

***In the Senate of the United States,***

*December 16, 2005.*

*Resolved*, That the bill from the House of Representatives (H.R. 4440) entitled “An Act 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.”, do pass with the following

**AMENDMENT:**

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE; ETC.***

2       (a) *SHORT TITLE.*—*This Act may be cited as the “Gulf*

3 *Opportunity Zone Act of 2005”.*

1           (b) *AMENDMENT OF 1986 CODE.*—*Except as otherwise*  
 2 *expressly provided, whenever in this Act an amendment or*  
 3 *repeal is expressed in terms of an amendment to, or repeal*  
 4 *of, a section or other provision, the reference shall be consid-*  
 5 *ered to be made to a section or other provision of the Inter-*  
 6 *nal Revenue Code of 1986.*

7           (c) *TABLE OF CONTENTS.*—*The table of contents of this*  
 8 *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. Expansion of Hope Scholarship and Lifetime Learning Credit for stu-*  
*dents in the Gulf Opportunity Zone.*

*Sec. 103. Housing relief for individuals affected by Hurricane Katrina.*

*Sec. 104. Extension of special rules for mortgage revenue bonds.*

*Sec. 105. Special extension of bonus depreciation placed in service date for tax-*  
*payers affected by Hurricanes Katrina, Rita, and Wilma.*

*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. Gulf Coast Recovery Bonds.*

*Sec. 302. Election to include combat pay as earned income for purposes of earned*  
*income credit.*

*Sec. 303. Modification of effective date of exception from suspension rules for cer-*  
*tain listed and reportable transactions.*

*Sec. 304. Authority for undercover operations.*

*Sec. 305. Disclosures of certain tax return information.*

*TITLE IV—TECHNICALS*

*Subtitle A—Tax Technicals*

*Sec. 401. Short title.*

*Sec. 402. Amendments related to Energy Policy Act of 2005.*

*Sec. 403. Amendments related to the American Jobs Creation Act of 2004.*

*Sec. 404. Amendments related to the Working Families Tax Relief Act of 2004.*

*Sec. 405. Amendments related to the Jobs and Growth Tax Relief Reconciliation*  
*Act of 2003.*

*Sec. 406. Amendment related to the Victims of Terrorism Tax Relief Act of 2001.*

*Sec. 407. Amendments related to the Economic Growth and Tax Relief Reconciliation Act of 2001.*

*Sec. 408. Amendments related to the Internal Revenue Service Restructuring and Reform Act of 1998.*

*Sec. 409. Amendments related to the Taxpayer Relief Act of 1997.*

*Sec. 410. Amendment related to the Omnibus Budget Reconciliation Act of 1990.*

*Sec. 411. Amendment related to the Omnibus Budget Reconciliation Act of 1987.*

*Sec. 412. Clerical corrections.*

*Sec. 413. Other corrections related to the American Jobs Creation Act of 2004.*

*Subtitle B—Trade Technicals*

*Sec. 421. Technical corrections to regional value content methods for rules of origin under Public Law 109–53.*

*TITLE V—EMERGENCY REQUIREMENT*

*Sec. 501. Emergency requirement.*

1     **TITLE I—ESTABLISHMENT OF**  
2     **GULF OPPORTUNITY ZONE**

3     **SEC. 101. TAX BENEFITS FOR GULF OPPORTUNITY ZONE.**

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

6     **“PART II—TAX BENEFITS FOR GO ZONES**

*“Sec. 1400M. Definitions.*

*“Sec. 1400N. Tax benefits for Gulf Opportunity Zone.*

7     **“SEC. 1400M. DEFINITIONS.**

8     *“For purposes of this part—*

9     *“(1) GULF OPPORTUNITY ZONE.—The terms*  
10     *‘Gulf Opportunity Zone’ and ‘GO Zone’ mean that*  
11     *portion of the Hurricane Katrina disaster area deter-*  
12     *mined by the President to warrant individual or in-*  
13     *dividual and public assistance from the Federal Gov-*  
14     *ernment under the Robert T. Stafford Disaster Relief*  
15     *and Emergency Assistance Act by reason of Hurri-*  
16     *cane Katrina.*

1           “(2) *HURRICANE KATRINA DISASTER AREA.*—  
2           *The term ‘Hurricane Katrina disaster area’ means*  
3           *an area with respect to which a major disaster has*  
4           *been declared by the President before September 14,*  
5           *2005, under section 401 of such Act by reason of Hur-*  
6           *ricane Katrina.*

7           “(3) *RITA GO ZONE.*—*The term ‘Rita GO Zone’*  
8           *means that portion of the Hurricane Rita disaster*  
9           *area determined by the President to warrant indi-*  
10           *vidual or individual and public assistance from the*  
11           *Federal Government under such Act by reason of*  
12           *Hurricane Rita.*

13           “(4) *HURRICANE RITA DISASTER AREA.*—*The*  
14           *term ‘Hurricane Rita disaster area’ means an area*  
15           *with respect to which a major disaster has been de-*  
16           *clared by the President before October 6, 2005, under*  
17           *section 401 of such Act by reason of Hurricane Rita.*

18           “(5) *WILMA GO ZONE.*—*The term ‘Wilma GO*  
19           *Zone’ means that portion of the Hurricane Wilma*  
20           *disaster area determined by the President to warrant*  
21           *individual or individual and public assistance from*  
22           *the Federal Government under such Act by reason of*  
23           *Hurricane Wilma.*

24           “(6) *HURRICANE WILMA DISASTER AREA.*—*The*  
25           *term ‘Hurricane Wilma disaster area’ means an area*

1       *with respect to which a major disaster has been de-*  
2       *clared by the President before November 14, 2005,*  
3       *under section 401 of such Act by reason of Hurricane*  
4       *Wilma.*

5       **“SEC. 1400N. TAX BENEFITS FOR GULF OPPORTUNITY**  
6               **ZONE.**

7       **“(a) TAX-EXEMPT BOND FINANCING.—**

8               **“(1) IN GENERAL.—***For purposes of this title—*

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

12                      **“(B) any qualified Gulf Opportunity Zone**  
13                      *Bond described in paragraph (2)(A)(ii) shall be*  
14                      *treated as a qualified mortgage bond.*

15               **“(2) QUALIFIED GULF OPPORTUNITY ZONE**  
16               **BOND.—***For purposes of this subsection, the term*  
17               *‘qualified Gulf Opportunity Zone Bond’ means any*  
18               *bond issued as part of an issue if—*

19                      **“(A)(i) 95 percent or more of the net pro-**  
20                      *ceeds (as defined in section 150(a)(3)) of such*  
21                      *issue are to be used for qualified project costs, or*

22                      **“(ii) such issue meets the requirements of a**  
23                      *qualified mortgage issue, except as otherwise pro-*  
24                      *vided in this subsection,*

1           “(B) such bond is issued by the State of  
2           Alabama, Louisiana, or Mississippi, or any po-  
3           litical subdivision thereof,

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

6                   “(i) in the case of a bond which is re-  
7                   quired under State law to be approved by  
8                   the bond commission of such State, such  
9                   bond commission, and

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

12           “(D) such bond is issued after the date of  
13           the enactment of this section and before January  
14           1, 2011, and

15           “(E) no portion of the proceeds of such issue  
16           is to be used to provide any property described  
17           in section 144(c)(6)(B).

18           “(3) LIMITATIONS ON BONDS.—

19                   “(A) AGGREGATE AMOUNT DESIGNATED.—  
20                   The maximum aggregate face amount of bonds  
21                   which may be designated under this subsection  
22                   with respect to any State shall not exceed the  
23                   product of \$2,500 multiplied by the portion of  
24                   the State population which is in the Gulf Oppor-  
25                   tunity Zone (as determined on the basis of the

1           *most recent census estimate of resident popu-*  
2           *lation released by the Bureau of Census before*  
3           *August 28, 2005).*

4           “(B) *MOVABLE PROPERTY.*—No bonds shall  
5           *be issued which are to be used for movable fix-*  
6           *tures and equipment.*

7           “(4) *QUALIFIED PROJECT COSTS.*—For purposes  
8           *of this subsection, the term ‘qualified project costs’*  
9           *means—*

10           “(A) *the cost of any qualified residential*  
11           *rental project (as defined in section 142(d)) lo-*  
12           *cated in the Gulf Opportunity Zone, and*

13           “(B) *the cost of acquisition, construction,*  
14           *reconstruction, and renovation of—*

15           “(i) *nonresidential real property (in-*  
16           *cluding fixed improvements associated with*  
17           *such property) located in the Gulf Oppor-*  
18           *tunity Zone, and*

19           “(ii) *public utility property (as de-*  
20           *fined in section 168(i)(10)) located in the*  
21           *Gulf Opportunity Zone.*

22           “(5) *SPECIAL RULES.*—In applying this title to  
23           *any qualified Gulf Opportunity Zone Bond, the fol-*  
24           *lowing modifications shall apply:*

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

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

5                   “(ii) by substituting ‘70 percent’ for  
6 ‘60 percent’ in subparagraph (B) thereof.

7           “(B) Section 143 (relating to mortgage rev-  
8 enue bonds: qualified mortgage bond and quali-  
9 fied veterans’ mortgage bond) shall be applied—

10                   “(i) only with respect to owner-occu-  
11 pied residences in the Gulf Opportunity  
12 Zone,

13                   “(ii) by treating any such residence in  
14 the Gulf Opportunity Zone as a targeted  
15 area residence,

16                   “(iii) by applying subsection (f)(3)  
17 thereof without regard to subparagraph (A)  
18 thereof, and

19                   “(iv) by substituting ‘\$150,000’ for  
20 ‘\$15,000’ in subsection (k)(4) thereof.

21           “(C) Except as provided in section 143, re-  
22 payments of principal on financing provided by  
23 the issue of which such bond is a part may not  
24 be used to provide financing.



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

3           “(E) Section 147(d)(2) (relating to acquisi-  
4 tion of existing property not permitted) shall be  
5 applied by substituting ‘50 percent’ for ‘15 per-  
6 cent’ each place it appears.

7           “(F) Section 148(f)(4)(C) (relating to excep-  
8 tion from rebate for certain proceeds to be used  
9 to finance construction expenditures) shall apply  
10 to the available construction proceeds of bonds  
11 which are part of an issue described in para-  
12 graph (2)(A)(i).

13           “(G) Section 57(a)(5) (relating to tax-ex-  
14 empt interest) shall not apply.

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

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

24           “(1) IN GENERAL.—With respect to a bond de-  
25 scribed in paragraph (3), one additional advance re-

1       *funding after the date of the enactment of this section*  
2       *and before January 1, 2011, shall be allowed under*  
3       *the applicable rules of section 149(d) if—*

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

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

9               “(2) *CERTAIN PRIVATE ACTIVITY BONDS.—With*  
10              *respect to a bond described in paragraph (3) which*  
11              *is an exempt facility bond described in paragraph (1)*  
12              *or (2) of section 142(a), one advance refunding after*  
13              *the date of the enactment of this section and before*  
14              *January 1, 2011, shall be allowed under the applica-*  
15              *ble rules of section 149(d) (notwithstanding para-*  
16              *graph (2) thereof) if the requirements of subpara-*  
17              *graphs (A) and (B) of paragraph (1) are met.*

18              “(3) *BONDS DESCRIBED.—A bond is described in*  
19              *this paragraph if such bond was outstanding on Au-*  
20              *gust 28, 2005, and is issued by the State of Alabama,*  
21              *Louisiana, or Mississippi, or a political subdivision*  
22              *thereof.*

23              “(4) *AGGREGATE LIMIT.—The maximum aggre-*  
24              *gate face amount of bonds which may be designated*

1       *under this subsection by the Governor of a State shall*  
2       *not exceed—*

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

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

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

9               “(5) *ADDITIONAL REQUIREMENTS.—The require-*  
10              *ments of this paragraph are met with respect to any*  
11              *advance refunding of a bond described in paragraph*  
12              *(3) if—*

13               “(A) *no advance refundings of such bond*  
14               *would be allowed under this title on or after Au-*  
15               *gust 28, 2005,*

16               “(B) *the advance refunding bond is the only*  
17               *other outstanding bond with respect to the re-*  
18               *funded bond, and*

19               “(C) *the requirements of section 148 are met*  
20               *with respect to all bonds issued under this sub-*  
21               *section.*

22               “(6) *USE OF PROCEEDS REQUIREMENT.—This*  
23               *subsection shall not apply to any advance refunding*  
24               *of a bond which is issued as part of an issue if any*  
25               *portion of the proceeds of such issue (or any prior*

1       *issue) was (or is to be) used to provide any property*  
2       *described in section 144(c)(6)(B).*

3       “(c) *LOW-INCOME HOUSING CREDIT.*—

4               “(1) *ADDITIONAL HOUSING CREDIT DOLLAR*  
5       *AMOUNT FOR GULF OPPORTUNITY ZONE.*—

6               “(A) *IN GENERAL.*—*For purposes of section*  
7       *42, in the case of calendar years 2006, 2007, and*  
8       *2008, the State housing credit ceiling of each*  
9       *State, any portion of which is located in the*  
10       *Gulf Opportunity Zone, shall be increased by the*  
11       *lesser of—*

12               “(i) *the aggregate housing credit dollar*  
13       *amount allocated by the State housing cred-*  
14       *it agency of such State to buildings located*  
15       *in the Gulf Opportunity Zone for such cal-*  
16       *endar year, or*

17               “(ii) *the Gulf Opportunity housing*  
18       *amount for such State for such calendar*  
19       *year.*

20               “(B) *GULF OPPORTUNITY HOUSING*  
21       *AMOUNT.*—*For purposes of subparagraph (A),*  
22       *the term ‘Gulf Opportunity housing amount’*  
23       *means, for any calendar year, the amount equal*  
24       *to the product of \$18.00 multiplied by the por-*  
25       *tion of the State population which is in the Gulf*

1           *Opportunity Zone (as determined on the basis of*  
2           *the most recent census estimate of resident popu-*  
3           *lation released by the Bureau of Census before*  
4           *August 28, 2005).*

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

14           “(2) *ADDITIONAL HOUSING CREDIT DOLLAR*  
15           *AMOUNT FOR TEXAS AND FLORIDA.—For purposes of*  
16           *section 42, in the case of calendar year 2006, the*  
17           *State housing credit ceiling of Texas and Florida*  
18           *shall each be increased by \$3,500,000.*

19           “(3) *DIFFICULT DEVELOPMENT AREA.—*

20           “(A) *IN GENERAL.—For purposes of section*  
21           *42, in the case of property placed in service dur-*  
22           *ing 2006, 2007, or 2008, the Gulf Opportunity*  
23           *Zone, the Rita GO Zone, and the Wilma GO*  
24           *Zone—*

1           “(i) shall be treated as difficult devel-  
2           opment areas designated under subclause (I)  
3           of section 42(d)(5)(C)(iii), and

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

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

9           “(i) housing credit dollar amounts al-  
10          located during the period beginning on Jan-  
11          uary 1, 2006, and ending on December 31,  
12          2008, and

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

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

21                 “(A) during 2006, 2007, or 2008,

22                 “(B) in the Gulf Opportunity Zone, and

23                 “(C) in a nonmetropolitan area (as defined  
24                 in section 42(d)(5)(C)(iv)(IV)),

1 *section 42 shall be applied by substituting ‘national*  
2 *nonmetropolitan median gross income (determined*  
3 *under rules similar to the rules of section*  
4 *142(d)(2)(B))’ for ‘area median gross income’ in sub-*  
5 *paragraphs (A) and (B) of section 42(g)(1).*

6 “(5) *DEFINITIONS.—Any term used in this sub-*  
7 *section which is also used in section 42 shall have the*  
8 *same meaning as when used in such section.*

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

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

13 “(A) *the depreciation deduction provided by*  
14 *section 167(a) for the taxable year in which such*  
15 *property is placed in service shall include an al-*  
16 *lowance equal to 50 percent of the adjusted basis*  
17 *of such property, and*

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

24 “(2) *QUALIFIED GULF OPPORTUNITY ZONE PROP-*  
25 *ERTY.—For purposes of this subsection—*

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

4                   “(i)(I) *which is described in section*  
5 *168(k)(2)(A)(i), or*

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

8                   “(ii) *substantially all of the use of*  
9 *which is in the Gulf Opportunity Zone and*  
10 *is in the active conduct of a trade or busi-*  
11 *ness by the taxpayer in such Zone,*

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

15                   “(iv) *which is acquired by the tax-*  
16 *payer by purchase (as defined in section*  
17 *179(d)) on or after August 28, 2005, but*  
18 *only if no written binding contract for the*  
19 *acquisition was in effect before August 28,*  
20 *2005, and*

21                   “(v) *which is placed in service by the*  
22 *taxpayer on or before December 31, 2007*  
23 *(December 31, 2008, in the case of nonresi-*  
24 *dential real property and residential rental*  
25 *property).*



1           “(B) *EXCEPTIONS.*—

2                   “(i) *ALTERNATIVE DEPRECIATION*  
3 *PROPERTY.*—Such term shall not include  
4 any property described in section  
5 168(k)(2)(D)(i).

