjusted basis of the qualified Gulf Opportunity Zone property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

“(2) QUALIFIED GULF OPPORTUNITY ZONE PROPERTY.— For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified Gulf Opportunity Zone property’ means property—

“(i)(I) which is described in section 168(k)(2)(A)(i), or

“(II) which is nonresidential real property or residential rental property,

“(ii) substantially all of the use of which is in the Gulf Opportunity Zone and is in the active conduct of a trade or business by the taxpayer in such Zone,

“(iii) the original use of which in the Gulf Opportunity Zone commences with the taxpayer on or after August 28, 2005,

“(iv) which is acquired by the taxpayer by purchase (as defined in section 179(d)) on or after August 28, 2005, but only if no written binding contract for the acquisition was in effect before August 28, 2005, and

“(v) which is placed in service by the taxpayer on or before December 31, 2007 (December 31, 2008, in the case of nonresidential real property and residential rental property).

“(B) EXCEPTIONS.—

“(i) ALTERNATIVE DEPRECIATION PROPERTY.—Such term shall not include any property described in section 168(k)(2)(D)(i).

“(ii) TAX-EXEMPT BOND-FINANCED PROPERTY.—Such term shall not include any property any portion of which is financed with the proceeds of any obligation the interest on which is exempt from tax under section 103.

“(iii) QUALIFIED REVITALIZATION BUILDINGS.—Such term shall not include any qualified revitalization building with respect to which the taxpayer has elected the application of paragraph (1) or (2) of section 1400I(a).

“(iv) ELECTION OUT.—If a taxpayer makes an election under this clause with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

“(3) SPECIAL RULES.—For purposes of this subsection, rules similar to the rules of subparagraph (E) of section 168(k)(2) shall apply, except that such subparagraph shall be applied—

“(A) by substituting ‘August 27, 2005’ for ‘September 10, 2001’ each place it appears therein,

“(B) by substituting ‘January 1, 2008’ for ‘January 1, 2005’ in clause (i) thereof, and

“(C) by substituting ‘qualified Gulf Opportunity Zone property’ for ‘qualified property’ in clause (iv) thereof.

“(4) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—For purposes of this subsection, rules similar to the rules of section 168(k)(2)(G) shall apply.

“(5) RECAPTURE.—For purposes of this subsection, rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified Gulf Opportunity Zone property which ceases to be qualified Gulf Opportunity Zone property.

“(e) INCREASE IN EXPENSING UNDER SECTION 179.—

“(1) IN GENERAL.—For purposes of section 179—

“(A) the dollar amount in effect under section 179(b)(1) for the taxable year shall be increased by the lesser of—

“(i) \$100,000, or

“(ii) the cost of qualified section 179 Gulf Opportunity Zone property placed in service during the taxable year, and

“(B) the the dollar amount in effect under section 179(b)(2) for the taxable year shall be increased by the lesser of—

“(i) \$600,000, or

“(ii) the cost of qualified section 179 Gulf Opportunity Zone property placed in service during the taxable year.

“(2) QUALIFIED SECTION 179 GULF OPPORTUNITY ZONE PROPERTY.—For purposes of this subsection, the term ‘qualified section 179 Gulf Opportunity Zone property’ means section 179 property (as defined in section 179(d)) which is qualified Gulf Opportunity Zone property (as defined in subsection (d)(2)).

“(3) COORDINATION WITH EMPOWERMENT ZONES AND RENEWAL COMMUNITIES.—For purposes of sections 1397A and 1400J, qualified section 179 Gulf Opportunity Zone property shall not be treated as qualified zone property or qualified renewal property, unless the taxpayer elects not to take such qualified section 179 Gulf Opportunity Zone prop-

erty into account for purposes of this subsection.

“(4) RECAPTURE.—For purposes of this subsection, rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified section 179 Gulf Opportunity Zone property which ceases to be qualified section 179 Gulf Opportunity Zone property.

“(f) EXPENSING FOR CERTAIN DEMOLITION AND CLEAN-UP COSTS.—

“(1) IN GENERAL.—A taxpayer may elect to treat 50 percent of any qualified Gulf Opportunity Zone clean-up cost as an expense which is not chargeable to capital account. Any cost so treated shall be allowed as a deduction for the taxable year in which such cost is paid or incurred.

“(2) QUALIFIED GULF OPPORTUNITY ZONE CLEAN-UP COST.—For purposes of this subsection, the term ‘qualified Gulf Opportunity Zone clean-up cost’ means any amount paid or incurred during the period beginning on August 28, 2005, and ending on December 31, 2007, for the removal of debris from, or the demolition of structures on, real property which is located in the Gulf Opportunity Zone and which is—

“(A) held by the taxpayer for use in a trade or business or for the production of income, or

“(B) property described in section 1221(a)(1) in the hands of the taxpayer.

For purposes of the preceding sentence, amounts paid or incurred shall be taken into account only to the extent that such amount would (but for paragraph (1)) be chargeable to capital account.

“(g) EXTENSION OF EXPENSING FOR ENVIRONMENTAL REMEDIATION COSTS.—With respect to any qualified environmental remediation expenditure (as defined in section 198(b)) paid or incurred on or after August 28, 2005, in connection with a qualified contaminated site located in the Gulf Opportunity Zone, section 198 (relating to expensing of environmental remediation costs) shall be applied—

“(1) in the case of expenditures paid or incurred on or after August 28, 2005, and before January 1, 2008, by substituting ‘December 31, 2007’ for the date contained in section 198(h), and

“(2) except as provided in section 198(d)(2), by treating petroleum products (as defined in section 4612(a)(3)) as a hazardous substance.

“(h) INCREASE IN REHABILITATION CREDIT.—In the case of qualified rehabilitation expenditures (as defined in section 47(c)) paid or incurred during the period beginning on August 28, 2005, and ending on December 31, 2008, with respect to any qualified rehabilitated building or certified historic structure (as defined in section 47(c)) located in the Gulf Opportunity Zone, subsection (a) of section 47 (relating to rehabilitation credit) shall be applied—

“(1) by substituting ‘13 percent’ for ‘10 percent’ in paragraph (1) thereof, and

“(2) by substituting ‘26 percent’ for ‘20 percent’ in paragraph (2) thereof.

“(i) SPECIAL RULES FOR SMALL TIMBER PRODUCERS.—

“(1) INCREASED EXPENSING FOR QUALIFIED TIMBER PROPERTY.—In the case of qualified timber property any portion of which is located in the Gulf Opportunity Zone or in that portion of the Rita GO Zone which is not part of the Gulf Opportunity Zone, the limitation under subparagraph (B) of section 194(b)(1) shall be increased by the lesser of—

“(A) the limitation which would (but for this subsection) apply under such subparagraph, or

“(B) the amount of reforestation expenditures (as defined in section 194(c)(3)) paid or incurred by the taxpayer with respect to such qualified timber property during the specified portion of the taxable year.

“(2) 5 YEAR NOL CARRYBACK OF CERTAIN TIMBER LOSSES.—For purposes of determining farming loss under section 172(i), income and deductions which are allocable to the specified portion of the taxable year and which are attributable to qualified timber property any portion of which is located in the Gulf Opportunity Zone or in that portion of the Rita GO Zone which is not part of the Gulf Opportunity Zone shall be treated as attributable to farming businesses.

“(3) RULES NOT APPLICABLE TO LARGE TIMBER PRODUCERS.—

“(A) EXPENSING.—Paragraph (1) shall not apply to any taxpayer if such taxpayer holds more than 500 acres of qualified timber property at any time during the taxable year.

“(B) NOL CARRYBACK.—Paragraph (2) shall not apply with respect to any qualified timber property unless—

“(i) such property was held by the taxpayer—

“(I) on August 28, 2005, in the case of qualified timber property any portion of which is located in the Gulf Opportunity Zone, or

“(II) on September 23, 2005, in the case of qualified timber property (other than property described in subclause (I)) any portion of which is located in that portion of the Rita GO Zone which is not part of the Gulf Opportunity Zone, and

“(ii) such taxpayer held not more than 500 acres of qualified timber property on such date.

“(C) AGGREGATION RULE.—For purposes of subparagraphs (A) and (B), related persons shall be treated as one taxpayer. For purposes of the preceding sentence, the following shall be treated as related persons—

“(i) 2 or more persons if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), and

“(ii) 2 or more persons which are members of the same controlled group (within the meaning of section 194(b)(2)(A)) of corporations.

For purposes of clause (i), section 267 shall be applied without regard to subsection (b)(1) thereof.

“(4) DEFINITIONS.—For purposes of this subsection—

“(A) SPECIFIED PORTION.—The term ‘specified portion’ means—

“(i) in the case of qualified timber property any portion of which is located in the Gulf Opportunity Zone, that portion of the taxable year which is on or after August 28, 2005, and before January 1, 2007, and

“(ii) in the case of qualified timber property (other than property described in clause (i)) any portion of which is located in the Rita GO Zone, that portion of the taxable year which is on or after September 23, 2005, and before January 1, 2007.

“(B) QUALIFIED TIMBER PROPERTY.—The term ‘qualified timber property’ has the meaning given such term in section 194(c)(1).

“(j) SPECIAL RULE FOR GULF OPPORTUNITY ZONE PUBLIC UTILITY CASUALTY LOSSES.—

“(1) IN GENERAL.—The amount described in section 172(f)(1)(A) for any taxable year shall be increased by the Gulf Opportunity Zone public utility casualty loss for such taxable year.

“(2) GULF OPPORTUNITY ZONE PUBLIC UTILITY CASUALTY LOSS.—For purposes of this subsection, the term ‘Gulf Opportunity Zone public utility casualty loss’ means any casualty loss of public utility property (as defined in section 168(i)(10)) located in the Gulf Opportunity Zone if—

“(A) such loss is allowed as a deduction under section 165 for the taxable year,

“(B) such loss is by reason of Hurricane Katrina, and

“(C) the taxpayer elects the application of this subsection with respect to such loss.