6                   “(ii) *TAX-EXEMPT BOND-FINANCED*  
7 *PROPERTY.*—Such term shall not include  
8 any property any portion of which is fi-  
9 nanced with the proceeds of any obligation  
10 the interest on which is exempt from tax  
11 under section 103.

12                   “(iii) *QUALIFIED REVITALIZATION*  
13 *BUILDINGS.*—Such term shall not include  
14 any qualified revitalization building with  
15 respect to which the taxpayer has elected the  
16 application of paragraph (1) or (2) of sec-  
17 tion 1400I(a).

18                   “(iv) *ELECTION OUT.*—If a taxpayer  
19 makes an election under this clause with re-  
20 spect to any class of property for any tax-  
21 able year, this subsection shall not apply to  
22 all property in such class placed in service  
23 during such taxable year.

24                   “(3) *SPECIAL RULES.*—For purposes of this sub-  
25 section, rules similar to the rules of subparagraph (E)

1 of section 168(k)(2) shall apply, except that such sub-  
2 paragraph shall be applied—

3 “(A) by substituting ‘August 27, 2005’ for  
4 ‘September 10, 2001’ each place it appears there-  
5 in,

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

8 “(C) by substituting ‘qualified Gulf Oppor-  
9 tunity Zone property’ for ‘qualified property’ in  
10 clause (iv) thereof.

11 “(4) ALLOWANCE AGAINST ALTERNATIVE MIN-  
12 IMUM TAX.—For purposes of this subsection, rules  
13 similar to the rules of section 168(k)(2)(G) shall  
14 apply.

15 “(5) RECAPTURE.—For purposes of this sub-  
16 section, rules similar to the rules under section  
17 179(d)(10) shall apply with respect to any qualified  
18 Gulf Opportunity Zone property which ceases to be  
19 qualified Gulf Opportunity Zone property.

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

21 “(1) IN GENERAL.—For purposes of section  
22 179—

23 “(A) the dollar amount in effect under sec-  
24 tion 179(b)(1) for the taxable year shall be in-  
25 creased by the lesser of—

1                   “(i) \$100,000, or

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

5                   “(B) the dollar amount in effect under sec-  
6                   tion 179(b)(2) for the taxable year shall be in-  
7                   creased by the lesser of—

8                   “(i) \$600,000, or

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

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

18                  “(3) *COORDINATION WITH EMPOWERMENT ZONES*  
19                  *AND RENEWAL COMMUNITIES.*—For purposes of sec-  
20                  tions 1397A and 1400J, qualified section 179 Gulf  
21                  Opportunity Zone property shall not be treated as  
22                  qualified zone property or qualified renewal property,  
23                  unless the taxpayer elects not to take such qualified  
24                  section 179 Gulf Opportunity Zone property into ac-  
25                  count for purposes of this subsection.

1           “(4) *RECAPTURE.*—For purposes of this sub-  
2           section, rules similar to the rules under section  
3           179(d)(10) shall apply with respect to any qualified  
4           section 179 Gulf Opportunity Zone property which  
5           ceases to be qualified section 179 Gulf Opportunity  
6           Zone property.

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

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

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

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

1                   “(B) property described in section  
2                   1221(a)(1) in the hands of the taxpayer.

3                   For purposes of the preceding sentence, amounts paid  
4                   or incurred shall be taken into account only to the ex-  
5                   tent that such amount would (but for paragraph (1))  
6                   be chargeable to capital account.

7                   “(g) *EXTENSION OF EXPENSING FOR ENVIRONMENTAL*  
8                   *REMEDATION COSTS.*—With respect to any qualified envi-  
9                   ronmental remediation expenditure (as defined in section  
10                  198(b)) paid or incurred on or after August 28, 2005, in  
11                  connection with a qualified contaminated site located in the  
12                  Gulf Opportunity Zone, section 198 (relating to expensing  
13                  of environmental remediation costs) shall be applied—

14                  “(1) in the case of expenditures paid or incurred  
15                  on or after August 28, 2005, and before January 1,  
16                  2008, by substituting ‘December 31, 2007’ for the date  
17                  contained in section 198(h), and

18                  “(2) except as provided in section 198(d)(2), by  
19                  treating petroleum products (as defined in section  
20                  4612(a)(3)) as a hazardous substance.

21                  “(h) *INCREASE IN REHABILITATION CREDIT.*—In the  
22                  case of qualified rehabilitation expenditures (as defined in  
23                  section 47(c)) paid or incurred during the period beginning  
24                  on August 28, 2005, and ending on December 31, 2008,  
25                  with respect to any qualified rehabilitated building or cer-

1 *tified historic structure (as defined in section 47(c)) located*  
 2 *in the Gulf Opportunity Zone, subsection (a) of section 47*  
 3 *(relating to rehabilitation credit) shall be applied—*

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

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

8           “(i) *SPECIAL RULES FOR SMALL TIMBER PRO-*  
 9 *DUCERS.—*

10           “(1) *INCREASED EXPENSING FOR QUALIFIED*  
 11 *TIMBER PROPERTY.—In the case of qualified timber*  
 12 *property any portion of which is located in the Gulf*  
 13 *Opportunity Zone, in that portion of the Rita GO*  
 14 *Zone which is not part of the Gulf Opportunity Zone,*  
 15 *or in the Wilma GO Zone, the limitation under sub-*  
 16 *paragraph (B) of section 194(b)(1) shall be increased*  
 17 *by the lesser of—*

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

21           “(B) *the amount of reforestation expendi-*  
 22 *tures (as defined in section 194(c)(3)) paid or*  
 23 *incurred by the taxpayer with respect to such*  
 24 *qualified timber property during the specified*  
 25 *portion of the taxable year.*

1           “(2) 5 YEAR NOL CARRYBACK OF CERTAIN TIM-  
2           BER LOSSES.—For purposes of determining any  
3           farming loss under section 172(i), income and deduc-  
4           tions which are allocable to the specified portion of  
5           the taxable year and which are attributable to quali-  
6           fied timber property any portion of which is located  
7           in the Gulf Opportunity Zone, in that portion of the  
8           Rita GO Zone which is not part of the Gulf Oppor-  
9           tunity Zone, or in the Wilma GO Zone shall be treat-  
10          ed as attributable to farming businesses.

11           “(3) RULES NOT APPLICABLE TO CERTAIN ENTI-  
12          TIES.—Paragraphs (1) and (2) shall not apply to  
13          any taxpayer which—

14                   “(A) is a corporation the stock of which is  
15                   publicly traded on an established securities mar-  
16                   ket, or

17                   “(B) is a real estate investment trust.

18           “(4) RULES NOT APPLICABLE TO LARGE TIMBER  
19          PRODUCERS.—

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

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

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

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

10                           “(II) *on September 23, 2005, in*  
11                           *the case of qualified timber property*  
12                           *(other than property described in sub-*  
13                           *clause (I)) any portion of which is lo-*  
14                           *cated in that portion of the Rita GO*  
15                           *Zone which is not part of the Gulf Op-*  
16                           *portunity Zone, or*

17                           “(III) *on October 23, 2005, in the*  
18                           *case of qualified timber property (other*  
19                           *than property described in subclause*  
20                           *(I) or (II)) any portion of which is lo-*  
21                           *cated in the Wilma GO Zone, and*

22                           “(ii) *such taxpayer held not more than*  
23                           *500 acres of qualified timber property on*  
24                           *such date.*



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

3           “(A) *SPECIFIED PORTION.*—

4           “(i) *IN GENERAL.*—*The term ‘specified*  
5 *portion’ means—*

6           “(I) *in the case of qualified tim-*  
7 *ber property any portion of which is*  
8 *located in the Gulf Opportunity Zone,*  
9 *that portion of the taxable year which*  
10 *is on or after August 28, 2005, and be-*  
11 *fore the termination date,*

12           “(II) *in the case of qualified tim-*  
13 *ber property (other than property de-*  
14 *scribed in clause (i)) any portion of*  
15 *which is located in the Rita GO Zone,*  
16 *that portion of the taxable year which*  
17 *is on or after September 23, 2005, and*  
18 *before the termination date, or*

19           “(III) *in the case of qualified tim-*  
20 *ber property (other than property de-*  
21 *scribed in clause (i) or (ii)) any por-*  
22 *tion of which is located in the Wilma*  
23 *GO Zone, that portion of the taxable*  
24 *year which is on or after October 23,*  
25 *2005, and before the termination date.*

1                   “(i) *TERMINATION DATE*.—The term  
2                   ‘termination date’ means—

3                               “(I) for purposes of paragraph  
4                               (1), January 1, 2008, and

5                               “(II) for purposes of paragraph  
6                               (2), January 1, 2007.

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

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

12                   “(1) *IN GENERAL*.—The amount described in sec-  
13                   tion 172(f)(1)(A) for any taxable year shall be in-  
14                   creased by the Gulf Opportunity Zone public utility  
15                   casualty loss for such taxable year.

16                   “(2) *GULF OPPORTUNITY ZONE PUBLIC UTILITY*  
17 *CASUALTY LOSS*.—For purposes of this subsection, the  
18                   term ‘Gulf Opportunity Zone public utility casualty  
19                   loss’ means any casualty loss of public utility prop-  
20                   erty (as defined in section 168(i)(10)) located in the  
21                   Gulf Opportunity Zone if—

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

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

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

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

12           “(4) *COORDINATION WITH GENERAL DISASTER*  
13           *LOSS RULES.—Subsection (k) and section 165(i) shall*  
14           *not apply to any Gulf Opportunity Zone public util-*  
15           *ity casualty loss to the extent such loss is taken into*  
16           *account under paragraph (1).*

17           “(5) *ELECTION.—Any election under paragraph*  
18           *(2)(C) shall be made in such manner as may be pre-*  
19           *scribed by the Secretary and shall be made by the due*  
20           *date (including extensions of time) for filing the tax-*  
21           *payer’s return for the taxable year of the loss. Such*  
22           *election, once made for any taxable year, shall be ir-*  
23           *revocable for such taxable year.*

24           “(k) *TREATMENT OF NET OPERATING LOSSES ATTRIB-*  
25           *UTABLE TO GULF OPPORTUNITY ZONE LOSSES.—*

1           “(1) *IN GENERAL.*—If a portion of any net oper-  
 2           ating loss of the taxpayer for any taxable year is a  
 3           qualified Gulf Opportunity Zone loss, the following  
 4           rules shall apply:

5                   “(A) *EXTENSION OF CARRYBACK PERIOD.*—  
 6           Section 172(b)(1) shall be applied with respect to  
 7           such portion—

8                           “(i) by substituting ‘5 taxable years’  
 9                           for ‘2 taxable years’ in subparagraph (A)(i),  
 10                           and

11                           “(ii) by not taking such portion into  
 12                           account in determining any eligible loss of  
 13                           the taxpayer under subparagraph (F) there-  
 14                           of for the taxable year.

15                   “(B) *SUSPENSION OF 90 PERCENT AMT LIM-*  
 16           *ITATION.*—Section 56(d)(1) shall be applied by  
 17           increasing the amount determined under sub-  
 18           paragraph (A)(ii)(I) thereof by the sum of the  
 19           carrybacks and carryovers of any net operating  
 20           loss attributable to such portion.

21           “(2) *QUALIFIED GULF OPPORTUNITY ZONE*  
 22           *LOSS.*—For purposes of paragraph (1), the term  
 23           ‘qualified Gulf Opportunity Zone loss’ means the less-  
 24           er of—

25                   “(A) the excess of—

1           “(i) the net operating loss for such tax-  
2           able year, over

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

6           “(B) the aggregate amount of the following  
7           deductions to the extent taken into account in  
8           computing the net operating loss for such taxable  
9           year:

10           “(i) Any deduction for any qualified  
11           Gulf Opportunity Zone casualty loss.