“(3) REDUCTION FOR GAINS FROM INVOLUNTARY CONVERSION.—The amount of Gulf Opportunity Zone public utility casualty loss which would (but for this paragraph) be taken into account under paragraph (1) for any taxable year shall be reduced by the amount of any gain recognized by the taxpayer for such year from the involuntary conversion by reason of Hurricane Katrina of public utility property (as so defined) located in the Gulf Opportunity Zone.

“(4) COORDINATION WITH GENERAL DISASTER LOSS RULES.—Section 165(i) shall not apply to any Gulf Opportunity Zone public utility casualty loss to the extent such loss is taken into account under paragraph (1).

“(5) ELECTION.—Any election under paragraph (2)(C) shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.

“(k) SPECIAL NOL CARRYBACK OF COST RECOVERY DEDUCTIONS FOR QUALIFIED GO ZONE PROPERTY.—

“(1) IN GENERAL.—For purposes of section 172, the GO Zone cost recovery loss for any taxable year ending on or after August 28, 2005, and before January 1, 2009, shall be a net operating loss carryback to each of the 5 taxable years preceding the taxable year of the loss.

“(2) GO ZONE COST RECOVERY LOSS.—For purposes of this subsection, the term ‘GO Zone cost recovery loss’ means, with respect to any taxable year, the lesser of—

“(A) the aggregate amount of the deductions allowed under sections 167 and 168 with respect to qualified Gulf Opportunity Zone property (as defined in subsection (d)(2), but without regard to subparagraph (B)(iv) thereof) which is placed in service during such taxable year, or

“(B) the excess of—

“(i) the net operating loss for such taxable year, over

“(ii) the specified liability loss for such taxable year to which a 10-year carryback applies under section 172(b)(1)(C).

“(3) COORDINATION WITH ORDERING RULE.—For purposes of applying section 172(b)(2), a GO Zone cost recovery loss to which paragraph (1) applies shall be treated in a manner similar to the manner in which a specified liability loss is treated.

“(4) ELECTION OUT.—A rule similar to the rule of section 172(j) shall apply for purposes of this subsection.

“(l) CREDIT TO HOLDERS OF GULF TAX CREDIT BONDS.—

“(1) ALLOWANCE OF CREDIT.—If a taxpayer holds a Gulf tax credit bond on one or more credit allowance dates of the bond occurring during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credits determined under paragraph (2) with respect to such dates.

“(2) AMOUNT OF CREDIT.—

“(A) IN GENERAL.—The amount of the credit determined under this paragraph with respect to any credit allowance date for a Gulf tax credit bond is 25 percent of the annual credit determined with respect to such bond.

“(B) ANNUAL CREDIT.—The annual credit determined with respect to any Gulf tax credit bond is the product of—

“(i) the credit rate determined by the Secretary under subparagraph (C) for the day on which such bond was sold, multiplied by

“(ii) the outstanding face amount of the bond.

“(C) DETERMINATION.—For purposes of subparagraph (B), with respect to any Gulf tax credit bond, the Secretary shall determine

daily or cause to be determined daily a credit rate which shall apply to the first day on which there is a binding, written contract for the sale or exchange of the bond. The credit rate for any day is the credit rate which the Secretary or the Secretary's designee estimates will permit the issuance of Gulf tax credit bonds with a specified maturity or redemption date without discount and without interest cost to the issuer.

“(D) CREDIT ALLOWANCE DATE.—For purposes of this subsection, the term ‘credit allowance date’ means March 15, June 15, September 15, and December 15. Such term also includes the last day on which the bond is outstanding.

“(E) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this paragraph with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

“(3) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under paragraph (1) for any taxable year shall not exceed the excess of—

“(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(B) the sum of the credits allowable under part IV of subchapter A (other than subpart C and this subsection).

“(4) GULF TAX CREDIT BOND.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘Gulf tax credit bond’ means any bond issued as part of an issue if—

“(i) the bond is issued by the State of Alabama, Louisiana, or Mississippi,

“(ii) 95 percent or more of the proceeds of such issue are to be used to—

“(I) pay principal, interest, or premiums on qualified bonds issued by such State or any political subdivision of such State, or

“(II) make a loan to any political subdivision of such State to pay principal, interest, or premiums on qualified bonds issued by such political subdivision,

“(iii) the Governor of such State designates such bond for purposes of this subsection,

“(iv) the bond is a general obligation of such State and is in registered form (within the meaning of section 149(a)),

“(v) the maturity of such bond does not exceed 2 years, and

“(vi) the bond is issued after December 31, 2005, and before January 1, 2007.

“(B) STATE MATCHING REQUIREMENT.—A bond shall not be treated as a Gulf tax credit bond unless—

“(i) the issuer of such bond pledges as of the date of the issuance of the issue an amount equal to the face amount of such bond to be used for payments described in subclause (I) of subparagraph (A)(ii), or loans described in subclause (II) of such subparagraph, as the case may be, with respect to the issue of which such bond is a part, and

“(ii) any such payment or loan is made in equal amounts from the proceeds of such issue and from the amount pledged under clause (i).

The requirement of clause (ii) shall be treated as met with respect to any such payment or loan made during the 1-year period beginning on the date of the issuance (or any successor 1-year period) if such requirement is met when applied with respect to the aggregate amount of such payments and loans made during such period.

“(C) AGGREGATE LIMIT ON BOND DESIGNATIONS.—The maximum aggregate face

amount of bonds which may be designated under this subsection by the Governor of a State shall not exceed—

“(i) \$200,000,000 in the case of the State of Louisiana,

“(ii) \$100,000,000 in the case of the State of Mississippi, and

“(iii) \$50,000,000 in the case of the State of Alabama.

“(D) SPECIAL RULES RELATING TO ARBITRAGE.—A bond which is part of an issue shall not be treated as a Gulf tax credit bond unless, with respect to the issue of which the bond is a part, the issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue and any loans made with such proceeds.

“(5) QUALIFIED BOND.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified bond’ means any obligation of a State or political subdivision thereof which was outstanding on August 28, 2005.

“(B) EXCEPTION FOR PRIVATE ACTIVITY BONDS.—Such term shall not include any private activity bond.

“(C) EXCEPTION FOR ADVANCE REFUNDINGS.—Such term shall not include any bond with respect to which there is any outstanding refunded or refunding bond during the period in which a Gulf tax credit bond is outstanding with respect to such bond.

“(6) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this subsection (determined without regard to paragraph (3)) and the amount so included shall be treated as interest income.

“(7) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

“(A) BOND.—The term ‘bond’ includes any obligation.

“(B) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—

“(i) IN GENERAL.—Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under paragraph (1).

“(ii) NO BASIS ADJUSTMENT.—In the case of a bond held by a partnership or an S corporation, rules similar to the rules under section 1397E(i) shall apply.

“(C) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any Gulf tax credit bond is held by a regulated investment company, the credit determined under paragraph (1) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

“(D) REPORTING.—Issuers of Gulf tax credit bonds shall submit reports similar to the reports required under section 149(e).

“(E) CREDIT TREATED AS NONREFUNDABLE BONDHOLDER CREDIT.—For purposes of this title, the credit allowed by this subsection shall be treated as a credit allowable under subpart H of part IV of subchapter A of this chapter.

“(m) TAX BENEFITS NOT AVAILABLE WITH RESPECT TO FACILITIES FOR GAMBLING, ETC.—

“(1) TAX-EXEMPT BOND FINANCING.—Subsection (a) shall not apply to any bond issued as part of an issue if any portion of the proceeds of such issue is to be used to provide any property described in section 144(c)(6)(B).

“(2) ADVANCE REFUNDING BONDS.—Subsection (b) shall not apply to any advance refunding of a bond which is issued as part of an issue if any portion of the proceeds of such issue (or any prior issue) was (or is to be) used to provide any property described in section 144(c)(6)(B).

“(3) LOW-INCOME HOUSING CREDIT.—For purposes of subsection (c), property shall not be

treated as located or placed in service in the Gulf Opportunity Zone if such property is described in section 144(c)(6)(B).

“(4) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY; SECTION 179 EXPENSING; CARRYBACK OF COST RECOVERY DEDUCTIONS.—For purposes of subsections (d), (e), and (k), the term ‘qualified Gulf Opportunity Zone property’ shall not include any property described in section 144(c)(6)(B).

“(5) DEMOLITION AND CLEAN-UP COSTS; REMEDIATION; REHABILITATION EXPENSES.—Subsections (f), (g), and (h) shall not apply with respect to any amount paid or incurred with respect to any property described in section 144(c)(6)(B).

“(6) TIMBER PRODUCERS.—For purposes of subsection (i), qualified timber property shall not include any property described in section 144(c)(6)(B).

“(7) PUBLIC UTILITY CASUALTY LOSSES.—For purposes of subsection (j), public utility property shall not include any property described in section 144(c)(6)(B).

“(8) GULF TAX CREDIT BONDS.—Subsection (l) shall not apply to any bond issued as part of an issue if any portion of the proceeds of such issue is to be used to provide any property described in section 144(c)(6)(B).”

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 54(c) is amended by inserting “, section 1400N(1),” after “subpart C”.

(2) Subparagraph (A) of section 6049(d)(8) is amended—

(A) by inserting “or 1400N(1)(6)” after “section 54(g)”, and

(B) by inserting “or 1400N(1)(2)(D), as the case may be” after “section 54(b)(4)”.