12           “(ii) Any deduction for moving ex-  
13           penses paid or incurred after August 27,  
14           2005, and before January 1, 2008, and al-  
15           lowable under this chapter to any taxpayer  
16           in connection with the employment of any  
17           individual—

18           “(I) whose principal place of  
19           abode was located in the Gulf Oppor-  
20           tunity Zone before August 28, 2005,

21           “(II) who was unable to remain  
22           in such abode as the result of Hurri-  
23           cane Katrina, and

24           “(III) whose principal place of  
25           employment with the taxpayer after

1            *such expense is located in the Gulf Op-*  
2            *portunity Zone.*

3            *For purposes of this clause, the term ‘mov-*  
4            *ing expenses’ has the meaning given such*  
5            *term by section 217(b), except that the tax-*  
6            *payer’s former residence and new residence*  
7            *may be the same residence if the initial*  
8            *vacating of the residence was as the result*  
9            *of Hurricane Katrina.*

10            *“(iii) Any deduction allowable under*  
11            *this chapter for expenses paid or incurred*  
12            *after August 27, 2005, and before January*  
13            *1, 2008, to temporarily house any employee*  
14            *of the taxpayer whose principal place of em-*  
15            *ployment is in the Gulf Opportunity Zone.*

16            *“(iv) Any deduction for depreciation*  
17            *(or amortization in lieu of depreciation) al-*  
18            *lowable under this chapter with respect to*  
19            *any qualified Gulf Opportunity Zone prop-*  
20            *erty (as defined in subsection (d)(2), but*  
21            *without regard to subparagraph (B)(iv)*  
22            *thereof)) for the taxable year such property*  
23            *is placed in service.*

24            *“(v) Any deduction allowable under*  
25            *this chapter for repair expenses (including*

1           *expenses for removal of debris) paid or in-*  
2           *curring after August 27, 2005, and before*  
3           *January 1, 2008, with respect to any dam-*  
4           *age attributable to Hurricane Katrina and*  
5           *in connection with property which is lo-*  
6           *cated in the Gulf Opportunity Zone.*

7           “(3) *QUALIFIED GULF OPPORTUNITY ZONE CAS-*  
8           *UALTY LOSS.—*

9           “(A) *IN GENERAL.—For purposes of para-*  
10          *graph (2)(B)(i), the term ‘qualified Gulf Oppor-*  
11          *tunity Zone casualty loss’ means any uncompen-*  
12          *sated section 1231 loss (as defined in section*  
13          *1231(a)(3)(B)) of property located in the Gulf*  
14          *Opportunity Zone if—*

15               “(i) *such loss is allowed as a deduction*  
16               *under section 165 for the taxable year, and*

17               “(ii) *such loss is by reason of Hurri-*  
18               *cane Katrina.*

19          “(B) *REDUCTION FOR GAINS FROM INVOL-*  
20          *UNTARY CONVERSION.—The amount of qualified*  
21          *Gulf Opportunity Zone casualty loss which*  
22          *would (but for this subparagraph) be taken into*  
23          *account under subparagraph (A) for any taxable*  
24          *year shall be reduced by the amount of any gain*  
25          *recognized by the taxpayer for such year from*

1           *the involuntary conversion by reason of Hurri-*  
2           *cane Katrina of property located in the Gulf Op-*  
3           *portunity Zone.*

4           “(C) *COORDINATION WITH GENERAL DIS-*  
5           *ASTER LOSS RULES.*—*Section 165(i) shall not*  
6           *apply to any qualified Gulf Opportunity Zone*  
7           *casualty loss to the extent such loss is taken into*  
8           *account under this subsection.*

9           “(4) *SPECIAL RULES.*—*For purposes of para-*  
10          *graph (1), rules similar to the rules of paragraphs (2)*  
11          *and (3) of section 172(i) shall apply with respect to*  
12          *such portion.*

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

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

22                 “(2) *AMOUNT OF CREDIT.*—

23                         “(A) *IN GENERAL.*—*The amount of the*  
24                         *credit determined under this paragraph with re-*  
25                         *spect to any credit allowance date for a Gulf tax*



1           *credit bond is 25 percent of the annual credit de-*  
2           *termined with respect to such bond.*

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

6                     “(i) *the credit rate determined by the*  
7                     *Secretary under subparagraph (C) for the*  
8                     *day on which such bond was sold, multi-*  
9                     *plied by*

10                    “(ii) *the outstanding face amount of*  
11                    *the bond.*

12           “(C) *DETERMINATION.*—*For purposes of*  
13           *subparagraph (B), with respect to any Gulf tax*  
14           *credit bond, the Secretary shall determine daily*  
15           *or cause to be determined daily a credit rate*  
16           *which shall apply to the first day on which there*  
17           *is a binding, written contract for the sale or ex-*  
18           *change of the bond. The credit rate for any day*  
19           *is the credit rate which the Secretary or the Sec-*  
20           *retary’s designee estimates will permit the*  
21           *issuance of Gulf tax credit bonds with a specified*  
22           *maturity or redemption date without discount*  
23           *and without interest cost to the issuer.*

24           “(D) *CREDIT ALLOWANCE DATE.*—*For pur-*  
25           *poses of this subsection, the term ‘credit allow-*

1           *ance date’ means March 15, June 15, September*  
2           *15, and December 15. Such term also includes*  
3           *the last day on which the bond is outstanding.*

4           “(E) *SPECIAL RULE FOR ISSUANCE AND RE-*  
5           *DEMPTION.—In the case of a bond which is*  
6           *issued during the 3-month period ending on a*  
7           *credit allowance date, the amount of the credit*  
8           *determined under this paragraph with respect to*  
9           *such credit allowance date shall be a ratable por-*  
10           *tion of the credit otherwise determined based on*  
11           *the portion of the 3-month period during which*  
12           *the bond is outstanding. A similar rule shall*  
13           *apply when the bond is redeemed or matures.*

14           “(3) *LIMITATION BASED ON AMOUNT OF TAX.—*  
15           *The credit allowed under paragraph (1) for any tax-*  
16           *able year shall not exceed the excess of—*

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

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

23           “(4) *GULF TAX CREDIT BOND* or purposes of this  
24           *subsection—*

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

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

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

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

12                           “(II) *make a loan to any political*  
13 *subdivision of such State to pay prin-*  
14 *cipal, interest, or premiums on quali-*  
15 *fied bonds issued by such political sub-*  
16 *division,*

17                   “(iii) *the Governor of such State des-*  
18 *ignates such bond for purposes of this sub-*  
19 *section,*

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

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

1                   “(vi) the bond is issued after December  
2                   31, 2005, and before January 1, 2007.

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

6                   “(i) the issuer of such bond pledges as  
7                   of the date of the issuance of the issue an  
8                   amount equal to the face amount of such  
9                   bond to be used for payments described in  
10                  subclause (I) of subparagraph (A)(ii), or  
11                  loans described in subclause (II) of such  
12                  subparagraph, as the case may be, with re-  
13                  spect to the issue of which such bond is a  
14                  part, and

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

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

1           “(C) *AGGREGATE LIMIT ON BOND DESIGNA-*  
2           *TIONS.—The maximum aggregate face amount of*  
3           *bonds which may be designated under this sub-*  
4           *section by the Governor of a State shall not*  
5           *exceed—*

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

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

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

12           “(D) *SPECIAL RULES RELATING TO ARBI-*  
13           *TRAGE.—A bond which is part of an issue shall*  
14           *not be treated as a Gulf tax credit bond unless,*  
15           *with respect to the issue of which the bond is a*  
16           *part, the issuer satisfies the arbitrage require-*  
17           *ments of section 148 with respect to proceeds of*  
18           *the issue and any loans made with such pro-*  
19           *ceeds.*

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

22                     “(A) *IN GENERAL.—The term ‘qualified*  
23                     *bond’ means any obligation of a State or polit-*  
24                     *ical subdivision thereof which was outstanding*  
25                     *on August 28, 2005.*

1           “(B) *EXCEPTION FOR PRIVATE ACTIVITY*  
2           *BONDS.*—*Such term shall not include any pri-*  
3           *ivate activity bond.*

4           “(C)     *EXCEPTION     FOR     ADVANCE*  
5           *REFUNDINGS.*—*Such term shall not include any*  
6           *bond with respect to which there is any out-*  
7           *standing refunded or refunding bond during the*  
8           *period in which a Gulf tax credit bond is out-*  
9           *standing with respect to such bond.*

10          “(D) *USE OF PROCEEDS REQUIREMENT.*—  
11          *Such term shall not include any bond issued as*  
12          *part of an issue if any portion of the proceeds*  
13          *of such issue was (or is to be) used to provide*  
14          *any property described in section 144(c)(6)(B).*

15          “(6) *CREDIT INCLUDED IN GROSS INCOME.*—  
16          *Gross income includes the amount of the credit al-*  
17          *lowed to the taxpayer under this subsection (deter-*  
18          *mined without regard to paragraph (3)) and the*  
19          *amount so included shall be treated as interest in-*  
20          *come.*

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

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

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

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

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

13          “(C) *BONDS HELD BY REGULATED INVEST-*  
14          *MENT COMPANIES.—If any Gulf tax credit bond*  
15          *is held by a regulated investment company, the*  
16          *credit determined under paragraph (1) shall be*  
17          *allowed to shareholders of such company under*  
18          *procedures prescribed by the Secretary.*

19          “(D) *REPORTING.—Issuers of Gulf tax cred-*  
20          *it bonds shall submit reports similar to the re-*  
21          *ports required under section 149(e).*

22          “(E) *CREDIT TREATED AS NONREFUNDABLE*  
23          *BONDHOLDER CREDIT.—For purposes of this*  
24          *title, the credit allowed by this subsection shall*

1           *be treated as a credit allowable under subpart H*  
2           *of part IV of subchapter A of this chapter.*

3           “(m) *APPLICATION OF NEW MARKETS TAX CREDIT TO*  
4 *INVESTMENTS IN COMMUNITY DEVELOPMENT ENTITIES*  
5 *SERVING GULF OPPORTUNITY ZONE.—For purposes of sec-*  
6 *tion 45D—*

7           “(1) *a qualified community development entity*  
8 *shall be eligible for an allocation under subsection*  
9 *(f)(2) thereof of the increase in the new markets tax*  
10 *credit limitation described in paragraph (2) only if*  
11 *a significant mission of such entity is the recovery*  
12 *and redevelopment of the Gulf Opportunity Zone,*

13           “(2) *the new markets tax credit limitation other-*  
14 *wise determined under subsection (f)(1) thereof shall*  
15 *be increased by an amount equal to—*

16           “(A) *\$300,000,000 for 2005 and 2006, to be*  
17 *allocated among qualified community develop-*  
18 *ment entities to make qualified low-income com-*  
19 *munity investments within the Gulf Opportunity*  
20 *Zone, and*

21           “(B) *\$400,000,000 for 2007, to be so allo-*  
22 *cated, and*

23           “(3) *subsection (f)(3) thereof shall be applied sep-*  
24 *arately with respect to the amount of the increase*  
25 *under paragraph (2).*



1           “(n) *TREATMENT OF REPRESENTATIONS REGARDING*  
2 *INCOME ELIGIBILITY FOR PURPOSES OF QUALIFIED RESI-*  
3 *DENTIAL RENTAL PROJECT REQUIREMENTS.*—*For pur-*  
4 *poses of determining if any residential rental project meets*  
5 *the requirements of section 142(d)(1) and if any certifi-*  
6 *cation with respect to such project meets the requirements*  
7 *under section 142(d)(7), the operator of the project may rely*  
8 *on the representations of any individual applying for ten-*  
9 *ancy in such project that such individual’s income will not*  
10 *exceed the applicable income limits of section 142(d)(1)*  
11 *upon commencement of the individual’s tenancy if such ten-*  
12 *ancy begins during the 6-month period beginning on and*  
13 *after the date such individual was displaced by reason of*  
14 *Hurricane Katrina.*

15           “(o) *TREATMENT OF PUBLIC UTILITY PROPERTY DIS-*  
16 *ASTER LOSSES.*—

17                   “(1) *IN GENERAL.*—*Upon the election of the tax-*  
18 *payer, in the case of any eligible public utility prop-*  
19 *erty loss—*

20                           “(A) *section 165(i) shall be applied by sub-*  
21 *stituting ‘the fifth taxable year immediately pre-*  
22 *ceding’ for ‘the taxable year immediately pre-*  
23 *ceding’,*

24                           “(B) *an application for a tentative*  
25 *carryback adjustment of the tax for any prior*

1           *taxable year affected by the application of sub-*  
2           *paragraph (A) may be made under section 6411,*  
3           *and*

4           “(C) *section 6611 shall not apply to any*  
5           *overpayment attributable to such loss.*

6           “(2) *ELIGIBLE PUBLIC UTILITY PROPERTY*  
7           *LOSS.—For purposes of this subsection—*

8           “(A) *IN GENERAL.—The term ‘eligible pub-*  
9           *lic utility property loss’ means any loss with re-*  
10           *spect to public utility property located in the*  
11           *Gulf Opportunity Zone and attributable to Hur-*  
12           *ricane Katrina.*

13           “(B) *PUBLIC UTILITY PROPERTY.—The*  
14           *term ‘public utility property’ has the meaning*  
15           *given such term by section 168(i)(10) without re-*  
16           *gard to the matter following subparagraph (D)*  
17           *thereof.*

18           “(3) *WAIVER OF LIMITATIONS.—If refund or*  
19           *credit of any overpayment of tax resulting from the*  
20           *application of paragraph (1) is prevented at any time*  
21           *before the close of the 1-year period beginning on the*  
22           *date of the enactment of this section by the operation*  
23           *of any law or rule of law (including res judicata),*  
24           *such refund or credit may nevertheless be made or al-*

1        *lowed if claim therefor is filed before the close of such*  
2        *period.*

3        “(p) *TAX BENEFITS NOT AVAILABLE WITH RESPECT*  
4 *TO CERTAIN PROPERTY.—*

5                “(1) *QUALIFIED GULF OPPORTUNITY ZONE*  
6 *PROPERTY.—For purposes of subsections (d), (e), and*  
7 *(k)(2)(B)(iv), the term ‘qualified Gulf Opportunity*  
8 *Zone property’ shall not include any property de-*  
9 *scribed in paragraph (3).*

10               “(2) *QUALIFIED GULF OPPORTUNITY ZONE CAS-*  
11 *UALTY LOSSES.—For purposes of subsection*  
12 *(k)(2)(B)(i), the term ‘qualified Gulf Opportunity*  
13 *Zone casualty loss’ shall not include any loss with re-*  
14 *spect to any property described in paragraph (3).*

15               “(3) *PROPERTY DESCRIBED.—*

16                        “(A) *IN GENERAL.—For purposes of this*  
17 *subsection, property is described in this para-*  
18 *graph if such property is—*

19                                “(i) *any property used in connection*  
20 *with any private or commercial golf course,*  
21 *country club, massage parlor, hot tub facil-*  
22 *ity, suntan facility, or any store the prin-*  
23 *cipal business of which is the sale of alco-*  
24 *holic beverages for consumption off prem-*  
25 *ises, or*

1                   “(i) any gambling or animal racing  
2                   property.

3                   “(B) GAMBLING OR ANIMAL RACING PROP-  
4                   PERTY.—For purposes of subparagraph (A)(i)—

5                   “(i) IN GENERAL.—The term ‘gambling  
6                   or animal racing property’ means—

7                   “(I) any equipment, furniture,  
8                   software, or other property used di-  
9                   rectly in connection with gambling, the  
10                  racing of animals, or the on-site view-  
11                  ing of such racing, and

12                  “(II) the portion of any real  
13                  property (determined by square foot-  
14                  age) which is dedicated to gambling,  
15                  the racing of animals, or the on-site  
16                  viewing of such racing.

17                  “(ii) DE MINIMIS PORTION.—Clause  
18                  (i)(II) shall not apply to any real property  
19                  if the portion so dedicated is less than 100  
20                  square feet.”.

21                  (b) CONFORMING AMENDMENTS.—

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

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

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

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

5 (3) So much of subchapter Y of chapter 1 as pre-  
 6 cedes section 1400L is amended to read as follows:

7 **“Subchapter Y—Short-Term Regional Benefits**

“PART I—TAX BENEFITS FOR NEW YORK LIBERTY ZONE

“PART II—TAX BENEFITS FOR GO ZONES

8 **“PART I—TAX BENEFITS FOR NEW YORK LIBERTY**  
 9 **ZONE**

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

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

“SUBCHAPTER Y—SHORT-TERM REGIONAL BENEFITS”.

13 (c) **EFFECTIVE DATE.**—

14 (1) **IN GENERAL.**—Except as provided in para-  
 15 graph (2), the amendments made by this section shall  
 16 apply to taxable years ending on or after August 28,  
 17 2005.

18 (2) **CARRYBACKS.**—Subsections (i)(2), (j), and  
 19 (k) of section 1400N of the Internal Revenue Code of  
 20 1986 (as added by this section) shall apply to losses  
 21 arising in such taxable years.

1 **SEC. 102. EXPANSION OF HOPE SCHOLARSHIP AND LIFE-**  
2 **TIME LEARNING CREDIT FOR STUDENTS IN**  
3 **THE GULF OPPORTUNITY ZONE.**

4 (a) *IN GENERAL.*—Part II of subchapter Y of chapter  
5 1 (as added by this Act) is amended by adding at the end  
6 the following new section:

7 **“SEC. 14000. EDUCATION TAX BENEFITS.**

8 *“In the case of an individual who attends an eligible*  
9 *educational institution (as defined in section 25A(f)(2)) lo-*  
10 *cated in the Gulf Opportunity Zone for any taxable year*  
11 *beginning during 2005 or 2006—*

12 *“(1) in applying section 25A, the term ‘qualified*  
13 *tuition and related expenses’ shall include any costs*  
14 *which are qualified higher education expenses (as de-*  
15 *fined in section 529(e)(3)),*

16 *“(2) each of the dollar amounts in effect under*  
17 *of subparagraphs (A) and (B) of section 25A(b)(1)*  
18 *shall be twice the amount otherwise in effect before the*  
19 *application of this subsection, and*

20 *“(3) section 25A(c)(1) shall be applied by sub-*  
21 *stituting ‘40 percent’ for ‘20 percent’.”.*

22 (b) *CONFORMING AMENDMENT.*—The table of sections  
23 for part II of subchapter Y of chapter 1 is amended by add-  
24 ing at the end the following new item:

*“Sec. 14000. Education tax benefits.”.*

1 **SEC. 103. HOUSING RELIEF FOR INDIVIDUALS AFFECTED BY**  
2 **HURRICANE KATRINA.**

3 (a) *IN GENERAL.*—Part II of subchapter Y of chapter  
4 1 (as added by this Act) is amended by adding at the end  
5 the following new section:

6 **“SEC. 1400P. HOUSING TAX BENEFITS .**

7 **“(a) EXCLUSION OF EMPLOYER PROVIDED HOUSING**  
8 **FOR INDIVIDUAL AFFECTED BY HURRICANE KATRINA.—**

9 **“(1) IN GENERAL.**—Gross income of a qualified  
10 employee shall not include the value of any lodging  
11 furnished in-kind to such employee (and such employ-  
12 ee’s spouse or any of such employee’s dependents) by  
13 or on behalf of a qualified employer for any month  
14 during the taxable year.

15 **“(2) LIMITATION.**—The amount which may be  
16 excluded under paragraph (1) for any month for  
17 which lodging is furnished during the taxable year  
18 shall not exceed \$600.

19 **“(3) TREATMENT OF EXCLUSION.**—The exclusion  
20 under paragraph (1) shall be treated as an exclusion  
21 under section 119 (other than for purposes of sections  
22 3121(a)(19) and 3306(b)(14)).

23 **“(b) EMPLOYER CREDIT FOR HOUSING EMPLOYEES**  
24 **AFFECTED BY HURRICANE KATRINA.**—For purposes of sec-  
25 tion 38, in the case of a qualified employer, the Hurricane  
26 Katrina housing credit for any month during the taxable

1 *year is an amount equal to 30 percent of any amount which*  
2 *is excludable from the gross income of a qualified employee*  
3 *of such employer under subsection (a) and not otherwise*  
4 *excludable under section 119.*

5       “(c) *QUALIFIED EMPLOYEE.*—*For purposes of this sec-*  
6 *tion, the term ‘qualified employee’ means, with respect to*  
7 *any month, an individual—*

8               “(1) *who had a principal residence (as defined*  
9 *in section 121) in the Gulf Opportunity Zone on Au-*  
10 *gust 28, 2005, and*

11               “(2) *who performs substantially all employment*  
12 *services—*

13                       “(A) *in the Gulf Opportunity Zone, and*

14                       “(B) *for the qualified employer which fur-*  
15 *nishes lodging to such individual.*

16       “(d) *QUALIFIED EMPLOYER.*—*For purposes of this sec-*  
17 *tion, the term ‘qualified employer’ means any employer*  
18 *with a trade or business located in the Gulf Opportunity*  
19 *Zone.*

20       “(e) *CERTAIN RULES TO APPLY.*—*For purposes of this*  
21 *subsection, rules similar to the rules of sections 51(i)(1) and*  
22 *52 shall apply.*

23       “(f) *APPLICATION OF SECTION.*—*This section shall*  
24 *apply to lodging furnished during the period—*



1           “(1) beginning on the first day of the first month  
2           beginning after the date of the enactment of this sec-  
3           tion, and

4           “(2) ending on the date which is 6 months after  
5           the first day described in paragraph (1).”.

6           **(b) CONFORMING AMENDMENTS.—**

7           (1) Subsection (b) of section 38 is amended by  
8           striking “and” at the end of paragraph (25), by strik-  
9           ing the period at the end of paragraph (26) and in-  
10          serting “, and”, and by adding at the end the fol-  
11          lowing new paragraphs:

12           “(27) the Hurricane Katrina housing credit de-  
13          termined under section 1400P(b).”.

14           (2) Section 280C(a) is amended by striking “and  
15          1396(a)” and inserting “1396(a), and 1400P(b)”.

16           (3) The table of sections for part II of subchapter  
17          Y of chapter 1 is amended by adding at the end the  
18          following new item:

          “Sec. 1400P. Housing tax benefits.”.

19       **SEC. 104. EXTENSION OF SPECIAL RULES FOR MORTGAGE**  
20                               **REVENUE BONDS.**

21          Section 404(d) of the Katrina Emergency Tax Relief  
22          Act of 2005 is amended by striking “December 31, 2007”  
23          and inserting “December 31, 2010”.

1 **SEC. 105. SPECIAL EXTENSION OF BONUS DEPRECIATION**  
2 **PLACED IN SERVICE DATE FOR TAXPAYERS**  
3 **AFFECTED BY HURRICANES KATRINA, RITA,**  
4 **AND WILMA.**

5 *In applying the rule under section 168(k)(2)(A)(iv) of*  
6 *the Internal Revenue Code of 1986 to any property de-*  
7 *scribed in subparagraph (B) or (C) of section 168(k)(2) of*  
8 *such Code—*

9 *(1) the placement in service of which—*

10 *(A) is to be located in the GO Zone (as de-*  
11 *defined in section 1400M(1) of such Code), the Rita*  
12 *GO Zone (as defined in section 1400M(3) of such*  
13 *Code), or the Wilma GO Zone (as defined in sec-*  
14 *tion 1400M(5) of such Code), and*

15 *(B) is to be made by any taxpayer affected*  
16 *by Hurricane Katrina, Rita, or Wilma, or*

17 *(2) which is manufactured in such Zone by any*  
18 *person affected by Hurricane Katrina, Rita, or*  
19 *Wilma,*

20 *the Secretary of the Treasury may, on a taxpayer by tax-*  
21 *payer basis, extend the required date of the placement in*  
22 *service of such property under such section by such period*  
23 *of time as is determined necessary by the Secretary but not*  
24 *to exceed 1 year. For purposes of the preceding sentence,*  
25 *the determination shall be made by only taking into ac-*

1 *count the effect of one or more hurricanes on the date of*  
 2 *such placement by the taxpayer.*

3 **TITLE II—TAX BENEFITS RE-**  
 4 **LATED TO HURRICANES RITA**  
 5 **AND WILMA**

6 **SEC. 201. EXTENSION OF CERTAIN EMERGENCY TAX RELIEF**  
 7 **FOR HURRICANE KATRINA TO HURRICANES**  
 8 **RITA AND WILMA.**

9 *(a) IN GENERAL.—Part II of subchapter Y of chapter*  
 10 *1 (as added by this Act) is amended by adding at the end*  
 11 *the following new sections:*

12 **“SEC. 1400Q. SPECIAL RULES FOR USE OF RETIREMENT**  
 13 **FUNDS.**

14 *“(a) TAX-FAVORED WITHDRAWALS FROM RETIRE-*  
 15 *MENT PLANS.—*

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

18 *“(2) AGGREGATE DOLLAR LIMITATION.—*

19 *“(A) IN GENERAL.—For purposes of this*  
 20 *subsection, the aggregate amount of distributions*  
 21 *received by an individual which may be treated*  
 22 *as qualified hurricane distributions for any tax-*  
 23 *able year shall not exceed the excess (if any) of—*

24 *“(i) \$100,000, over*

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

4           “(B) *TREATMENT OF PLAN DISTRIBUTIONS.*—If a distribution to an individual would  
5           (without regard to subparagraph (A)) be a quali-  
6           fied hurricane distribution, a plan shall not be  
7           treated as violating any requirement of this title  
8           merely because the plan treats such distribution  
9           as a qualified hurricane distribution, unless the  
10          aggregate amount of such distributions from all  
11          plans maintained by the employer (and any  
12          member of any controlled group which includes  
13          the employer) to such individual exceeds  
14          \$100,000.  
15

16          “(C) *CONTROLLED GROUP.*—For purposes  
17          of subparagraph (B), the term ‘controlled group’  
18          means any group treated as a single employer  
19          under subsection (b), (c), (m), or (o) of section  
20          414.

21          “(3) *AMOUNT DISTRIBUTED MAY BE REPAID.*—

22          “(A) *IN GENERAL.*—Any individual who re-  
23          ceives a qualified hurricane distribution may, at  
24          any time during the 3-year period beginning on  
25          the day after the date on which such distribution

1           *was received, make one or more contributions in*  
2           *an aggregate amount not to exceed the amount*  
3           *of such distribution to an eligible retirement*  
4           *plan of which such individual is a beneficiary*  
5           *and to which a rollover contribution of such dis-*  
6           *tribution could be made under section 402(c),*  
7           *403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), as*  
8           *the case may be.*

9           “(B) *TREATMENT OF REPAYMENTS OF DIS-*  
10           *TRIBUTIONS FROM ELIGIBLE RETIREMENT PLANS*  
11           *OTHER THAN IRAS.—For purposes of this title, if*  
12           *a contribution is made pursuant to subpara-*  
13           *graph (A) with respect to a qualified hurricane*  
14           *distribution from an eligible retirement plan*  
15           *other than an individual retirement plan, then*  
16           *the taxpayer shall, to the extent of the amount of*  
17           *the contribution, be treated as having received*  
18           *the qualified hurricane distribution in an eligi-*  
19           *ble rollover distribution (as defined in section*  
20           *402(c)(4)) and as having transferred the amount*  
21           *to the eligible retirement plan in a direct trustee*  
22           *to trustee transfer within 60 days of the distribu-*  
23           *tion.*

24           “(C) *TREATMENT OF REPAYMENTS FOR DIS-*  
25           *TRIBUTIONS FROM IRAS.—For purposes of this*

1           *title, if a contribution is made pursuant to sub-*  
2           *paragraph (A) with respect to a qualified hurri-*  
3           *cane distribution from an individual retirement*  
4           *plan (as defined by section 7701(a)(37)), then, to*  
5           *the extent of the amount of the contribution, the*  
6           *qualified hurricane distribution shall be treated*  
7           *as a distribution described in section 408(d)(3)*  
8           *and as having been transferred to the eligible re-*  
9           *irement plan in a direct trustee to trustee trans-*  
10          *fer within 60 days of the distribution.*

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

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

15                         “(i) *any distribution from an eligible*  
16                         *retirement plan made on or after August*  
17                         *25, 2005, and before January 1, 2007, to an*  
18                         *individual whose principal place of abode*  
19                         *on August 28, 2005, is located in the Hurri-*  
20                         *cane Katrina disaster area and who has*  
21                         *sustained an economic loss by reason of*  
22                         *Hurricane Katrina,*

23                         “(ii) *any distribution (which is not de-*  
24                         *scribed in clause (i)) from an eligible retire-*  
25

1                    *ment plan made on or after September 23,*  
2                    *2005, and before January 1, 2007, to an in-*  
3                    *dividual whose principal place of abode on*  
4                    *September 23, 2005, is located in the Hur-*  
5                    *ricane Rita disaster area and who has sus-*  
6                    *tained an economic loss by reason of Hurri-*  
7                    *cane Rita, and*

8                    *“(iii) any distribution (which is not*  
9                    *described in clause (i) or (ii)) from an eligi-*  
10                    *ble retirement plan made on or after Octo-*  
11                    *ber 23, 2005, and before January 1, 2007,*  
12                    *to an individual whose principal place of*  
13                    *abode on October 23, 2005, is located in the*  
14                    *Hurricane Wilma disaster area and who*  
15                    *has sustained an economic loss by reason of*  
16                    *Hurricane Wilma.*

17                    *“(B) ELIGIBLE RETIREMENT PLAN.—The*  
18                    *term ‘eligible retirement plan’ shall have the*  
19                    *meaning given such term by section*  
20                    *402(c)(8)(B).*

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

23                    *“(A) IN GENERAL.—In the case of any*  
24                    *qualified hurricane distribution, unless the tax-*  
25                    *payer elects not to have this paragraph apply for*

1           *any taxable year, any amount required to be in-*  
 2           *cluded in gross income for such taxable year*  
 3           *shall be so included ratably over the 3-taxable*  
 4           *year period beginning with such taxable year.*

5           “(B) *SPECIAL RULE.*—*For purposes of sub-*  
 6           *paragraph (A), rules similar to the rules of sub-*  
 7           *paragraph (E) of section 408A(d)(3) shall apply.*

8           “(6) *SPECIAL RULES.*—

9           “(A) *EXEMPTION OF DISTRIBUTIONS FROM*  
 10           *TRUSTEE TO TRUSTEE TRANSFER AND WITH-*  
 11           *HOLDING RULES.*—*For purposes of sections*  
 12           *401(a)(31), 402(f), and 3405, qualified hurricane*  
 13           *distributions shall not be treated as eligible roll-*  
 14           *over distributions.*

15           “(B) *QUALIFIED HURRICANE DISTRIBUTIONS*  
 16           *TREATED AS MEETING PLAN DISTRIBUTION*  
 17           *REQUIREMENTS.*—*For purposes this title, a*  
 18           *qualified hurricane distribution shall be treated*  
 19           *as meeting the requirements of sections*  
 20           *401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11),*  
 21           *and 457(d)(1)(A).*

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

24           “(1) *RECONTRIBUTIONS.*—



1           “(A) *IN GENERAL.*—Any individual who re-  
2           ceived a qualified distribution may, during the  
3           applicable period, make one or more contribu-  
4           tions in an aggregate amount not to exceed the  
5           amount of such qualified distribution to an eligi-  
6           ble retirement plan (as defined in section  
7           402(c)(8)(B)) of which such individual is a bene-  
8           ficiary and to which a rollover contribution of  
9           such distribution could be made under section  
10          402(c), 403(a)(4), 403(b)(8), or 408(d)(3), as the  
11          case may be.