(3) So much of subchapter Y of chapter 1 as precedes section 1400L is amended to read as follows:

“Subchapter Y—Short-term Regional Benefits

“PART I—TAX BENEFITS FOR NEW YORK LIBERTY ZONE

“PART II—TAX BENEFITS FOR GULF OPPORTUNITY ZONE

“PART I—TAX BENEFITS FOR NEW YORK LIBERTY ZONE

“Sec. 1400L. Tax benefits for New York Liberty Zone.”

(4) The item relating to subchapter Y in the table of subchapters for chapter 1 is amended to read as follows:

“SUBCHAPTER Y—SHORT-TERM REGIONAL BENEFITS”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years ending on or after August 28, 2005.

(2) CARRYBACKS.—Subsections (i)(2), (j), and (k) of section 1400N of the Internal Revenue Code of 1986 (as added by this section) shall apply to losses arising in such taxable years.

SEC. 102. FEDERAL GUARANTEE OF CERTAIN STATE BONDS.

(a) STATE BONDS DESCRIBED.—

(1) IN GENERAL.—This section shall apply to a bond issued as part of an issue if—

(A) the issue of which such bond is part is an issue of the State of Alabama, Louisiana, or Mississippi,

(B) the bond is a general obligation of the issuing State and is in registered form,

(C) the proceeds of the bond are distributed to one or more political subdivisions of the issuing State,

(D) the maturity of such bond does not exceed 5 years,

(E) the bond is issued after the date of the enactment of this Act and before January 1, 2008, and

(F) the bond is designated by the Secretary of the Treasury for purposes of this section.

(2) FACILITIES FOR GAMBLING, ETC.—The Secretary of the Treasury may not designate

any bond for purposes of this section if such bond is issued as part of an issue any portion of the proceeds of which is to be used to provide any property described in section 144(c)(6)(B).

(b) APPLICATION.—

(1) IN GENERAL.—The Secretary of the Treasury may only designate a bond for purposes of this section pursuant to an application submitted to the Secretary by the State which demonstrates the need for such designation on the basis of the criteria specified in paragraph (2).

(2) CRITERIA.—For purposes of paragraph (1), the criteria specified in this paragraph are—

(A) the loss of revenue base of one or more political subdivisions of the State by reason of Hurricane Katrina,

(B) the need for resources to fund infrastructure within, or operating expenses of, any such political subdivision,

(C) the lack of access of such political subdivision to capital, and

(D) any other criteria as may be determined by the Secretary.

(3) GUIDANCE FOR SUBMISSION AND CONSIDERATION OF APPLICATIONS.—The Secretary of the Treasury shall prescribe regulations or other guidance which provide for the time and manner for the submission and consideration of applications under this subsection.

(c) FEDERAL GUARANTEE.—A bond described in subsection (a) is guaranteed by the United States in an amount equal to 50 percent of the outstanding principal with respect to such bond.

(d) AGGREGATE LIMIT ON BOND DESIGNATIONS.—The maximum aggregate face amount of bonds which may be issued under this section shall not exceed \$3,000,000,000.

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.

(a) IN GENERAL.—Part II of subchapter Y of chapter 1 (as added by this Act) is amended by adding at the end the following new sections:

“SEC. 14000. SPECIAL RULES FOR USE OF RETIREMENT FUNDS.

“(a) TAX-FAVORED WITHDRAWALS FROM RETIREMENT PLANS.—

“(1) IN GENERAL.—Section 72(t) shall not apply to any qualified hurricane distribution.

“(2) AGGREGATE DOLLAR LIMITATION.—

“(A) IN GENERAL.—For purposes of this subsection, the aggregate amount of distributions received by an individual which may be treated as qualified hurricane distributions for any taxable year shall not exceed the excess (if any) of—

“(i) \$100,000, over

“(ii) the aggregate amounts treated as qualified hurricane distributions received by such individual for all prior taxable years.

“(B) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would (without regard to subparagraph (A)) be a qualified hurricane distribution, a plan shall not be treated as violating any requirement of this title merely because the plan treats such distribution as a qualified hurricane distribution, unless the aggregate amount of such distributions from all plans maintained by the employer (and any member of any controlled group which includes the employer) to such individual exceeds \$100,000.

“(C) CONTROLLED GROUP.—For purposes of subparagraph (B), the term ‘controlled group’ means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414.

“(3) AMOUNT DISTRIBUTED MAY BE REPAYED.—

“(A) IN GENERAL.—Any individual who receives a qualified hurricane distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement plan of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), as the case may be.

“(B) TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM ELIGIBLE RETIREMENT PLANS OTHER THAN IRAS.—For purposes of this title, if a contribution is made pursuant to subparagraph (A) with respect to a qualified hurricane distribution from an eligible retirement plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified hurricane distribution in an eligible rollover distribution (as defined in section 402(c)(4)) and as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

“(C) TREATMENT OF REPAYMENTS FOR DISTRIBUTIONS FROM IRAS.—For purposes of this title, if a contribution is made pursuant to subparagraph (A) with respect to a qualified hurricane distribution from an individual retirement plan (as defined by section 7701(a)(37)), then, to the extent of the amount of the contribution, the qualified hurricane distribution shall be treated as a distribution described in section 408(d)(3) and as having been transferred to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

“(4) DEFINITIONS.—For purposes of this subsection—

“(A) QUALIFIED HURRICANE DISTRIBUTION.—Except as provided in paragraph (2), the term ‘qualified hurricane distribution’ means—

“(i) any distribution from an eligible retirement plan made on or after August 25, 2005, and before January 1, 2007, to an individual whose principal place of abode on August 28, 2005, is located in the Hurricane Katrina disaster area and who has sustained an economic loss by reason of Hurricane Katrina,

“(ii) any distribution (which is not described in clause (i)) from an eligible retirement plan made on or after September 23, 2005, and before January 1, 2007, to an individual whose principal place of abode on September 23, 2005, is located in the Hurricane Rita disaster area and who has sustained an economic loss by reason of Hurricane Rita, and

“(iii) any distribution (which is not described in clause (i) or (ii)) from an eligible retirement plan made on or after October 23, 2005, and before January 1, 2007, to an individual whose principal place of abode on October 23, 2005, is located in the Hurricane Wilma disaster area and who has sustained an economic loss by reason of Hurricane Wilma.

“(B) ELIGIBLE RETIREMENT PLAN.—The term ‘eligible retirement plan’ shall have the meaning given such term by section 402(c)(8)(B).

“(5) INCOME INCLUSION SPREAD OVER 3-YEAR PERIOD.—

“(A) IN GENERAL.—In the case of any qualified hurricane distribution, unless the taxpayer elects not to have this paragraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable year period beginning with such taxable year.

“(B) SPECIAL RULE.—For purposes of subparagraph (A), rules similar to the rules of subparagraph (E) of section 408A(d)(3) shall apply.

“(6) SPECIAL RULES.—

“(A) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER AND WITHHOLDING RULES.—For purposes of sections 401(a)(31), 402(f), and 3405, qualified hurricane distributions shall not be treated as eligible rollover distributions.

“(B) QUALIFIED HURRICANE DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS.—For purposes of this title, a qualified hurricane distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A).

“(b) RECONTRIBUTIONS OF WITHDRAWALS FOR HOME PURCHASES.—

“(1) RECONTRIBUTIONS.—

“(A) IN GENERAL.—Any individual who received a qualified distribution may, during the applicable period, make one or more contributions in an aggregate amount not to exceed the amount of such qualified distribution to an eligible retirement plan (as defined in section 402(c)(8)(B)) of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), or 408(d)(3), as the case may be.

“(B) TREATMENT OF REPAYMENTS.—Rules similar to the rules of subparagraphs (B) and (C) of subsection (a)(3) shall apply for purposes of this subsection.

“(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified distribution’ means any qualified Katrina distribution, any qualified Rita distribution, and any qualified Wilma distribution.

“(B) QUALIFIED KATRINA DISTRIBUTION.—The term ‘qualified Katrina distribution’ means any distribution—

“(i) described in section 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but only to the extent such distribution relates to financial hardship), 403(b)(11)(B), or 72(t)(2)(F),

“(ii) received after February 28, 2005, and before August 29, 2005, and

“(iii) which was to be used to purchase or construct a principal residence in the Hurricane Katrina disaster area, but which was not so purchased or constructed on account of Hurricane Katrina.

“(C) QUALIFIED RITA DISTRIBUTION.—The term ‘qualified Rita distribution’ means any distribution (other than a qualified Katrina distribution)—

“(i) described in section 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but only to the extent such distribution relates to financial hardship), 403(b)(11)(B), or 72(t)(2)(F),

“(ii) received after February 28, 2005, and before September 24, 2005, and

“(iii) which was to be used to purchase or construct a principal residence in the Hurricane Rita disaster area, but which was not so purchased or constructed on account of Hurricane Rita.

“(D) QUALIFIED WILMA DISTRIBUTION.—The term ‘qualified Wilma distribution’ means any distribution (other than a qualified Katrina distribution or a qualified Rita distribution)—

“(i) described in section 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but only to the extent such distribution relates to financial hardship), 403(b)(11)(B), or 72(t)(2)(F),

“(ii) received after February 28, 2005, and before October 24, 2005, and

“(iii) which was to be used to purchase or construct a principal residence in the Hurricane Wilma disaster area, but which was not so purchased or constructed on account of Hurricane Wilma.

“(3) APPLICABLE PERIOD.—For purposes of this subsection, the term ‘applicable period’ means—

“(A) with respect to any qualified Katrina distribution, the period beginning on August 25, 2005, and ending on February 28, 2006,

“(B) with respect to any qualified Rita distribution, the period beginning on September 23, 2005, and ending on February 28, 2006, and

“(C) with respect to any qualified Wilma distribution, the period beginning on October 23, 2005, and ending on February 28, 2006.