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

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

18           “(A) *IN GENERAL.*—The term ‘qualified dis-  
19           tribution’ means any qualified Katrina distribu-  
20           tion, any qualified Rita distribution, and any  
21           qualified Wilma distribution.

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

1           “(i) described in section  
2           401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but  
3           only to the extent such distribution relates  
4           to financial hardship), 403(b)(11)(B), or  
5           72(t)(2)(F),

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

8           “(iii) which was to be used to purchase  
9           or construct a principal residence in the  
10          Hurricane Katrina disaster area, but which  
11          was not so purchased or constructed on ac-  
12          count of Hurricane Katrina.

13          “(C) QUALIFIED RITA DISTRIBUTION.—The  
14          term ‘qualified Rita distribution’ means any dis-  
15          tribution (other than a qualified Katrina dis-  
16          tribution)—

17               “(i) described in section  
18               401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but  
19               only to the extent such distribution relates  
20               to financial hardship), 403(b)(11)(B), or  
21               72(t)(2)(F),

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

24               “(iii) which was to be used to purchase  
25               or construct a principal residence in the

1           *Hurricane Rita disaster area, but which*  
2           *was not so purchased or constructed on ac-*  
3           *count of Hurricane Rita.*

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

8                   “(i)       *described        in        section*  
9                   *401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but*  
10                  *only to the extent such distribution relates*  
11                  *to financial hardship), 403(b)(11)(B), or*  
12                  *72(t)(2)(F),*

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

15                   “(iii) *which was to be used to purchase*  
16                   *or construct a principal residence in the*  
17                   *Hurricane Wilma disaster area, but which*  
18                   *was not so purchased or constructed on ac-*  
19                   *count of Hurricane Wilma.*

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

22                   “(A) *with respect to any qualified Katrina*  
23                   *distribution, the period beginning on August 25,*  
24                   *2005, and ending on February 28, 2006,*

1           “(B) with respect to any qualified Rita dis-  
2           tribution, the period beginning on September 23,  
3           2005, and ending on February 28, 2006, and

4           “(C) with respect to any qualified Wilma  
5           distribution, the period beginning on October 23,  
6           2005, and ending on February 28, 2006.

7           “(c) *LOANS FROM QUALIFIED PLANS.*—

8           “(1) *INCREASE IN LIMIT ON LOANS NOT TREATED*  
9           *AS DISTRIBUTIONS.*—In the case of any loan from a  
10          qualified employer plan (as defined under section  
11          72(p)(4)) to a qualified individual made during the  
12          applicable period—

13               “(A) clause (i) of section 72(p)(2)(A) shall  
14          be applied by substituting ‘\$100,000’ for  
15          ‘\$50,000’, and

16               “(B) clause (ii) of such section shall be ap-  
17          plied by substituting ‘the present value of the  
18          nonforfeitable accrued benefit of the employee  
19          under the plan’ for ‘one-half of the present value  
20          of the nonforfeitable accrued benefit of the em-  
21          ployee under the plan’.

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

1           “(A) if the due date pursuant to subpara-  
2 graph (B) or (C) of section 72(p)(2) for any re-  
3 payment with respect to such loan occurs during  
4 the period beginning on the qualified beginning  
5 date and ending on December 31, 2006, such due  
6 date shall be delayed for 1 year,

7           “(B) any subsequent repayments with re-  
8 spect to any such loan shall be appropriately ad-  
9 justed to reflect the delay in the due date under  
10 paragraph (1) and any interest accruing during  
11 such delay, and

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

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

18           “(A) IN GENERAL.—The term ‘qualified in-  
19 dividual’ means any qualified Hurricane  
20 Katrina individual, any qualified Hurricane  
21 Rita individual, and any qualified Hurricane  
22 Wilma individual.

23           “(B) QUALIFIED HURRICANE KATRINA INDI-  
24 VIDUAL.—The term ‘qualified Hurricane  
25 Katrina individual’ means an individual whose

1           *principal place of abode on August 28, 2005, is*  
2           *located in the Hurricane Katrina disaster area*  
3           *and who has sustained an economic loss by rea-*  
4           *son of Hurricane Katrina.*

5           “(C) *QUALIFIED HURRICANE RITA INDI-*  
6           *VIDUAL.—The term ‘qualified Hurricane Rita*  
7           *individual’ means an individual (other than a*  
8           *qualified Hurricane Katrina individual) whose*  
9           *principal place of abode on September 23, 2005,*  
10          *is located in the Hurricane Rita disaster area*  
11          *and who has sustained an economic loss by rea-*  
12          *son of Hurricane Rita.*

13          “(D) *QUALIFIED HURRICANE WILMA INDI-*  
14          *VIDUAL.—The term ‘qualified Hurricane Wilma*  
15          *individual’ means an individual (other than a*  
16          *qualified Hurricane Katrina individual or a*  
17          *qualified Hurricane Rita individual) whose*  
18          *principal place of abode on October 23, 2005, is*  
19          *located in the Hurricane Wilma disaster area*  
20          *and who has sustained an economic loss by rea-*  
21          *son of Hurricane Wilma.*

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

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

1           “(i) the applicable period is the period  
2           beginning on September 24, 2005, and end-  
3           ing on December 31, 2006, and

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

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

8           “(i) the applicable period is the period  
9           beginning on the date of the enactment of  
10          this subsection and ending on December 31,  
11          2006, and

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

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

16          “(i) the applicable period is the period  
17          beginning on the date of the enactment of  
18          this subparagraph and ending on December  
19          31, 2006, and

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

22          “(d) PROVISIONS RELATING TO PLAN AMENDMENTS.—

23                 “(1) IN GENERAL.—If this subsection applies to  
24                 any amendment to any plan or annuity contract,  
25                 such plan or contract shall be treated as being oper-

1 *ated in accordance with the terms of the plan during*  
2 *the period described in paragraph (2)(B)(i).*

3 *“(2) AMENDMENTS TO WHICH SUBSECTION AP-*  
4 *PLIES.—*

5 *“(A) IN GENERAL.—This subsection shall*  
6 *apply to any amendment to any plan or annu-*  
7 *ity contract which is made—*

8 *“(i) pursuant to any provision of this*  
9 *section, or pursuant to any regulation*  
10 *issued by the Secretary or the Secretary of*  
11 *Labor under any provision of this section,*  
12 *and*

13 *“(ii) on or before the last day of the*  
14 *first plan year beginning on or after Janu-*  
15 *ary 1, 2007, or such later date as the Sec-*  
16 *retary may prescribe.*

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

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

23 *“(i) during the period—*

24 *“(I) beginning on the date that*  
25 *this section or the regulation described*



1                   in subparagraph (A)(i) takes effect (or  
2                   in the case of a plan or contract  
3                   amendment not required by this sec-  
4                   tion or such regulation, the effective  
5                   date specified by the plan), and

6                   “(II) ending on the date described  
7                   in subparagraph (A)(ii) (or, if earlier,  
8                   the date the plan or contract amend-  
9                   ment is adopted),

10                  the plan or contract is operated as if such  
11                  plan or contract amendment were in effect;  
12                  and

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

15 **“SEC. 1400R. EMPLOYMENT RELIEF.**

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

18                  “(1) *IN GENERAL.*—For purposes of section 38,  
19                  in the case of an eligible employer, the Hurricane  
20                  Katrina employee retention credit for any taxable  
21                  year is an amount equal to 40 percent of the qualified  
22                  wages with respect to each eligible employee of such  
23                  employer for such taxable year. For purposes of the  
24                  preceding sentence, the amount of qualified wages

1       *which may be taken into account with respect to any*  
2       *individual shall not exceed \$6,000.*

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

5                   “(A) *ELIGIBLE EMPLOYER.—The term ‘eli-*  
6       *gible employer’ means any employer—*

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

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

15                   “(B) *ELIGIBLE EMPLOYEE.—The term ‘eli-*  
16       *gible employee’ means with respect to an eligible*  
17       *employer an employee whose principal place of*  
18       *employment on August 28, 2005, with such eligi-*  
19       *ble employer was in the GO Zone.*

20                   “(C) *QUALIFIED WAGES.—The term ‘quali-*  
21       *fied wages’ means wages (as defined in section*  
22       *51(c)(1), but without regard to section*  
23       *3306(b)(2)(B)) paid or incurred by an eligible*  
24       *employer with respect to an eligible employee on*

1           any day after August 28, 2005, and before Janu-  
2           ary 1, 2006, which occurs during the period—

3                   “(i) beginning on the date on which  
4                   the trade or business described in subpara-  
5                   graph (A) first became inoperable at the  
6                   principal place of employment of the em-  
7                   ployee immediately before Hurricane  
8                   Katrina, and

9                   “(ii) ending on the date on which such  
10                  trade or business has resumed significant  
11                  operations at such principal place of em-  
12                  ployment.

13           Such term shall include wages paid without re-  
14           gard to whether the employee performs no serv-  
15           ices, performs services at a different place of em-  
16           ployment than such principal place of employ-  
17           ment, or performs services at such principal  
18           place of employment before significant operations  
19           have resumed.

20           “(3) CERTAIN RULES TO APPLY.—For purposes  
21           of this subsection, rules similar to the rules of sections  
22           51(i)(1) and 52 shall apply.

23           “(4) EMPLOYEE NOT TAKEN INTO ACCOUNT  
24           MORE THAN ONCE.—An employee shall not be treated  
25           as an eligible employee for purposes of this subsection

1       *for any period with respect to any employer if such*  
2       *employer is allowed a credit under section 51 with re-*  
3       *spect to such employee for such period.*

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

6               “(1) *IN GENERAL.—For purposes of section 38,*  
7       *in the case of an eligible employer, the Hurricane*  
8       *Rita employee retention credit for any taxable year is*  
9       *an amount equal to 40 percent of the qualified wages*  
10       *with respect to each eligible employee of such em-*  
11       *ployer for such taxable year. For purposes of the pre-*  
12       *ceding sentence, the amount of qualified wages which*  
13       *may be taken into account with respect to any indi-*  
14       *vidual shall not exceed \$6,000.*

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

17                       “(A) *ELIGIBLE EMPLOYER.—The term ‘eli-*  
18       *gible employer’ means any employer—*

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

22                               “(ii) *with respect to whom the trade or*  
23       *business described in clause (i) is inoperable*  
24       *on any day after September 23, 2005, and*

1           *before January 1, 2006, as a result of dam-*  
2           *age sustained by reason of Hurricane Rita.*

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

8           “(C) *QUALIFIED WAGES.*—*The term ‘quali-*  
9           *fied wages’ means wages (as defined in section*  
10          *51(c)(1), but without regard to section*  
11          *3306(b)(2)(B)) paid or incurred by an eligible*  
12          *employer with respect to an eligible employee on*  
13          *any day after September 23, 2005, and before*  
14          *January 1, 2006, which occurs during the*  
15          *period—*

16                “(i) *beginning on the date on which*  
17                *the trade or business described in subpara-*  
18                *graph (A) first became inoperable at the*  
19                *principal place of employment of the em-*  
20                *ployee immediately before Hurricane Rita,*  
21                *and*

22                “(ii) *ending on the date on which such*  
23                *trade or business has resumed significant*  
24                *operations at such principal place of em-*  
25                *ployment.*

1           *Such term shall include wages paid without re-*  
2           *gard to whether the employee performs no serv-*  
3           *ices, performs services at a different place of em-*  
4           *ployment than such principal place of employ-*  
5           *ment, or performs services at such principal*  
6           *place of employment before significant operations*  
7           *have resumed.*

8           “(3) *CERTAIN RULES TO APPLY.*—*For purposes*  
9           *of this subsection, rules similar to the rules of sections*  
10          *51(i)(1) and 52 shall apply.*

11          “(4) *EMPLOYEE NOT TAKEN INTO ACCOUNT*  
12          *MORE THAN ONCE.*—*An employee shall not be treated*  
13          *as an eligible employee for purposes of this subsection*  
14          *for any period with respect to any employer if such*  
15          *employer is allowed a credit under subsection (a) or*  
16          *section 51 with respect to such employee for such pe-*  
17          *riod.*

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

20          “(1) *IN GENERAL.*—*For purposes of section 38,*  
21          *in the case of an eligible employer, the Hurricane*  
22          *Wilma employee retention credit for any taxable year*  
23          *is an amount equal to 40 percent of the qualified*  
24          *wages with respect to each eligible employee of such*  
25          *employer for such taxable year. For purposes of the*

1       *preceding sentence, the amount of qualified wages*  
2       *which may be taken into account with respect to any*  
3       *individual shall not exceed \$6,000.*

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

6                   “(A) *ELIGIBLE EMPLOYER.—The term ‘eli-*  
7       *gible employer’ means any employer—*

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

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

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

21                   “(C) *QUALIFIED WAGES.—The term ‘quali-*  
22       *fied wages’ means wages (as defined in section*  
23       *51(c)(1), but without regard to section*  
24       *3306(b)(2)(B)) paid or incurred by an eligible*  
25       *employer with respect to an eligible employee on*

1           any day after October 23, 2005, and before Jan-  
2           uary 1, 2006, which occurs during the period—

3                   “(i) beginning on the date on which  
4                   the trade or business described in subpara-  
5                   graph (A) first became inoperable at the  
6                   principal place of employment of the em-  
7                   ployee immediately before Hurricane  
8                   Wilma, and

9                   “(ii) ending on the date on which such  
10                  trade or business has resumed significant  
11                  operations at such principal place of em-  
12                  ployment.

13           Such term shall include wages paid without re-  
14           gard to whether the employee performs no serv-  
15           ices, performs services at a different place of em-  
16           ployment than such principal place of employ-  
17           ment, or performs services at such principal  
18           place of employment before significant operations  
19           have resumed.

20           “(3) CERTAIN RULES TO APPLY.—For purposes  
21           of this subsection, rules similar to the rules of sections  
22           51(i)(1) and 52 shall apply.