“(C) LOANS FROM QUALIFIED PLANS.—

“(1) INCREASE IN LIMIT ON LOANS NOT TREATED AS DISTRIBUTIONS.—In the case of any loan from a qualified employer plan (as defined under section 72(p)(4)) to a qualified individual made during the applicable period—

“(A) clause (i) of section 72(p)(2)(A) shall be applied by substituting ‘\$100,000’ for ‘\$50,000’, and

“(B) clause (ii) of such section shall be applied by substituting ‘the present value of the nonforfeitable accrued benefit of the employee under the plan’ for ‘one-half of the present value of the nonforfeitable accrued benefit of the employee under the plan’.

“(2) DELAY OF REPAYMENT.—In the case of a qualified individual with an outstanding loan on or after the qualified beginning date from a qualified employer plan (as defined in section 72(p)(4))—

“(A) if the due date pursuant to subparagraph (B) or (C) of section 72(p)(2) for any repayment with respect to such loan occurs during the period beginning on the qualified beginning date and ending on December 31, 2006, such due date shall be delayed for 1 year.

“(B) any subsequent repayments with respect to any such loan shall be appropriately adjusted to reflect the delay in the due date under paragraph (1) and any interest accruing during such delay, and

“(C) in determining the 5-year period and the term of a loan under subparagraph (B) or (C) of section 72(p)(2), the period described in subparagraph (A) shall be disregarded.

“(3) QUALIFIED INDIVIDUAL.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified individual’ means any qualified Hurricane Katrina individual, any qualified Hurricane Rita individual, and any qualified Hurricane Wilma individual.

“(B) QUALIFIED HURRICANE KATRINA INDIVIDUAL.—The term ‘qualified Hurricane Katrina individual’ means an individual whose principal place of abode on August 28, 2005, is located in the Hurricane Katrina disaster area and who has sustained an economic loss by reason of Hurricane Katrina.

“(C) QUALIFIED HURRICANE RITA INDIVIDUAL.—The term ‘qualified Hurricane Rita individual’ means an individual (other than a qualified Hurricane Katrina individual) whose principal place of abode on September 23, 2005, is located in the Hurricane Rita disaster area and who has sustained an economic loss by reason of Hurricane Rita.

“(D) QUALIFIED HURRICANE WILMA INDIVIDUAL.—The term ‘qualified Hurricane Wilma individual’ means an individual (other than a qualified Hurricane Katrina individual or a qualified Hurricane Rita individual) whose principal place of abode on October 23, 2005, is located in the Hurricane Wilma disaster area and who has sustained an economic loss by reason of Hurricane Wilma.

“(4) APPLICABLE PERIOD; QUALIFIED BEGINNING DATE.—For purposes of this subsection—

“(A) HURRICANE KATRINA.—In the case of any qualified Hurricane Katrina individual—

“(i) the applicable period is the period beginning on September 24, 2005, and ending on December 31, 2006, and

“(ii) the qualified beginning date is August 25, 2005.

“(B) HURRICANE RITA.—In the case of any qualified Hurricane Rita individual—

“(i) the applicable period is the period beginning on the date of the enactment of this subsection and ending on December 31, 2006, and

“(ii) the qualified beginning date is September 23, 2005.

“(C) HURRICANE WILMA.—In the case of any qualified Hurricane Wilma individual—

“(i) the applicable period is the period beginning on the date of the enactment of this subparagraph and ending on December 31, 2006, and

“(ii) the qualified beginning date is October 23, 2005.

“(d) PROVISIONS RELATING TO PLAN AMENDMENTS.—

“(1) IN GENERAL.—If this subsection applies to any amendment to any plan or annuity contract, such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in paragraph (2)(B)(i).

“(2) AMENDMENTS TO WHICH SUBSECTION APPLIES.—

“(A) IN GENERAL.—This subsection shall apply to any amendment to any plan or annuity contract which is made—

“(i) pursuant to any provision of this section, or pursuant to any regulation issued by the Secretary or the Secretary of Labor under any provision of this section, and

“(ii) on or before the last day of the first plan year beginning on or after January 1, 2007, or such later date as the Secretary may prescribe.

In the case of a governmental plan (as defined in section 414(d)), clause (ii) shall be applied by substituting the date which is 2 years after the date otherwise applied under clause (ii).

“(B) CONDITIONS.—This subsection shall not apply to any amendment unless—

“(i) during the period—

“(I) beginning on the date that this section or the regulation described in subparagraph (A)(i) takes effect (or in the case of a plan or contract amendment not required by this section or such regulation, the effective date specified by the plan), and

“(II) ending on the date described in subparagraph (A)(ii) (or, if earlier, the date the plan or contract amendment is adopted), the plan or contract is operated as if such plan or contract amendment were in effect; and

“(ii) such plan or contract amendment applies retroactively for such period.

“SEC. 1400P. EMPLOYMENT RELIEF.

“(a) EMPLOYEE RETENTION CREDIT FOR EMPLOYERS AFFECTED BY HURRICANE KATRINA.—

“(1) IN GENERAL.—For purposes of section 38, in the case of an eligible employer, the Hurricane Katrina employee retention credit for any taxable year is an amount equal to 40 percent of the qualified wages with respect to each eligible employee of such employer for such taxable year. For purposes of the preceding sentence, the amount of qualified wages which may be taken into account with respect to any individual shall not exceed \$6,000.

“(2) DEFINITIONS.—For purposes of this subsection—

“(A) ELIGIBLE EMPLOYER.—The term ‘eligible employer’ means any employer—

“(i) which conducted an active trade or business on August 28, 2005, in the GO Zone, and

“(ii) with respect to whom the trade or business described in clause (i) is inoperable on any day after August 28, 2005, and before January 1, 2006, as a result of damage sustained by reason of Hurricane Katrina.

“(B) ELIGIBLE EMPLOYEE.—The term ‘eligible employee’ means with respect to an eligible employer an employee whose principal place of employment on August 28, 2005, with such eligible employer was in the GO Zone.

“(C) QUALIFIED WAGES.—The term ‘qualified wages’ means wages (as defined in section 51(c)(1), but without regard to section 3306(b)(2)(B)) paid or incurred by an eligible employer with respect to an eligible employee on any day after August 28, 2005, and before January 1, 2006, which occurs during the period—

“(i) beginning on the date on which the trade or business described in subparagraph (A) first became inoperable at the principal place of employment of the employee immediately before Hurricane Katrina, and

“(ii) ending on the date on which such trade or business has resumed significant operations at such principal place of employment.

Such term shall include wages paid without regard to whether the employee performs no services, performs services at a different place of employment than such principal place of employment, or performs services at such principal place of employment before significant operations have resumed.

“(3) CREDIT NOT ALLOWED FOR LARGE BUSINESSES.—The term ‘eligible employer’ shall not include any trade or business for any taxable year if such trade or business employed an average of more than 200 employees on business days during the taxable year.

“(4) CERTAIN RULES TO APPLY.—For purposes of this subsection, rules similar to the rules of sections 51(i)(1), 52, and 280C(a) shall apply.

“(5) EMPLOYEE NOT TAKEN INTO ACCOUNT MORE THAN ONCE.—An employee shall not be treated as an eligible employee for purposes of this subsection for any period with respect to any employer if such employer is allowed a credit under section 51 with respect to such employee for such period.

“(b) EMPLOYEE RETENTION CREDIT FOR EMPLOYERS AFFECTED BY HURRICANE RITA.—

“(1) IN GENERAL.—For purposes of section 38, in the case of an eligible employer, the Hurricane Rita employee retention credit for any taxable year is an amount equal to 40 percent of the qualified wages with respect to each eligible employee of such employer for such taxable year. For purposes of the preceding sentence, the amount of qualified wages which may be taken into account with respect to any individual shall not exceed \$6,000.

“(2) DEFINITIONS.—For purposes of this subsection—

“(A) ELIGIBLE EMPLOYER.—The term ‘eligible employer’ means any employer—

“(i) which conducted an active trade or business on September 23, 2005, in the Rita GO Zone, and

“(ii) with respect to whom the trade or business described in clause (i) is inoperable on any day after September 23, 2005, and before January 1, 2006, as a result of damage sustained by reason of Hurricane Rita.

“(B) ELIGIBLE EMPLOYEE.—The term ‘eligible employee’ means with respect to an eligible employer an employee whose principal place of employment on September 23, 2005, with such eligible employer was in the Rita GO Zone.

“(C) QUALIFIED WAGES.—The term ‘qualified wages’ means wages (as defined in section 51(c)(1), but without regard to section 3306(b)(2)(B)) paid or incurred by an eligible employer with respect to an eligible employee on any day after September 23, 2005, and before January 1, 2006, which occurs during the period—

“(i) beginning on the date on which the trade or business described in subparagraph (A) first became inoperable at the principal

place of employment of the employee immediately before Hurricane Rita, and

“(ii) ending on the date on which such trade or business has resumed significant operations at such principal place of employment.

Such term shall include wages paid without regard to whether the employee performs no services, performs services at a different place of employment than such principal place of employment, or performs services at such principal place of employment before significant operations have resumed.

“(3) CREDIT NOT ALLOWED FOR LARGE BUSINESSES.—The term ‘eligible employer’ shall not include any trade or business for any taxable year if such trade or business employed an average of more than 200 employees on business days during the taxable year.

“(4) CERTAIN RULES TO APPLY.—For purposes of this subsection, rules similar to the rules of sections 51(i)(1), 52, and 280C(a) shall apply.

“(5) EMPLOYEE NOT TAKEN INTO ACCOUNT MORE THAN ONCE.—An employee shall not be treated as an eligible employee for purposes of this subsection for any period with respect to any employer if such employer is allowed a credit under subsection (a) or section 51 with respect to such employee for such period.

“(c) EMPLOYEE RETENTION CREDIT FOR EMPLOYERS AFFECTED BY HURRICANE WILMA.—

“(1) IN GENERAL.—For purposes of section 38, in the case of an eligible employer, the Hurricane Wilma employee retention credit for any taxable year is an amount equal to 40 percent of the qualified wages with respect to each eligible employee of such employer for such taxable year. For purposes of the preceding sentence, the amount of qualified wages which may be taken into account with respect to any individual shall not exceed \$6,000.

“(2) DEFINITIONS.—For purposes of this subsection—

“(A) ELIGIBLE EMPLOYER.—The term ‘eligible employer’ means any employer—

“(i) which conducted an active trade or business on October 23, 2005, in the Wilma GO Zone, and

“(ii) with respect to whom the trade or business described in clause (i) is inoperable on any day after October 23, 2005, and before January 1, 2006, as a result of damage sustained by reason of Hurricane Wilma.

“(B) ELIGIBLE EMPLOYEE.—The term ‘eligible employee’ means with respect to an eligible employer an employee whose principal place of employment on October 23, 2005, with such eligible employer was in the Wilma GO Zone.

“(C) QUALIFIED WAGES.—The term ‘qualified wages’ means wages (as defined in section 51(c)(1), but without regard to section 3306(b)(2)(B)) paid or incurred by an eligible employer with respect to an eligible employee on any day after October 23, 2005, and before January 1, 2006, which occurs during the period—

“(i) beginning on the date on which the trade or business described in subparagraph (A) first became inoperable at the principal place of employment of the employee immediately before Hurricane Wilma, and

“(ii) ending on the date on which such trade or business has resumed significant operations at such principal place of employment.

Such term shall include wages paid without regard to whether the employee performs no services, performs services at a different place of employment than such principal place of employment, or performs services at such principal place of employment before significant operations have resumed.

“(3) CREDIT NOT ALLOWED FOR LARGE BUSINESSES.—The term ‘eligible employer’ shall

not include any trade or business for any taxable year if such trade or business employed an average of more than 200 employees on business days during the taxable year.

“(4) CERTAIN RULES TO APPLY.—For purposes of this subsection, rules similar to the rules of sections 51(i)(1), 52, and 280C(a) shall apply.

“(5) EMPLOYEE NOT TAKEN INTO ACCOUNT MORE THAN ONCE.—An employee shall not be treated as an eligible employee for purposes of this subsection for any period with respect to any employer if such employer is allowed a credit under subsection (a) or (b) or section 51 with respect to such employee for such period.

“SEC. 1400Q. ADDITIONAL TAX RELIEF PROVISIONS.

“(a) TEMPORARY SUSPENSION OF LIMITATIONS ON CHARITABLE CONTRIBUTIONS.—

“(1) IN GENERAL.—Except as otherwise provided in paragraph (2), section 170(b) shall not apply to qualified contributions and such contributions shall not be taken into account for purposes of applying subsections (b) and (d) of section 170 to other contributions.

“(2) TREATMENT OF EXCESS CONTRIBUTIONS.—For purposes of section 170—

“(A) INDIVIDUALS.—In the case of an individual—

“(i) LIMITATION.—Any qualified contribution shall be allowed only to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer’s contribution base (as defined in subparagraph (F) of section 170(b)(1)) over the amount of all other charitable contributions allowed under section 170(b)(1).

“(ii) CARRYOVER.—If the aggregate amount of qualified contributions made in the contribution year (within the meaning of section 170(d)(1)) exceeds the limitation of clause (i), such excess shall be added to the excess described in the portion of subparagraph (A) of such section which precedes clause (i) thereof for purposes of applying such section.

“(B) CORPORATIONS.—In the case of a corporation—

“(i) LIMITATION.—Any qualified contribution shall be allowed only to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer’s taxable income (as determined under paragraph (2) of section 170(b)) over the amount of all other charitable contributions allowed under such paragraph.

“(ii) CARRYOVER.—Rules similar to the rules of subparagraph (A)(ii) shall apply for purposes of this subsection.

“(3) EXCEPTION TO OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.—So much of any deduction allowed under section 170 as does not exceed the qualified contributions paid during the taxable year shall not be treated as an itemized deduction for purposes of section 68.

“(4) QUALIFIED CONTRIBUTIONS.—

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

“(i) such contribution is paid during the period beginning on August 28, 2005, and ending on December 31, 2005, in cash to an organization described in section 170(b)(1)(A) (other than an organization described in section 509(a)(3)),

“(ii) in the case of a contribution paid by a corporation, such contribution is for relief efforts related to Hurricane Katrina, Hurricane Rita, or Hurricane Wilma, and

“(iii) the taxpayer has elected the application of this subsection with respect to such contribution.

“(B) EXCEPTION.—Such term shall not include a contribution if the contribution is

for establishment of a new, or maintenance in an existing, segregated fund or account with respect to which the donor (or any person appointed or designated by such donor) has, or reasonably expects to have, advisory privileges with respect to distributions or investments by reason of the donor's status as a donor.

“(C) APPLICATION OF ELECTION TO PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation, the election under subparagraph (A)(iii) shall be made separately by each partner or shareholder.

“(b) SUSPENSION OF CERTAIN LIMITATIONS ON PERSONAL CASUALTY LOSSES.—Paragraphs (1) and (2)(A) of section 165(h) shall not apply to losses described in section 165(c)(3)—

“(1) which arise in the Hurricane Katrina disaster area on or after August 25, 2005, and which are attributable to Hurricane Katrina,

“(2) which arise in the Hurricane Rita disaster area on or after September 23, 2005, and which are attributable to Hurricane Rita, or

“(3) which arise in the Hurricane Wilma disaster area on or after October 23, 2005, and which are attributable to Hurricane Wilma.

In the case of any other losses, section 165(h)(2)(A) shall be applied without regard to the losses referred to in the preceding sentence.

“(c) REQUIRED EXERCISE OF AUTHORITY UNDER SECTION 7508A.—In the case of any taxpayer determined by the Secretary to be affected by the Presidentially declared disaster relating to Hurricane Katrina, Hurricane Rita, or Hurricane Wilma, any relief provided by the Secretary under section 7508A shall be for a period ending not earlier than February 28, 2006.

“(d) SPECIAL RULE FOR DETERMINING EARNED INCOME.—

“(1) IN GENERAL.—In the case of a qualified individual, if the earned income of the taxpayer for the taxable year which includes the applicable date is less than the earned income of the taxpayer for the preceding taxable year, the credits allowed under sections 24(d) and 32 may, at the election of the taxpayer, be determined by substituting—

“(A) such earned income for the preceding taxable year, for

“(B) such earned income for the taxable year which includes the applicable date.

“(2) QUALIFIED INDIVIDUAL.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified individual’ means any qualified Hurricane Katrina individual, any qualified Hurricane Rita individual, and any qualified Hurricane Wilma individual.

“(B) QUALIFIED HURRICANE KATRINA INDIVIDUAL.—The term ‘qualified Hurricane Katrina individual’ means any individual whose principal place of abode on August 25, 2005, was located—

“(i) in the GO Zone, or

“(ii) in the Hurricane Katrina disaster area (but outside the GO Zone) and such individual was displaced from such principal place of abode by reason of Hurricane Katrina.

“(C) QUALIFIED HURRICANE RITA INDIVIDUAL.—The term ‘qualified Hurricane Rita individual’ means any individual (other than a qualified Hurricane Katrina individual) whose principal place of abode on September 23, 2005, was located—

“(i) in the Rita GO Zone, or

“(ii) in the Hurricane Rita disaster area (but outside the Rita GO Zone) and such individual was displaced from such principal place of abode by reason of Hurricane Rita.

“(D) QUALIFIED HURRICANE WILMA INDIVIDUAL.—The term ‘qualified Hurricane Wilma individual’ means any individual whose principal place of abode on October 23, 2005, was located—

“(i) in the Wilma GO Zone, or

“(ii) in the Hurricane Wilma disaster area (but outside the Wilma GO Zone) and such individual was displaced from such principal place of abode by reason of Hurricane Wilma.

“(3) APPLICABLE DATE.—For purposes of this subsection, the term ‘applicable date’ means—

“(A) in the case of a qualified Hurricane Katrina individual, August 25, 2005,

“(B) in the case of a qualified Hurricane Rita individual, September 23, 2005, and

“(C) in the case of a qualified Hurricane Wilma individual, October 23, 2005.

“(4) EARNED INCOME.—For purposes of this subsection, the term ‘earned income’ has the meaning given such term under section 32(c).

“(5) SPECIAL RULES.—

“(A) APPLICATION TO JOINT RETURNS.—For purposes of paragraph (1), in the case of a joint return for a taxable year which includes the applicable date—

“(i) such paragraph shall apply if either spouse is a qualified individual, and

“(ii) the earned income of the taxpayer for the preceding taxable year shall be the sum of the earned income of each spouse for such preceding taxable year.

“(B) UNIFORM APPLICATION OF ELECTION.—Any election made under paragraph (1) shall apply with respect to both section 24(d) and section 32.

“(C) ERRORS TREATED AS MATHEMATICAL ERROR.—For purposes of section 6213, an incorrect use on a return of earned income pursuant to paragraph (1) shall be treated as a mathematical or clerical error.

“(D) NO EFFECT ON DETERMINATION OF GROSS INCOME, ETC.—Except as otherwise provided in this subsection, this title shall be applied without regard to any substitution under paragraph (1).

“(e) SECRETARIAL AUTHORITY TO MAKE ADJUSTMENTS REGARDING TAXPAYER AND DEPENDENCY STATUS.—With respect to taxable years beginning in 2005 or 2006, the Secretary may make such adjustments in the application of the internal revenue laws as may be necessary to ensure that taxpayers do not lose any deduction or credit or experience a change of filing status by reason of temporary relocations by reason of Hurricane Katrina, Hurricane Rita, or Hurricane Wilma. Any adjustments made under the preceding sentence shall ensure that an individual is not taken into account by more than one taxpayer with respect to the same tax benefit.”