23           “(4) EMPLOYEE NOT TAKEN INTO ACCOUNT  
24           MORE THAN ONCE.—An employee shall not be treated  
25           as an eligible employee for purposes of this subsection



1       *for any period with respect to any employer if such*  
2       *employer is allowed a credit under subsection (a) or*  
3       *(b) or section 51 with respect to such employee for*  
4       *such period.*

5       **“SEC. 1400S. ADDITIONAL TAX RELIEF PROVISIONS.**

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

8               **“(1) IN GENERAL.—***Except as otherwise provided*  
9               *in paragraph (2), section 170(b) shall not apply to*  
10              *qualified contributions and such contributions shall*  
11              *not be taken into account for purposes of applying*  
12              *subsections (b) and (d) of section 170 to other con-*  
13              *tributions.*

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

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

18                              **“(i) LIMITATION.—***Any qualified con-*  
19                              *tribution shall be allowed only to the extent*  
20                              *that the aggregate of such contributions does*  
21                              *not exceed the excess of the taxpayer’s con-*  
22                              *tribution base (as defined in subparagraph*  
23                              *(F) of section 170(b)(1)) over the amount of*  
24                              *all other charitable contributions allowed*  
25                              *under section 170(b)(1).*

1           “(ii) *CARRYOVER.*—If the aggregate  
2           amount of qualified contributions made in  
3           the contribution year (within the meaning  
4           of section 170(d)(1)) exceeds the limitation  
5           of clause (i), such excess shall be added to  
6           the excess described in the portion of sub-  
7           paragraph (A) of such section which pre-  
8           cedes clause (i) thereof for purposes of ap-  
9           plying such section.

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

12           “(i) *LIMITATION.*—Any qualified con-  
13           tribution shall be allowed only to the extent  
14           that the aggregate of such contributions does  
15           not exceed the excess of the taxpayer’s tax-  
16           able income (as determined under para-  
17           graph (2) of section 170(b)) over the  
18           amount of all other charitable contributions  
19           allowed under such paragraph.

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

23           “(3) *EXCEPTION TO OVERALL LIMITATION ON*  
24           *ITEMIZED DEDUCTIONS.*—So much of any deduction  
25           allowed under section 170 as does not exceed the

1       *qualified contributions paid during the taxable year*  
2       *shall not be treated as an itemized deduction for pur-*  
3       *poses of section 68.*

4           “(4) *QUALIFIED CONTRIBUTIONS.—*

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

9                   “(i) *such contribution is paid during*  
10                  *the period beginning on August 28, 2005,*  
11                  *and ending on December 31, 2005, in cash*  
12                  *to an organization described in section*  
13                  *170(b)(1)(A) (other than an organization*  
14                  *described in section 509(a)(3)),*

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

19                  “(iii) *the taxpayer has elected the ap-*  
20                  *plication of this subsection with respect to*  
21                  *such contribution.*

22               “(B) *EXCEPTION.—Such term shall not in-*  
23               *clude a contribution if the contribution is for es-*  
24               *tablishment of a new, or maintenance in an ex-*  
25               *isting, segregated fund or account with respect to*

1           *which the donor (or any person appointed or*  
2           *designated by such donor) has, or reasonably ex-*  
3           *pects to have, advisory privileges with respect to*  
4           *distributions or investments by reason of the do-*  
5           *nor's status as a donor.*

6           “(C) *APPLICATION OF ELECTION TO PART-*  
7           *NERSHIPS AND S CORPORATIONS.—In the case of*  
8           *a partnership or S corporation, the election*  
9           *under subparagraph (A)(iii) shall be made sepa-*  
10          *rately by each partner or shareholder.*

11          “(b) *SUSPENSION OF CERTAIN LIMITATIONS ON PER-*  
12          *SONAL CASUALTY LOSSES.—Paragraphs (1) and (2)(A) of*  
13          *section 165(h) shall not apply to losses described in section*  
14          *165(c)(3)—*

15                 “(1) *which arise in the Hurricane Katrina dis-*  
16                 *aster area on or after August 25, 2005, and which are*  
17                 *attributable to Hurricane Katrina,*

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

21                 “(3) *which arise in the Hurricane Wilma dis-*  
22                 *aster area on or after October 23, 2005, and which*  
23                 *are attributable to Hurricane Wilma.*

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

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

11       “(d) *SPECIAL RULE FOR DETERMINING EARNED IN-*  
12 *COME.—*

13               “(1) *IN GENERAL.—In the case of a qualified in-*  
14 *dividual, if the earned income of the taxpayer for the*  
15 *taxable year which includes the applicable date is less*  
16 *than the earned income of the taxpayer for the pre-*  
17 *ceding taxable year, the credits allowed under sections*  
18 *24(d) and 32 may, at the election of the taxpayer, be*  
19 *determined by substituting—*

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

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

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

1           “(A) *IN GENERAL.*—The term ‘qualified in-  
2           dividual’ means any qualified Hurricane  
3           *Katrina* individual, any qualified Hurricane  
4           *Rita* individual, and any qualified Hurricane  
5           *Wilma* individual.

6           “(B) *QUALIFIED HURRICANE KATRINA INDI-*  
7           *VIDUAL.*—The term ‘qualified Hurricane  
8           *Katrina* individual’ means any individual whose  
9           principal place of abode on August 25, 2005,  
10          was located—

11                   “(i) *in the GO Zone, or*

12                   “(ii) *in the Hurricane Katrina dis-*  
13                   *aster area (but outside the GO Zone) and*  
14                   *such individual was displaced from such*  
15                   *principal place of abode by reason of Hur-*  
16                   *ricane Katrina.*

17          “(C) *QUALIFIED HURRICANE RITA INDI-*  
18          *VIDUAL.*—The term ‘qualified Hurricane *Rita*  
19          individual’ means any individual (other than a  
20          qualified Hurricane *Katrina* individual) whose  
21          principal place of abode on September 23, 2005,  
22          was located—

23                   “(i) *in the Rita GO Zone, or*

24                   “(ii) *in the Hurricane Rita disaster*  
25                   *area (but outside the Rita GO Zone) and*

1           *such individual was displaced from such*  
2           *principal place of abode by reason of Hur-*  
3           *ricane Rita.*

4           “(D) *QUALIFIED HURRICANE WILMA INDI-*  
5           *VIDUAL.—The term ‘qualified Hurricane Wilma*  
6           *individual’ means any individual whose prin-*  
7           *cipal place of abode on October 23, 2005, was*  
8           *located—*

9                   “(i) *in the Wilma GO Zone, or*  
10                   “(ii) *in the Hurricane Wilma disaster*  
11                   *area (but outside the Wilma GO Zone) and*  
12                   *such individual was displaced from such*  
13                   *principal place of abode by reason of Hur-*  
14                   *ricane Wilma.*

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

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

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

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

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

1           “(5) *SPECIAL RULES.*—

2                   “(A) *APPLICATION TO JOINT RETURNS.*—

3           *For purposes of paragraph (1), in the case of a*  
4           *joint return for a taxable year which includes the*  
5           *applicable date—*

6                   “(i) *such paragraph shall apply if ei-*  
7                   *ther spouse is a qualified individual, and*

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

12                  “(B) *UNIFORM APPLICATION OF ELEC-*  
13                  *TION.*—*Any election made under paragraph (1)*  
14                  *shall apply with respect to both section 24(d)*  
15                  *and section 32.*

16                  “(C) *ERRORS TREATED AS MATHEMATICAL*  
17                  *ERROR.*—*For purposes of section 6213, an incor-*  
18                  *rect use on a return of earned income pursuant*  
19                  *to paragraph (1) shall be treated as a mathe-*  
20                  *matical or clerical error.*

21                  “(D) *NO EFFECT ON DETERMINATION OF*  
22                  *GROSS INCOME, ETC.*—*Except as otherwise pro-*  
23                  *vided in this subsection, this title shall be ap-*  
24                  *plied without regard to any substitution under*  
25                  *paragraph (1).*





1       “(b) *APPLICATION.*—Subsection (a) shall not apply to  
2 *financing provided after December 31, 2010.*”.

3       (b) *CONFORMING AMENDMENTS.*—

4           (1) *Subsection (b) of section 38, as amended by*  
5 *this Act, is amended by striking “and” at the end of*  
6 *paragraph (26), by striking the period at the end of*  
7 *paragraph (27) and inserting a comma, and by add-*  
8 *ing at the end the following new paragraphs:*

9           “(28) *the Hurricane Katrina employee retention*  
10 *credit determined under section 1400R(a),*

11           “(29) *the Hurricane Rita employee retention*  
12 *credit determined under section 1400R(b), and*

13           “(30) *the Hurricane Wilma employee retention*  
14 *credit determined under section 1400R(c).*”.

15           (2) *Section 280C(a), as amended by this Act, is*  
16 *amended by striking “and 1400P(b)” and inserting*  
17 *“1400P(b), and 1400R”.*

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

“Sec. 1400Q. *Special rules for use of retirement funds.*

“Sec. 1400R. *Employment relief.*

“Sec. 1400S. *Additional tax relief provisions.*”.

21           (4) *The following provisions of the Katrina*  
22 *Emergency Tax Relief Act of 2005 are hereby re-*  
23 *pealed:*

24           (A) *Title I.*

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

### 3       **TITLE III—OTHER PROVISIONS**

#### 4       **SEC. 301. GULF COAST RECOVERY BONDS.**

5           *It is the sense of the Congress that the Secretary of*  
6 *the Treasury, or the Secretary's delegate, should designate*  
7 *one or more series of bonds or certificates (or any portion*  
8 *thereof) issued under section 3105 of title 31, United States*  
9 *Code, as "Gulf Coast Recovery Bonds" in response to Hur-*  
10 *ricanes Katrina, Rita, and Wilma.*

#### 11       **SEC. 302. ELECTION TO INCLUDE COMBAT PAY AS EARNED** 12                   **INCOME FOR PURPOSES OF EARNED INCOME** 13                   **CREDIT.**

14           (a) *IN GENERAL.*—Subclause (II) of section  
15 32(c)(2)(B)(vi) is amended by striking "January 1, 2006"  
16 and inserting "January 1, 2007".

17           (b) *EFFECTIVE DATE.*—The amendment made by sub-  
18 section (a) shall apply to taxable years beginning after De-  
19 cember 31, 2005.

#### 20       **SEC. 303. MODIFICATION OF EFFECTIVE DATE OF EXCEP-** 21                   **TION FROM SUSPENSION RULES FOR CER-** 22                   **TAIN LISTED AND REPORTABLE TRANS-** 23                   **ACTIONS.**

24           (a) *EFFECTIVE DATE MODIFICATION.*—

1           (1) *IN GENERAL.*—Paragraph (2) of section  
2           903(d) of the American Jobs Creation Act of 2004 is  
3           amended to read as follows:

4           “(2) *EXCEPTION FOR REPORTABLE OR LISTED*  
5           *TRANSACTIONS.*—

6           “(A) *IN GENERAL.*—The amendments made  
7           by subsection (c) shall apply with respect to in-  
8           terest accruing after October 3, 2004.

9           “(B) *SPECIAL RULE FOR CERTAIN LISTED*  
10           *AND REPORTABLE TRANSACTIONS.*—

11           “(i) *IN GENERAL.*—Except as provided  
12           in clauses (ii), (iii), and (iv), the amend-  
13           ments made by subsection (c) shall also  
14           apply with respect to interest accruing on  
15           or before October 3, 2004.

16           “(ii) *PARTICIPANTS IN SETTLEMENT*  
17           *INITIATIVES.*—Clause (i) shall not apply to  
18           any transaction if, as of January 23,  
19           2006—

20           “(I) the taxpayer is participating  
21           in a settlement initiative described in  
22           Internal Revenue Service Announce-  
23           ment 2005–80 with respect to such  
24           transaction, or

1                   “(II) *the taxpayer has entered*  
2                   *into a settlement agreement pursuant*  
3                   *to such an initiative.*

4                   *Subclause (I) shall not apply to any tax-*  
5                   *payer if, after January 23, 2006, the tax-*  
6                   *payer withdraws from, or terminates, par-*  
7                   *ticipation in the initiative or the Secretary*  
8                   *of the Treasury or the Secretary’s delegate*  
9                   *determines that a settlement agreement will*  
10                  *not be reached pursuant to the initiative*  
11                  *within a reasonable period of time.*

12                  “(iii) *TAXPAYERS ACTING IN GOOD*  
13                  *FAITH.—The Secretary of the Treasury may*  
14                  *except from the application of clause (i)*  
15                  *any transaction in which the taxpayer has*  
16                  *acted reasonably and in good faith.*

17                  “(iv) *CLOSED TRANSACTIONS.—Clause*  
18                  *(i) shall not apply to a transaction if, as of*  
19                  *December 14, 2005—*

20                  “(I) *the assessment of all Federal*  
21                  *income taxes for the taxable year in*  
22                  *which the tax liability to which the in-*  
23                  *terest relates arose is prevented by the*  
24                  *operation of any law or rule of law, or*

1                   “(II) a closing agreement under  
2                   section 7121 has been entered into with  
3                   respect to the tax liability arising in  
4                   connection with the transaction.”.

5                   (2) *EFFECTIVE DATE.*—The amendment made by  
6                   this subsection shall take effect as if included in the  
7                   provisions of the American Jobs Creation Act of 2004  
8                   to which it relates.

9                   (b) *TREATMENT OF AMENDED RETURNS AND OTHER*  
10 *SIMILAR NOTICES OF ADDITIONAL TAX OWED.*—

11                   (1) *IN GENERAL.*—Section 6404(g)(1) (relating  
12                   to suspension) is amended by adding at the end the  
13                   following new sentence: “If, after the return for a tax-  
14                   able year is filed, the taxpayer provides to the Sec-  
15                   retary 1 or more signed written documents showing  
16                   that the taxpayer owes an additional amount of tax  
17                   for the taxable year, clause (i) shall be applied by  
18                   substituting the date the last of the documents was  
19                   provided for the date on which the return is filed.”.

20                   (2) *EFFECTIVE DATE.*—The amendment made by  
21                   this subsection shall apply to documents provided on  
22                   or after the date of the enactment of this Act.

1 **SEC. 304. AUTHORITY FOR UNDERCOVER OPERATIONS.**

2 *Paragraph (6) of section 7608(c) (relating to applica-*  
3 *tion of section) is amended by striking “January 1, 2006”*  
4 *both places it appears and inserting “January 1, 2007”.*

5 **SEC. 305. DISCLOSURES OF CERTAIN TAX RETURN INFOR-**  
6 **MATION.**

7 *(a) DISCLOSURES TO FACILITATE COMBINED EM-*  
8 *PLOYMENT TAX REPORTING.—*

9 *(1) IN GENERAL.—Subparagraph (B) of section*  
10 *6103(d)(5) (relating to termination) is amended by*  
11 *striking “December 31, 2005” and inserting “Decem-*  
12 *ber 31, 2006”.*

13 *(2) EFFECTIVE DATE.—The amendment made by*  
14 *paragraph (1) shall apply to disclosures after Decem-*  
15 *ber 31, 2005.*

16 *(b) DISCLOSURES RELATING TO TERRORIST ACTIVI-*  
17 *TIES.—*

18 *(1) IN GENERAL.—Clause (iv) of section*  
19 *6103(i)(3)(C) and subparagraph (E) of section*  
20 *6103(i)(7) are each amended by striking “December*  
21 *31, 2005” and inserting “December 31, 2006”.*

22 *(2) EFFECTIVE DATE.—The amendments made*  
23 *by paragraph (1) shall apply to disclosures after De-*  
24 *cember 31, 2005.*

25 *(c) DISCLOSURES RELATING TO STUDENT LOANS.—*

1           (1) *IN GENERAL.*—Subparagraph (D) of section  
2           6103(l)(13) (relating to termination) is amended by  
3           striking “December 31, 2005” and inserting “Decem-  
4           ber 31, 2006”.