(b) CONFORMING AMENDMENTS.—

(1) Subsection (b) of section 38 is amended by striking “and” at the end of paragraph (25), by striking the period at the end of paragraph (26) and inserting a comma, and by adding at the end the following new paragraphs:

“(27) the Hurricane Katrina employee retention credit determined under section 1400P(a),

“(28) the Hurricane Rita employee retention credit determined under section 1400P(b), and

“(29) the Hurricane Wilma employee retention credit determined under section 1400P(c).”

(2) The table of sections for part II of subchapter Y of chapter 1 is amended by adding at the end the following new items:

“Sec. 1400O. Special rules for use of retirement funds.

“Sec. 1400P. Employment relief.

“Sec. 1400Q. Additional tax relief provisions.”

(3) The heading for such part is amended by striking “GULF OPPORTUNITY ZONE” and inserting “HURRICANE RELIEF”.

(4) The following provisions of the Katrina Emergency Tax Relief Act of 2005 are hereby repealed:

(A) Title I.

(B) Sections 202, 301, 402, 403(b), 406, and 407.

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.

(a) IN GENERAL.—Section 162 (relating to trade or business expenses) is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

“(q) LIMITATION ON TRAVELING EXPENSES.—

“(1) IN GENERAL.—For purposes of subsection (a)(2), the taxpayer shall not be treated as being temporarily away from home during any period of employment if such period exceeds 1 year.

“(2) AUTHORITY TO EXTEND IN CASE OF MAJOR DISASTER.—In the case of a taxpayer who is away from home in pursuit of a trade or business by reason of a disaster which the President has declared to be a major disaster under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, the Secretary may extend the 1-year period referred to in paragraph (1) for a period not exceeding 1 additional year.

“(3) EXCEPTION FOR CERTAIN FEDERAL EMPLOYEES DESIGNATED BY THE ATTORNEY GENERAL.—Paragraph (1) shall not apply to any Federal employee during any period for which such employee is certified by the Attorney General (or the designee thereof) as traveling on behalf of the United States in temporary duty status to investigate or prosecute, or provide support services for the investigation or prosecution of a Federal crime.”

(b) CONFORMING AMENDMENT.—Subsection (a) of section 162 is amended by striking the last two sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

SEC. 302. GULF COAST RECOVERY BONDS.

It is the sense of the Congress that the Secretary of the Treasury, or the Secretary's delegate, should designate one or more series of bonds or certificates (or any portion thereof) issued under section 3105 of title 31, United States Code, as “Gulf Coast Recovery Bonds” in response to Hurricanes Katrina, Rita, and Wilma.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Louisiana (Mr. MCCRERY) and the gentleman from Louisiana (Mr. JEFFERSON) 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.

Mr. Speaker, the Gulf Opportunity Zone Act of 2005 is a reflection of the commitment that President Bush made shortly after Hurricane Katrina hit the shores of the Gulf of Mexico. He talked about creating an opportunity zone similar to the zone that we created in New York City after the attacks of September 11, 2001.

The bill before us today, in fact, contains many of the provisions that were contained in the Relief Act that created the opportunity zone in New York City, and there are a few additional provisions regarding housing, low income housing, the rehabilitation tax credit, and things like that.

□ 1445

The business incentives, the business tax incentives that are designed to bring investment into the devastated areas of the gulf are, in fact, almost exactly the same as those offered in Manhattan following 9/11.

Mr. Speaker, this bill is extremely critical for a timely redevelopment of the devastated areas along our gulf coast, Alabama, Mississippi, Louisiana, particularly. This bill also provides some relief for victims of hurricanes Rita and Wilma in southeast Texas and in south Florida.

Mr. Speaker, I cannot overemphasize the importance of putting into law as quickly as possible incentives to give businesses, individuals, people with capital to invest, the urge to go to these devastated areas and invest that capital, take a risk, create the jobs necessary to build back a critical mass of economic activity in these devastated areas. If we do not do that, Mr. Speaker, and do it very soon, we are going to have more and more businesses making decisions every day not to go back into these devastated areas and not to invest their capital back in those areas. Why should they, if there are hurdles to overcome that are not present in, say, Dallas or Houston or Atlanta, other places where they can take that capital and invest it and not have the hassles, the obstacles, that are present in these devastated areas.

That was the whole point of providing tax incentives to businesses in New York City following 9/11. It is the point of this bill, to give people an extra reason, a little extra incentive to put that capital in these devastated areas to rebuild those areas.

Mr. Speaker, I am certainly thankful for the cooperation of the gentleman from Louisiana (Mr. JEFFERSON) on the Ways and Means Committee, also the ranking member of the Ways and Means Committee, the chairman of the Ways and Means Committee, and the staff on both sides of the aisle for their cooperation in putting together a rational, reasonable approach to encouraging investment back in these areas.

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

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

First, I would like to thank the gentleman from Louisiana (Mr. MCCRERY) for joining me in introducing this important piece of legislation. I also want to thank the chairman of the committee, Mr. THOMAS, and our ranking member, Mr. RANGEL, for their efforts in bringing this bill to the floor. I also would be remiss if I failed to thank both the Republican and Democratic staff of the committee for their extraordinary bipartisan effort to put this tax relief package together.

And I want to do something which is a little bit out of order, and that is to thank someone who is not properly a Member of this body, our mayor of New Orleans, Ray Nagin, who is here with

us today. He has, as much as anyone, pushed this House and this Senate and our Congress and our President to make sure that our region is not forgotten; and I want to thank him for his presence here in the Chamber.

Mr. Speaker, the Gulf Opportunity Zone Act of 2005 provides much needed aid and comfort to the victims of hurricanes Katrina, Rita, and Wilma across the gulf coast and provides a much-needed shot in the arm to the many thousands of businesses that have been shuttered, suffered serious damage, or have seen their customer bases erode significantly or disappear in the wake of horrible storms.

The economy of the gulf coast and particularly that of my home State of Louisiana has been severely compromised by the ravages of two terrible storms. One of our Nation's largest and most economically important cities, the city of New Orleans, was evacuated and commercially shuttered for most of the fall. Even today, as New Orleans slowly regains her footing, most of her citizens remain in a hurricane-forced exile as the city's businesses struggle to rebuild and to make a fresh start with a significantly diminished customer base, extraordinary costs of repair and reconstruction, and a distressed infrastructure.

Mr. Speaker, the cities, parishes across the gulf coast, and counties across the gulf coast are struggling to recover from a deluge that laid them low. My constituents and those of my gulf coast colleagues, however, are a resilient people. They have confronted natural disasters before, and they have emerged triumphant and stronger still. I have every confidence that the same is true today. With the right tools in their tool box, New Orleanians and our neighbors in Louisiana, Mississippi, Alabama, and Florida will rebuild and recover and a brighter future will emerge.

Today, Mr. Speaker, with the passage of this important piece of legislation, we provide the entrepreneurs of the gulf coast a sturdy set of tools with which to jump-start our recovery. We also address an unprecedented housing crisis with unprecedented resources to rebuild and rehouse the thousands whose homes are damaged or destroyed by these vicious storms.

We also are keenly aware of the financial crisis that the States, our cities, our parishes are confronting. In order to ease those burdens, this bill also provides several important tools to give our hometowns access to the capital they need to survive in the short term and thrive over the long run: \$500 million in tax credit bonds to meet debt service needs, \$3 billion in partially guaranteed general obligation bonds, and \$7.75 billion in private activity bond authority. I am confident that by properly leveraging these tools, the States, our cities, parishes, school boards and others will emerge from the hurricane stronger than before they struck.

Mr. Speaker, with the passage of this act, businesses in New Orleans and surrounding parishes will enjoy tremendous tax advantages for the next few years that should give them the boost they need to survive and a little leg up to get ahead over the longer term: expanded section 179 expensing for small businesses; bonus depreciation; expenses for demolition and clean-up costs, including brownfields clean-up; an enhanced rehabilitation tax credits; and increased net operating loss carry-back among others.

By affording these tools to be combined with effective economic planning, the House today greatly enhances the opportunity for a great, but shattered, community to rebuild, not just to recover, but to become more survivable, more sustainable, more equitable, and more prosperous over some time, but all at once.

Mr. Speaker, the efforts of my colleagues in providing the relief we need in the gulf coast have been unparalleled to any I have witnessed during my tenure in Congress. For that I am extraordinarily grateful. However, we still have a long way to go before we achieve the full recovery that I know we all want. I look forward to working with each of you in the coming weeks and months as we rise to the challenge of ensuring that, like the Phoenix of myth and fable, New Orleans rises from the devastation of Hurricane Katrina as a bright shining model of American ingenuity and opportunity.

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

Mr. MCCRERY. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Florida (Mr. SHAW), chairman of the Trade Subcommittee of the Ways and Means Committee.

Mr. SHAW. Mr. Speaker, Florida did not receive the devastation that the gulf coast did with Katrina. Katrina's track came across Florida, got into the gulf, and actually affected my district on its way through Florida, but in a very slight manner. When it got into the warm waters of the Gulf of Mexico, it grew into a category 5 storm and just wreaked devastation on the New Orleans/southern Mississippi area.

I support this bill and all it does. But then this was followed by two other storms, Rita and Wilma. Wilma, of course, came across Florida, and in Broward County delivered the most powerful winds that we have seen in over 40 years. And Palm Beach County, as well as Dade County. And coming across the State the way it did from the gulf to the Atlantic made it most unusual as far as the power that it gained, or retained, coming across the Florida Everglades.