5           (2) *EFFECTIVE DATE.*—The amendment made by  
6           paragraph (1) shall apply to requests made after De-  
7           cember 31, 2005.

## 8                           **TITLE IV—TECHNICALS**

### 9                           **Subtitle A—Tax Technicals**

#### 10           **SEC. 401. SHORT TITLE.**

11           This subtitle may be cited as the “Tax Technical Cor-  
12           rections Act of 2005”.

#### 13           **SEC. 402. AMENDMENTS RELATED TO ENERGY POLICY ACT** 14                           **OF 2005.**

15           (a) *AMENDMENTS RELATED TO SECTION 1263.*—

16           (1) Part VI of subchapter O of chapter 1 is re-  
17           pealed.

18           (2) Section 1223 is amended by striking para-  
19           graph (3) and by redesignating paragraphs (4)  
20           through (16) as paragraphs (3) through (15), respec-  
21           tively.

22           (3) Section 121(g) is amended by striking  
23           “1223(7)” and inserting “1223(6)”.



1           (4) *Section 246(c)(3)(B) is amended by striking*  
2           *“paragraph (4) of section 1223” and inserting “para-*  
3           *graph (3) of section 1223”.*

4           (5) *Section 247(b)(2)(D) is amended by inserting*  
5           *“as in effect before its repeal” after “part VI of sub-*  
6           *chapter O”.*

7           (6)(A) *Section 1245(b) is amended by striking*  
8           *paragraph (5) and redesignating paragraphs (6)*  
9           *through (9) as paragraphs (5) through (8), respec-*  
10          *tively.*

11          (B) *Section 1245(b)(3) is amended by striking*  
12          *“paragraph (7)” and inserting “paragraph (6)”.*

13          (7)(A) *Section 1250(d) is amended by striking*  
14          *paragraph (5) and redesignating paragraphs (6)*  
15          *through (8) as paragraphs (5) through (7), respec-*  
16          *tively.*

17          (B) *Section 1250(e)(2) is amended by striking*  
18          *“(3), or (5)” and inserting “or (3)”.*

19          (b) *AMENDMENT RELATED TO SECTION 1301.—Clause*  
20          *(ii) of section 45(c)(3)(A) is amended by striking “nonhaz-*  
21          *ardous lignin waste material” and inserting “lignin mate-*  
22          *rial”.*

23          (c) *AMENDMENTS RELATED TO SECTION 1303.—*

24                 (1) *Subsection (l) of section 54 is amended by*  
25                 *striking paragraph (5), and by redesignating para-*

1        *graphs (6) and (7) as paragraphs (5) and (6), respec-*  
2        *tively.*

3                *(2) Subsection (e) of section 1303 of the Energy*  
4        *Policy Act of 2005 is amended to read as follows:*

5        *“(e) EFFECTIVE DATES.—*

6                *“(1) IN GENERAL.—Except as provided in para-*  
7        *graph (2), the amendments made by this section shall*  
8        *apply to bonds issued after December 31, 2005.*

9                *“(2) SUBSECTION (C).—The amendments made*  
10        *by subsection (c) shall apply to taxable years begin-*  
11        *ning after December 31, 2005.”.*

12        *(d) AMENDMENTS RELATED TO SECTION 1306.—*

13                *(1) Paragraph (2) of section 45J(c) is amended*  
14        *to read as follows:*

15        *“(2) PHASEOUT OF CREDIT.—*

16                *“(A) IN GENERAL.—The amount of the*  
17        *credit determined under subsection (a) shall be*  
18        *reduced by an amount which bears the same*  
19        *ratio to the amount of the credit (determined*  
20        *without regard to this paragraph) as—*

21                *“(i) the amount by which the reference*  
22                *price (as defined in section 45(e)(2)(C)) for*  
23                *the calendar year in which the sale occurs*  
24                *exceeds 8 cents, bears to*

25                *“(ii) 3 cents.*

1           “(B) *PHASEOUT ADJUSTMENT BASED ON IN-*  
2           *FLATION.—The 8 cent amount in subparagraph*  
3           *(A) shall be adjusted by multiplying such*  
4           *amount by the inflation adjustment factor (as*  
5           *defined in section 45(e)(2)(B)) for the calendar*  
6           *year in which the sale occurs. If any amount as*  
7           *increased under the preceding sentence is not a*  
8           *multiple of 0.1 cent, such amount shall be round-*  
9           *ed to the nearest multiple of 0.1 cent.”.*

10           (2) *Subsection (e) of section 45J is amended by*  
11           *striking “(2),”.*

12           (e) *AMENDMENT RELATED TO SECTION 1309.—Sub-*  
13           *paragraph (B) of section 169(d)(5) is amended by adding*  
14           *at beginning thereof “in the case of facility placed in service*  
15           *in connection with a plant or other property placed in oper-*  
16           *ation after December 31, 1975,”.*

17           (f) *AMENDMENTS RELATED TO SECTION 1311.—*

18           (1) *Clause (i) of section 172(b)(1)(I) is amended*  
19           *to read as follows:*

20                   “(i) *IN GENERAL.—At the election of*  
21                   *the taxpayer for any taxable year ending*  
22                   *after December 31, 2005, and before Janu-*  
23                   *ary 1, 2009, in the case of a net operating*  
24                   *loss for a taxable year ending after Decem-*  
25                   *ber 31, 2002, and before January 1, 2006,*

1           *there shall be a net operating loss carryback*  
2           *to each of the 5 taxable years preceding the*  
3           *taxable year of such loss to the extent that*  
4           *such loss does not exceed 20 percent of the*  
5           *sum of the electric transmission property*  
6           *capital expenditures and the pollution con-*  
7           *trol facility capital expenditures of the tax-*  
8           *payer for the taxable year preceding the*  
9           *taxable year for which such election is*  
10          *made.”.*

11           (2) *Clause (ii) of section 172(b)(1)(I) is amended*  
12          *by striking “in a taxable year” and inserting “for a*  
13          *taxable year”.*

14           (3) *Subparagraph (I) of section 172(b)(1) is*  
15          *amended by striking clause (iv) and (v), by redesignig-*  
16          *nating clause (vi) as clause (v), and by inserting after*  
17          *clause (iii) the following:*

18                           *“(iv) SPECIAL RULES RELATING TO*  
19                           *CREDIT OR REFUND.—In the case of the*  
20                           *portion of the loss which is carried back 5*  
21                           *years by reason of clause (i)—*

22   *“(I) an application under section*  
23   *6411(a) with respect to such portion*  
24   *shall not fail to be treated as timely*  
25   *filed if filed within 24 months after the*

1                   *due date specified under such section,*  
2                   *and*

3                   “(II) references in sections  
4                   6501(h), 6511(d)(2)(A), and 6611(f)(1)  
5                   to the taxable year in which such net  
6                   operating loss arises or results in a net  
7                   operating loss carryback shall be treat-  
8                   ed as references to the taxable year for  
9                   which such election is made.”.

10           (g) AMENDMENT RELATED TO SECTION 1322.—Sub-  
11           section (a) of section 45K is amended by striking “if the  
12           taxpayer elects to have this section apply,”.

13           (h) AMENDMENT RELATED TO SECTION 1331.—Para-  
14           graph (3) of section 1250(b) is amended by striking “or by  
15           section 179D”.

16           (i) AMENDMENTS RELATED TO SECTION 1335.—

17                   (1) Paragraph (1) of section 25D(b) is amended  
18                   by inserting “(determined without regard to sub-  
19                   section (c))” after “subsection (a)”.

20                   (2) Subparagraphs (A) and (B) of section  
21                   25D(e)(4) are amended to read as follows:

22                           “(A) MAXIMUM EXPENDITURES.—The max-  
23                           imum amount of expenditures which may be  
24                           taken into account under subsection (a) by all

1           *such individuals with respect to such dwelling*  
2           *unit during such calendar year shall be—*

3                   “(i) \$6,667 in the case of any qualified  
4                   *photovoltaic property expenditures,*

5                   “(ii) \$6,667 in the case of any quali-  
6                   *fied solar water heating property expendi-*  
7                   *tures, and*

8                   “(iii) \$1,667 in the case of each half  
9                   *kilowatt of capacity of qualified fuel cell*  
10                   *property (as defined in section 48(c)(1)) for*  
11                   *which qualified fuel cell property expendi-*  
12                   *tures are made.*

13                   “(B) *ALLOCATION OF EXPENDITURES.—The*  
14                   *expenditures allocated to any individual for the*  
15                   *taxable year in which such calendar year ends*  
16                   *shall be an amount equal to the lesser of—*

17                           “(i) *the amount of expenditures made*  
18                           *by such individual with respect to such*  
19                           *dwelling during such calendar year, or*

20                           “(ii) *the maximum amount of such ex-*  
21                           *penditures set forth in subparagraph (A)*  
22                           *multiplied by a fraction—*

23                                   “(I) *the numerator of which is the*  
24                                   *amount of such expenditures with re-*  
25                                   *spect to such dwelling made by such*

1                   *individual during such calendar year,*  
2                   *and*

3                   “*(II) the denominator of which is*  
4                   *the total expenditures made by all such*  
5                   *individuals with respect to such dwell-*  
6                   *ing during such calendar year.*”.

7                   (3)(A)(i) *The matter preceding subparagraph*  
8                   *(A) of section 23(b)(4) is amended by striking “The*  
9                   *credit” and inserting “In the case of a taxable year*  
10                   *to which section 26(a)(2) does not apply, the credit”.*

11                   (ii) *Subsection (c) of section 23 is amended to*  
12                   *read as follows:*

13                   “*(c) CARRYFORWARDS OF UNUSED CREDIT.—*

14                   “*(1) RULE FOR YEARS IN WHICH ALL PERSONAL*  
15                   *CREDITS ALLOWED AGAINST REGULAR AND ALTER-*  
16                   *NATIVE MINIMUM TAX.—In the case of a taxable year*  
17                   *to which section 26(a)(2) applies, if the credit allow-*  
18                   *able under subsection (a) for any taxable year exceeds*  
19                   *the limitation imposed by section 26(a)(2) for such*  
20                   *taxable year reduced by the sum of the credits allow-*  
21                   *able under this subpart (other than this section and*  
22                   *sections 25D and 1400C), such excess shall be carried*  
23                   *to the succeeding taxable year and added to the credit*  
24                   *allowable under subsection (a) for such taxable year.*

1           “(2) *RULE FOR OTHER YEARS.*—*In the case of a*  
2 *taxable year to which section 26(a)(2) does not apply,*  
3 *if the credit allowable under subsection (a) for any*  
4 *taxable year exceeds the limitation imposed by sub-*  
5 *section (b)(4) for such taxable year, such excess shall*  
6 *be carried to the succeeding taxable year and added*  
7 *to the credit allowable under subsection (a) for such*  
8 *taxable year.*

9           “(3) *LIMITATION.*—*No credit may be carried for-*  
10 *ward under this subsection to any taxable year fol-*  
11 *lowing the fifth taxable year after the taxable year in*  
12 *which the credit arose. For purposes of the preceding*  
13 *sentence, credits shall be treated as used on a first-in*  
14 *first-out basis.”.*

15           *(B)(i) The matter preceding subparagraph (A) of*  
16 *section 24(b)(3) is amended by striking “The credit”*  
17 *and inserting “In the case of a taxable year to which*  
18 *section 26(a)(2) does not apply, the credit”.*

19           *(ii) Paragraph (1) of section 24(d) is amended*  
20 *to read as follows:*

21           “(1) *IN GENERAL.*—*The aggregate credits al-*  
22 *lowed to a taxpayer under subpart C shall be in-*  
23 *creased by the lesser of—*

24                   *“(A) the credit which would be allowed*  
25 *under this section without regard to this sub-*



1           *section and the limitation under section 26(a)(2)*  
2           *or subsection (b)(3), as the case may be, or*

3           *“(B) the amount by which the aggregate*  
4           *amount of credits allowed by this subpart (deter-*  
5           *mined without regard to this subsection) would*  
6           *increase if the limitation imposed by section*  
7           *26(a)(2) or subsection (b)(3), as the case may be,*  
8           *were increased by the excess (if any) of—*

9                   *“(i) 15 percent of so much of the tax-*  
10                  *payer’s earned income (within the meaning*  
11                  *of section 32) which is taken into account*  
12                  *in computing taxable income for the taxable*  
13                  *year as exceeds \$10,000, or*

14                   *“(ii) in the case of a taxpayer with 3*  
15                  *or more qualifying children, the excess (if*  
16                  *any) of—*

17                           *“(I) the taxpayer’s social security*  
18                           *taxes for the taxable year, over*

19                           *“(II) the credit allowed under sec-*  
20                           *tion for the taxable year.*

21           *The amount of the credit allowed under this sub-*  
22           *section shall not be treated as a credit allowed under*  
23           *this subpart and shall reduce the amount of credit*  
24           *otherwise allowable under subsection (a) without re-*  
25           *gard to section 26(a)(2) or subsection (b)(3), as the*

1 case may be. For purposes of subparagraph (B), any  
2 amount excluded from gross income by reason of sec-  
3 tion 112 shall be treated as earned income which is  
4 taken into account in computing taxable income for  
5 the taxable year.”.

6 (C) Subparagraph (C) of section 25(e)(1) is  
7 amended to read as follows:

8 “(C) *APPLICABLE TAX LIMIT.*—For pur-  
9 poses of this paragraph, the term ‘applicable tax  
10 limit’ means—

11 “(i) in the case of a taxable year to  
12 which section 26(a)(2) applies, the limita-  
13 tion imposed by section 26(a)(2) for the tax-  
14 able year reduced by the sum of the credits  
15 allowable under this subpart (other than  
16 this section and sections 23, 25D, and  
17 1400C), and

18 “(ii) in the case of a taxable year to  
19 which section 26(a)(2) does not apply, the  
20 limitation imposed by section 26(a)(1) for  
21 the taxable year reduced by the sum of the  
22 credits allowable under this subpart (other  
23 than this section and sections 23, 24, 25B,  
24 25D, and 1400C).”.