We have been damaged in Florida as well. But of course our devastation and our problems are overshadowed by the tragedy of Katrina in Louisiana and Mississippi.

This bill is a reasonable bill. It sets forth incentives and some relief in the Tax Code because of the devastation

delivered by these three storms. I urge the Members to support this bill and expedite its passage as quickly as possible.

Mr. JEFFERSON. Mr. Speaker, I yield 2 minutes to the gentlewoman from Ohio (Mrs. JONES), a distinguished member of the Ways and Means Committee.

Mrs. JONES of Ohio. Mr. Speaker, I would like to thank the gentlemen from Louisiana for yielding me this time, and I would like to congratulate them on their leadership on these issues.

I rise in strong support of the legislation today. As we learned in yesterday's congressional hearings, the victims of Hurricane Katrina, that is, the residents of the gulf region, are in need of help now. I rise in support and I am glad to see that this legislation, as was contemplated previously, incorporates some of the provisions of the legislation I introduced earlier in the year called the Katrina Assistance Tax Relief Incentive for Necessities Act. And it incorporated the Housing opportunity credits, the temporary housing tax credit, a homebuyer tax credit, doubling the low-income housing tax credit to assist Katrina victims.

The place I want to weigh in at this moment however is on the importance, and I say this again, the importance of assuring that the people of these gulf regions have an opportunity to enjoy some of the work that is provided businesses by these tax credits. What I am worried about is that there are people coming from all over the country who do not live in these areas who are not having the opportunity to get a job. There are people spread in 44 States across this country who are from Louisiana, who are from Mississippi, who are from Alabama; and they want to come back and work. And there are businesses right there in those communities who want to have an opportunity to rebuild their communities, and it is not happening.

I use this opportunity to say to the world, to say to my colleagues who are allocating resources for the rebuilding of the Katrina area, of the Katrina relief area, that we need to assure that the people of the area have an opportunity to rebuild their houses, have an opportunity to get jobs and put their lives back on track.

Again, I thank my colleagues for sponsoring this legislation. I am glad to join with you as a member of the Ways and Means Committee in support.

Mr. MCCRERY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BRADY), a distinguished member of the Ways and Means Committee.

Mr. BRADY of Texas. Mr. Speaker, I want to thank Chairman MCCRERY and Mr. JEFFERSON for their leadership on this bill. I am proud to be from Texas, a State that when victims fled the wrath of Hurricane Katrina we had communities and churches and homes that opened their arms to take them in. Later, in Hurricane Rita, those

same communities were devastated as well. And I just want to tell Chairman MCCRERY that the relief that we are providing today in this bill is critically important to the families of east and southeast Texas.

We, like you, need this relief today. What this will do is help families cope financially, encourage companies to keep workers on their payrolls during these tough economic times, and help rebuild the important Texas timber industry which suffered devastating losses. In some communities today, almost half of the homes still do not have even the temporary blue tarp to keep the rain out. We need families to be able to dip into their savings without penalty, fully deduct all of the personal property losses. And for the working poor, we want to make sure that their child and earned income tax credits are not impacted by Hurricane Rita.

This also permits unlimited cash donations by companies, which is very important to the communities, and provides up to \$2,400 per worker for small businesses to keep employees on the payroll through the end of the year. And then finally, to address our devastating timber and economic losses, we help small property owners reforest their crop, and we help them spread their losses across the past 5 years. This is important relief to Texas. We are proud to join with the other Gulf Coast States in moving this forward and the sooner we get this on the President's desk, the better.

Mr. JEFFERSON. Mr. Speaker, I yield 3 minutes to the gentlewoman from Nevada (Ms. BERKLEY).

Ms. BERKLEY. Mr. Speaker, the goal of passing today's legislation is to help businesses in the gulf coast region reopen their doors and get people back to work. However, this legislation excludes perhaps the most important industry in the region that employs over 50,000 people in Mississippi and Louisiana and pays over \$800 million in State and local tax revenue, that is, the gaming industry. The gaming industry has made substantial contribution to the regional economy of the gulf coast and will invest billions of dollars as it rebuilds, making it an essential part of restoring employment, economic growth, and tax revenue to the area.

□ 1500

I am dismayed that the biased view of one congressman has resulted in this bill excluding a group of employers that provide good jobs and tax revenue to the hurricane-ravaged region. I am astounded that one Member who has a long-held contempt for the gaming industry can insert language in this legislation, which is supposed to be helping the victims of Katrina, that will prevent thousands of our fellow citizens from going back to work, going back to their homes, reuniting with their families, and begin to live a normal life again. I am angry that we are

carving out an exception for one business in this legislation, a legitimate business, a well-regulated business, a business whose companies are traded on the New York Stock Exchange, a business that employs thousands of people in the region and generates millions of dollars in tax revenue. This makes no sense. And I am outraged, if I may say so, Mr. Speaker, that the Republican leadership has caved in and agreed to this provision because it is rumored that this congressman threatened to withhold his support from tomorrow's tax reconciliation vote unless his provision was put in the Katrina vote, contrary to what it will do to our fellow citizens.

Trading thousands of jobs for our fellow citizens for a vote is an affront to those people who need these gaming jobs to get back on their feet again. Shame on this body for allowing the gaming industry or any industry to be discriminated against in this legislation.

The gaming companies remain committed to the communities and the people in the hurricane-affected region. I hope Congress will come to our senses in conference and ensure that every business is treated fairly and given the opportunity to recover from Hurricane Katrina.

This Christmas, while we, Members of Congress, are sitting by our fireplaces in our comfortable homes, surrounded by our families, let us think about the thousands of victims of the Katrina hurricane who are homeless, who are jobless, away from their families this year and maybe next Christmas too, because this single congressman dislikes one business in this country and is putting his personal feelings above the well-being of our fellow citizens. This is a shame. It is an embarrassment, and we ought to rethink this and give tax breaks. If we are giving to one business, we should be giving to all and not be discriminating because of a personal dislike by one Member of this body.

Mr. MCCRERY. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Nevada (Mr. PORTER).

Mr. PORTER. Mr. Speaker, I too share the pain of those families that were impacted by the terrible storms in the Gulf Coast, having been there within 24 hours after the devastating storm, seeing it firsthand and helping those families. But I stand today to talk about the equitability of this particular proposal.

There is a number of industries that have been impacted from all walks of life, but there are close to 50,000 families that are being impacted by a carve-out in this legislation, 50,000 hard-working moms and dads trying to take care of their kids.

I believe in equitable treatment, and the gaming industry that has been carved is not asking for special treatment. They are asking to be treated like every other business. And as a Member of this body, I believe firmly

that States do have rights, and I believe that local communities have rights, and they have made decisions to allow these businesses to prosper as they are a big part of their economy.

As my colleague from Nevada said, close to \$800 million a year into their economy and close to 50,000 jobs. Again, I stand here asking for equitable treatment for a tax-paying business that is approved by State and Federal laws, and they too should be treated equally. I am extremely disappointed, and I believe when we start a carve-out process, it is a slippery slope for this Congress to be telling local governments and State governments who should be receiving these tax credits.

Mr. JEFFERSON. Mr. Speaker, I yield 3 minutes to the gentlewoman from Houston, Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, allow me to likewise lend and associate myself with the remarks of the leadership of the two gentlemen from Louisiana, both in terms of the legislation written, but also the inclusiveness of this legislation.

I am one that has seen the aftermath of the Katrina tragedy and certainly my constituents who experienced the suffering of Hurricane Rita and those of us who have encountered the devastation of Hurricane Wilma. The relevance of the United States as a Federal Government is to be the safety net and the umbrella for the American people. We know that there were many failures as it relates to Hurricane Katrina, and we are making our way steadily to determine the facts of where we failed in helping those people and helping those keep and secure their property, and also to answer the questions for those families who lost loved ones. This legislation, however, is a step forward and it provides incentives to small businesses and businesses in the region. It is inclusive and includes the hurricanes of Wilma and Rita. Rita impacted the State of Texas, and Hurricane Katrina impacted the State of Texas as we have welcomed into areas of Houston those survivors and evacuees who came from the other regions that were hit directly by Hurricane Katrina. This provides entrepreneurs with tools, and entrepreneurs with tools creates jobs. We know that small businesses and medium-size businesses are the backbone of America.

So I thank Mr. JEFFERSON for the housing assistance. I thank him for the access to capital. It makes a difference. It allows our local authorities and State authorities to get back on their feet.

But I must add my concern having been to States like Louisiana and Mississippi, where I have seen the healthy gaming industry that is not filled with corruption because it has been regulated very well by States and oversight

by the Federal Government, where it gives \$800 million to the infrastructure of various States, and yet this particular bill excludes the rebuilding or the help in the rebuilding of those particular institutions.

Mr. Speaker, they provide jobs to thousands upon thousands of people in Mississippi and Louisiana. It is imperative that we reconsider this aspect of the bill, and I am hoping that we will have an opportunity for a freestanding incentive bill to help all the businesses come back in the region.

Might I also offer and hope that my colleagues would consider a concept that I have raised called the Urban Village Tax Credit, and that is to give relief to many of those who opened their homes. Oh, yes, some may say they were their relatives, but many were not. There were many in my constituency who had 10, 20, 30, 40, 50 people in their homes, churches and other institutions, religious institutions, who took people in not because they wanted a tax incentive but because it was right, because they cared. So I would hope that my colleagues consider the Urban Village Tax Credit, which gives some tax credit relief to those who can document that they took families in during this tragic time. We are all one family and one America.

This is a great tax bill, and I would hope my colleagues would vote on it and consider the Urban Village Tax Credit.

Mr. MCCRERY. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Virginia (Mr. WOLF).

Mr. WOLF. Mr. Speaker, I rise today in support of H.R. 4440, the redevelopment tax package. I want to thank Chairman THOMAS, Chairman MCCRERY, and the Republican leadership for addressing the concerns of a lot of Members. There were 65 Members who signed the initial letter and 30 some that have signed the second letter on this issue.

We all want to help the people of the Gulf Coast, and every fair-minded American want to give hurricane-ravaged areas the Federal assistance they need to rebuild bridges, roads, hospitals, water and sewer.

While the Katrina tax package recently passed by the other body would allow benefits to rebuild massage parlors, liquor stores, and casinos because it does not contain a specific prohibition against it, this bill follows legislative history and regular order in where Federal dollars go to rebuild critical infrastructure like hospitals, homes, and communities.

The House bill, I again stress, following precedent in redevelopment assistance legislation going back more than 20 years, expressly prohibits tax incentives from going to industries that I referred. Congress has a long history of limiting certain types of businesses from receiving redevelopment tax benefits. The bill before us today continues that precedent of not allowing our constituents' hard-earned tax

dollars in these times of record deficits to subsidize the rebuilding of a massage parlor, a liquor store, or a casino.

Just as Congress has historically done, we need to target our limited Federal resources to the areas that need it. It would be my expectation that when the measure comes out of conference, it will retain the provisions that ensure that tax incentives to rebuild the Gulf region are used wisely and effectively.

It would be very difficult, almost impossible, to go to a town meeting sometime and say that I have supported or anyone has or the Congress supported giving tax breaks to rebuild whether it be a gambling casino or a massage parlor or a liquor store, and what we are doing today follows the law that we have done in the past.

I thank the gentleman for yielding me this time.

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

I would like to make brief remarks to again thank all who have worked on this bill, particularly Mr. THOMAS, Mr. MCCRERY, and Mr. RANGEL for their work and support. It is going to mean a lot to our region, a lot to my city and my district. And a great part of what we have to do, of course, is to give business the tools it needs to partner with our government to get businesses stood up, to get people back into jobs, to get housing back into our communities so that we can restore our depopulated city and other depopulated parts of parishes around Louisiana and throughout counties in Mississippi and Alabama, and this bill is going to go a long way toward helping us do that.

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

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

Mr. Speaker, many of the provisions in this bill, in fact, most of the provisions in this bill, are simply tools that the Federal Government will give to individuals and businesses in the devastated areas to help themselves. The bonding provisions, for example, that Mr. JEFFERSON spoke of, all of those are simply tools to allow the people in these devastated areas to help pick themselves up and restart their communities. The refinancing provision, for example, allowing States to basically refinance existing bonded obligations, that is a way that we are going to allow States to help themselves.

So, Mr. Speaker, I hope that this House will today take the first step to getting this necessary help to these devastated areas and then, before we leave here for the Christmas holidays, pass a final version that we can send to the President for his signature. It is critical.

Mr. SHAYS. Mr. Speaker, I rise in support of H.R. 4440, the Gulf Opportunity Zone Act, which provides tax incentives for businesses to invest in and rebuild the Gulf Coast communities ravaged by hurricanes.

I am pleased these federal resources will not be used to support the gambling facilities, liquor stores and massage parlors. I don't believe the federal government should help interests that have dubious value to these communities.

I believe gambling is inherently dishonest and am opposed to it in any form. During my 14 years in the state legislature I voted against every gambling bill. Gambling financially cripples those who can least afford it—the poor—through the cruel and misleading lure of “winning it big.”

With the budget deficits growing to historic levels, we need to make sure tax dollars are being used in the wisest possible manner to rebuild the region's businesses and housing.

Fair-minded Americans support tax incentives to spur business reinvestment along the hurricane-ravaged Gulf coast to help victims there rebuild their lives.

Tax breaks for the gaming industry simply do not make sense.

I urge my colleagues to support this resolution.

Mr. GIBBONS. Mr. Speaker, I rise today in support of those communities in the gulf coast region who have been devastated by the recent hurricanes.

However, while well-intentioned, I find today's legislation to spur economic development in the gulf coast region to be significantly flawed in that it specifically excluded a key industry in the area.

Never before in any previous disaster relief legislation, has Congress picked winners and losers. We should not start today.

Businesses on the gulf coast have invested billions of dollars in infrastructure that Hurricane Katrina reduced to rubble in a matter of hours. The gaming industry employs tens of thousands of people in the gulf coast region.

It should be treated equally in legislation seeking to assist the rebuilding of businesses destroyed by Hurricane Katrina. The gaming businesses are legal, well-regulated, and publicly traded companies that should not be discriminated against in Federal economic assistance legislation.

Many people in this region lost everything; their homes, their jobs, personal belongings, and the schools their kids attended. It is regrettable that some in Congress are willing to put the hardship of one displaced individual—who may work for a refinery or a grocery store—over another individual's who happens to work in the gaming industry.

This was a terrible disaster and loss for everyone, and Congress today is ignoring that simple fact.

I will not support the Gulf Opportunity Zone legislation today, because I am extremely disturbed with the dangerous precedent this sets.

I will work with our delegation and the conference committee to ensure that the final bill includes equal treatment for the gaming industry—just like any other business in the gulf coast region.

Mr. MCCRERY. Mr. Speaker, 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. 4440.

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 bill, H.R. 4440.

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

There was no objection.

UNITED STATES-BAHRAIN FREE TRADE AGREEMENT IMPLEMENTATION ACT

Mr. SHAW. Mr. Speaker, pursuant to House Resolution 583, I call up the bill (H.R. 4340) to implement the United States-Bahrain Free Trade Agreement, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4340

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “United States-Bahrain Free Trade Agreement Implementation Act”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Purposes.
- Sec. 3. Definitions.

TITLE I—APPROVAL OF, AND GENERAL PROVISIONS RELATING TO, THE AGREEMENT

- Sec. 101. Approval and entry into force of the Agreement.
- Sec. 102. Relationship of the agreement to United States and State law.
- Sec. 103. Implementing actions in anticipation of entry into force and initial regulations.
- Sec. 104. Consultation and layover provisions for, and effective date of, proclaimed actions.
- Sec. 105. Administration of dispute settlement proceedings.
- Sec. 106. Effective dates; effect of termination.

TITLE II—CUSTOMS PROVISIONS

- Sec. 201. Tariff modifications.
- Sec. 202. Rules of origin.
- Sec. 203. Customs user fees.
- Sec. 204. Enforcement relating to trade in textile and apparel goods.
- Sec. 205. Regulations.

TITLE III—RELIEF FROM IMPORTS

- Sec. 301. Definitions.
- Subtitle A—Relief From Imports Benefiting From the Agreement
 - Sec. 311. Commencing of action for relief.
 - Sec. 312. Commission action on petition.
 - Sec. 313. Provision of relief.

- Sec. 314. Termination of relief authority.
- Sec. 315. Compensation authority.
- Sec. 316. Confidential business information.
 - Subtitle B—Textile and Apparel Safeguard Measures
- Sec. 321. Commencement of action for relief.
- Sec. 322. Determination and provision of relief.
- Sec. 323. Period of relief.
- Sec. 324. Articles exempt from relief.
- Sec. 325. Rate after termination of import relief.
- Sec. 326. Termination of relief authority.
- Sec. 327. Compensation authority.
- Sec. 328. Confidential business information.

TITLE IV—PROCUREMENT

- Sec. 401. Eligible products.

SEC. 2. PURPOSES.

The purposes of this Act are—

(1) to approve and implement the Free Trade Agreement between the United States and Bahrain entered into under the authority of section 2103(b) of the Bipartisan Trade Promotion Authority Act of 2002 (19 U.S.C. 3803(b));

(2) to strengthen and develop economic relations between the United States and Bahrain for their mutual benefit;

(3) to establish free trade between the 2 nations through the reduction and elimination of barriers to trade in goods and services; and

(4) to lay the foundation for further cooperation to expand and enhance the benefits of such Agreement.

SEC. 3. DEFINITIONS.

In this Act:

(1) AGREEMENT.—The term “Agreement” means the United States-Bahrain Free Trade Agreement approved by Congress under section 101(a)(1).

(2) HTS.—The term “HTS” means the Harmonized Tariff Schedule of the United States.

(3) TEXTILE OR APPAREL GOOD.—The term “textile or apparel good” means a good listed in the Annex to the Agreement on Textiles and Clothing referred to in section 101(d)(4) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(4)).

TITLE I—APPROVAL OF, AND GENERAL PROVISIONS RELATING TO, THE AGREEMENT

SEC. 101. APPROVAL AND ENTRY INTO FORCE OF THE AGREEMENT.

(a) APPROVAL OF AGREEMENT AND STATEMENT OF ADMINISTRATIVE ACTION.—Pursuant to section 2105 of the Bipartisan Trade Promotion Authority Act of 2002 (19 U.S.C. 3805) and section 151 of the Trade Act of 1974 (19 U.S.C. 2191), Congress approves—

(1) the United States-Bahrain Free Trade Agreement entered into on September 14, 2004, with Bahrain and submitted to Congress on November 16, 2005; and

(2) the statement of administrative action proposed to implement the Agreement that was submitted to Congress on November 16, 2005.

(b) CONDITIONS FOR ENTRY INTO FORCE OF THE AGREEMENT.—At such time as the President determines that Bahrain has taken measures necessary to bring it into compliance with those provisions of the Agreement that are to take effect on the date on which the Agreement enters into force, the President is authorized to exchange notes with the Government of Bahrain providing for the entry into force, on or after January 1, 2006, of the Agreement with respect to the United States.

SEC. 102. RELATIONSHIP OF THE AGREEMENT TO UNITED STATES AND STATE LAW.

(a) RELATIONSHIP OF AGREEMENT TO UNITED STATES LAW.—

(1) UNITED STATES LAW TO PREVAIL IN CONFLICT.—No provision of the Agreement, nor