1           (D) *The matter preceding paragraph (1) of sec-*  
2           *tion 25B(g) is amended by striking “The credit” and*  
3           *inserting “In the case of a taxable year to which sec-*  
4           *tion 26(a)(2) does not apply, the credit”.*

5           (E) *Subsection (c) of section 25D is amended to*  
6           *read as follows:*

7           “(c) *CARRYFORWARD OF UNUSED CREDIT.—*

8           “(1) *RULE FOR YEARS IN WHICH ALL PERSONAL*  
9           *CREDITS ALLOWED AGAINST REGULAR AND ALTER-*  
10           *NATIVE MINIMUM TAX.—In the case of a taxable year*  
11           *to which section 26(a)(2) applies, if the credit allow-*  
12           *able under subsection (a) exceeds the limitation im-*  
13           *posed by section 26(a)(2) for such taxable year re-*  
14           *duced by the sum of the credits allowable under this*  
15           *subpart (other than this section), such excess shall be*  
16           *carried to the succeeding taxable year and added to*  
17           *the credit allowable under subsection (a) for such suc-*  
18           *ceeding taxable year.*

19           “(2) *RULE FOR OTHER YEARS.—In the case of a*  
20           *taxable year to which section 26(a)(2) does not apply,*  
21           *if the credit allowable under subsection (a) exceeds the*  
22           *limitation imposed by section 26(a)(1) for such tax-*  
23           *able year reduced by the sum of the credits allowable*  
24           *under this subpart (other than this section and sec-*  
25           *tions 23, 24, and 25B), such excess shall be carried*

1 *to the succeeding taxable year and added to the credit*  
2 *allowable under subsection (a) for such succeeding*  
3 *taxable year.”.*

4 *(F) Subsection (d) of section 1400C is amended*  
5 *to read as follows:*

6 *“(d) CARRYFORWARD OF UNUSED CREDIT.—*

7 *“(1) RULE FOR YEARS IN WHICH ALL PERSONAL*  
8 *CREDITS ALLOWED AGAINST REGULAR AND ALTER-*  
9 *NATIVE MINIMUM TAX.—In the case of a taxable year*  
10 *to which section 26(a)(2) applies, if the credit allow-*  
11 *able under subsection (a) exceeds the limitation im-*  
12 *posed by section 26(a)(2) for such taxable year re-*  
13 *duced by the sum of the credits allowable under sub-*  
14 *part A of part IV of subchapter A (other than this*  
15 *section and section 25D), such excess shall be carried*  
16 *to the succeeding taxable year and added to the credit*  
17 *allowable under subsection (a) for such taxable year.*

18 *“(2) RULE FOR OTHER YEARS.—In the case of a*  
19 *taxable year to which section 26(a)(2) does not apply,*  
20 *if the credit allowable under subsection (a) exceeds the*  
21 *limitation imposed by section 26(a)(1) for such tax-*  
22 *able year reduced by the sum of the credits allowable*  
23 *under subpart A of part IV of subchapter A (other*  
24 *than this section and sections 23, 24, 25B, and 25D),*  
25 *such excess shall be carried to the succeeding taxable*

1       year and added to the credit allowable under sub-  
2       section (a) for such taxable year.”.

3           (G) Subsection (i) of section 904 is amended to  
4       read as follows:

5       “(i) COORDINATION WITH NONREFUNDABLE PER-  
6       SONAL CREDITS.—In the case of any taxable year of an  
7       individual to which section 26(a)(2) does not apply, for  
8       purposes of subsection (a), the tax against which the credit  
9       is taken is such tax reduced by the sum of the credits allow-  
10      able under subpart A of part IV of subchapter A of this  
11      chapter (other than sections 23, 24, and 25B).”.

12           (H) APPLICATION OF EGTRRA SUNSET.—The  
13      amendments made by this paragraph (and each part  
14      thereof) shall be subject to title IX of the Economic  
15      Growth and Tax Relief Reconciliation Act of 2001 in  
16      the same manner as the provisions of such Act to  
17      which such amendment (or part thereof) relates.

18           (4) Subsection (b) of section 1335 of the Energy  
19      Policy Act of 2005 is amended by striking paragraphs  
20      (1), (2), and (3). The Internal Revenue Code of 1986  
21      shall be applied and administered as if the amend-  
22      ments made such paragraphs had never been enacted.

23           (j) AMENDMENT RELATED TO SECTION 1341.—Para-  
24      graph (6) of section 30B(h) is amended by adding at the  
25      end the following sentence: “For purposes of subsection (g),

1 *property to which this paragraph applies shall be treated*  
2 *as of a character subject to an allowance for depreciation.”.*

3 *(k) AMENDMENT RELATED TO SECTION 1342.—Para-*  
4 *graph (2) of section 30C(e) is amended by adding at the*  
5 *end the following sentence: “For purposes of subsection (d),*  
6 *property to which this paragraph applies shall be treated*  
7 *as of a character subject to an allowance for depreciation.”.*

8 *(l) AMENDMENTS RELATED TO SECTION 1351.—*

9 *(1) Paragraph (6) of section 41(f) (relating to*  
10 *special rules) is amended by adding at the end the*  
11 *following:*

12 *“(C) FOREIGN RESEARCH.—For purposes of*  
13 *subsection (a)(3), amounts paid or incurred for*  
14 *any energy research conducted outside the*  
15 *United States, the Commonwealth of Puerto*  
16 *Rico, or any possession of the United States shall*  
17 *not be taken into account.*

18 *“(D) DENIAL OF DOUBLE BENEFIT.—Any*  
19 *amount taken into account under subsection*  
20 *(a)(3) shall not be taken into account under*  
21 *paragraph (1) or (2) of subsection (a).”.*

22 *(2) Clause (ii) of section 41(b)(3)(C) is amended*  
23 *by striking “(other than an energy research consor-*  
24 *tium)”.*

25 *(m) EFFECTIVE DATE.—*

1           (1) *IN GENERAL.*—*Except as provided in para-*  
 2 *graphs (2) and (3), the amendments made by this sec-*  
 3 *tion shall take effect as if included in the provisions*  
 4 *of the Energy Policy Act of 2005 to which they relate.*

5           (2) *REPEAL OF PUBLIC UTILITY HOLDING COM-*  
 6 *PANY ACT OF 1935.*—*The amendments made by sub-*  
 7 *section (a) shall not apply with respect to any trans-*  
 8 *action ordered in compliance with the Public Utility*  
 9 *Holding Company Act of 1935 before its repeal.*

10          (3) *COORDINATION OF PERSONAL CREDITS.*—*The*  
 11 *amendments made by subsection (i)(3) shall apply to*  
 12 *taxable years beginning after December 31, 2005.*

13 **SEC. 403. AMENDMENTS RELATED TO THE AMERICAN JOBS**  
 14 **CREATION ACT OF 2004.**

15          (a) *AMENDMENTS RELATED TO SECTION 102 OF THE*  
 16 *ACT.*—

17           (1) *Paragraph (1) of section 199(b) is amended*  
 18 *by striking “the employer” and inserting “the tax-*  
 19 *payer”.*

20           (2) *Paragraph (2) of section 199(b) is amended*  
 21 *to read as follows:*

22           “(2) *W-2 WAGES.*—*For purposes of this section,*  
 23 *the term ‘W-2 wages’ means, with respect to any per-*  
 24 *son for any taxable year of such person, the sum of*  
 25 *the amounts described in paragraphs (3) and (8) of*

1 *section 6051(a) paid by such person with respect to*  
2 *employment of employees by such person during the*  
3 *calendar year ending during such taxable year. Such*  
4 *term shall not include any amount which is not prop-*  
5 *erly included in a return filed with the Social Secu-*  
6 *rity Administration on or before the 60th day after*  
7 *the due date (including extensions) for such return.”.*

8 *(3) Subparagraph (B) of section 199(c)(1) is*  
9 *amended by inserting “and” at the end of clause (i),*  
10 *by striking clauses (ii) and (iii), and by inserting*  
11 *after clause (i) the following:*

12 *“(ii) other expenses, losses, or deduc-*  
13 *tions (other than the deduction allowed*  
14 *under this section), which are properly allo-*  
15 *cable to such receipts.”.*

16 *(4) Paragraph (2) of section 199(c) is amended*  
17 *to read as follows:*

18 *“(2) ALLOCATION METHOD.—The Secretary shall*  
19 *prescribe rules for the proper allocation of items de-*  
20 *scribed in paragraph (1) for purposes of determining*  
21 *qualified production activities income. Such rules*  
22 *shall provide for the proper allocation of items wheth-*  
23 *er or not such items are directly allocable to domestic*  
24 *production gross receipts.”.*



1           (5) *Subparagraph (A) of section 199(c)(4) is*  
2 *amended by striking clauses (ii) and (iii) and insert-*  
3 *ing the following new clauses:*

4                   “(ii) *in the case of a taxpayer engaged*  
5 *in the active conduct of a construction trade*  
6 *or business, construction of real property*  
7 *performed in the United States by the tax-*  
8 *payer in the ordinary course of such trade*  
9 *or business, or*

10                   “(iii) *in the case of a taxpayer engaged*  
11 *in the active conduct of an engineering or*  
12 *architectural services trade or business, en-*  
13 *gineering or architectural services per-*  
14 *formed in the United States by the taxpayer*  
15 *in the ordinary course of such trade or busi-*  
16 *ness with respect to the construction of real*  
17 *property in the United States.”.*

18           (6) *Subparagraph (B) of section 199(c)(4) is*  
19 *amended by striking “and” at the end of clause (i),*  
20 *by striking the period at the end of clause (ii) and*  
21 *inserting “, or”, and by adding at the end the fol-*  
22 *lowing:*

23                   “(iii) *the lease, rental, license, sale, ex-*  
24 *change, or other disposition of land.”.*

1           (7) Paragraph (4) of section 199(c) is amended  
2           by adding at the end the following new subpara-  
3           graphs:

4                   “(C) *SPECIAL RULE FOR CERTAIN GOVERN-*  
5                   *MENT CONTRACTS.*—Gross receipts derived from  
6                   the manufacture or production of any property  
7                   described in subparagraph (A)(i)(I) shall be  
8                   treated as meeting the requirements of subpara-  
9                   graph (A)(i) if—

10                   “(i) such property is manufactured or  
11                   produced by the taxpayer pursuant to a  
12                   contract with the Federal Government, and

13                   “(ii) the Federal Acquisition Regula-  
14                   tion requires that title or risk of loss with  
15                   respect to such property be transferred to  
16                   the Federal Government before the manufac-  
17                   ture or production of such property is com-  
18                   plete.

19                   “(D) *PARTNERSHIPS OWNED BY EXPANDED*  
20                   *AFFILIATED GROUPS.*—For purposes of this  
21                   paragraph, if all of the interests in the capital  
22                   and profits of a partnership are owned by mem-  
23                   bers of a single expanded affiliated group at all  
24                   times during the taxable year of such partner-  
25                   ship, the partnership and all members of such

1           *group shall be treated as a single taxpayer dur-*  
 2           *ing such period.”.*

3           *(8) Paragraph (1) of section 199(d) is amended*  
 4           *to read as follows:*

5           “(1) *APPLICATION OF SECTION TO PASS-THRU*  
 6           *ENTITIES.—*

7           “(A) *PARTNERSHIPS AND S CORPORA-*  
 8           *TIONS.—In the case of a partnership or S*  
 9           *corporation—*

10           “(i) *this section shall be applied at the*  
 11           *partner or shareholder level,*

12           “(ii) *each partner or shareholder shall*  
 13           *take into account such person’s allocable*  
 14           *share of each item described in subpara-*  
 15           *graph (A) or (B) of subsection (c)(1) (deter-*  
 16           *mined without regard to whether the items*  
 17           *described in such subparagraph (A) exceed*  
 18           *the items described in such subparagraph*  
 19           *(B)), and*

20           “(iii) *each partner or shareholder shall*  
 21           *be treated for purposes of subsection (b) as*  
 22           *having W-2 wages for the taxable year in*  
 23           *an amount equal to the lesser of—*

24           “(I) *such person’s allocable share*  
 25           *of the W-2 wages of the partnership or*

1           *S corporation for the taxable year (as*  
2           *determined under regulations pre-*  
3           *scribed by the Secretary), or*

4                     *“(II) 2 times 9 percent of so much*  
5                     *of such person’s qualified production*  
6                     *activities income as is attributable to*  
7                     *items allocated under clause (ii) for the*  
8                     *taxable year.*

9                     *“(B) TRUSTS AND ESTATES.—In the case of*  
10            *a trust or estate—*

11                     *“(i) the items referred to in subpara-*  
12                     *graph (A)(ii) (as determined therein) and*  
13                     *the W-2 wages of the trust or estate for the*  
14                     *taxable year, shall be apportioned between*  
15                     *the beneficiaries and the fiduciary (and*  
16                     *among the beneficiaries) under regulations*  
17                     *prescribed by the Secretary, and*

18                     *“(ii) for purposes of paragraph (2),*  
19                     *adjusted gross income of the trust or estate*  
20                     *shall be determined as provided in section*  
21                     *67(e) with the adjustments described in such*  
22                     *paragraph.*

23                     *“(C) REGULATIONS.—The Secretary may*  
24            *prescribe rules requiring or restricting the alloca-*  
25            *tion of items and wages under this paragraph*

1           *and may prescribe such reporting requirements*  
 2           *as the Secretary determines appropriate.”.*

3           *(9) Paragraph (3) of section 199(d) is amended*  
 4           *to read as follows:*

5           “(3) *AGRICULTURAL AND HORTICULTURAL CO-*  
 6           *OPERATIVES.—*

7                   “(A) *DEDUCTION ALLOWED TO PATRONS.—*  
 8           *Any person who receives a qualified payment*  
 9           *from a specified agricultural or horticultural co-*  
 10           *operative shall be allowed for the taxable year in*  
 11           *which such payment is received a deduction*  
 12           *under subsection (a) equal to the portion of the*  
 13           *deduction allowed under subsection (a) to such*  
 14           *cooperative which is—*

15                   “(i) *allowed with respect to the portion*  
 16                   *of the qualified production activities income*  
 17                   *to which such payment is attributable, and*

18                   “(ii) *identified by such cooperative in*  
 19                   *a written notice mailed to such person dur-*  
 20                   *ing the payment period described in section*  
 21                   *1382(d).*

22                   “(B) *COOPERATIVE DENIED DEDUCTION*  
 23                   *FOR PORTION OF QUALIFIED PAYMENTS.—The*  
 24                   *taxable income of a specified agricultural or hor-*  
 25                   *ticultural cooperative shall not be reduced under*

1           *section 1382 by reason of that portion of any*  
2           *qualified payment as does not exceed the deduc-*  
3           *tion allowable under subparagraph (A) with re-*  
4           *spect to such payment.*

5           “(C) *TAXABLE INCOME OF COOPERATIVES*  
6           *DETERMINED WITHOUT REGARD TO CERTAIN DE-*  
7           *DUCTIONS.—For purposes of this section, the tax-*  
8           *able income of a specified agricultural or horti-*  
9           *cultural cooperative shall be computed without*  
10          *regard to any deduction allowable under sub-*  
11          *section (b) or (c) of section 1382 (relating to pa-*  
12          *tronage dividends, per-unit retain allocations,*  
13          *and nonpatronage distributions).*

14          “(D) *SPECIAL RULE FOR MARKETING CO-*  
15          *OPERATIVES.—For purposes of this section, a*  
16          *specified agricultural or horticultural cooperative*  
17          *described in subparagraph (F)(ii) shall be treat-*  
18          *ed as having manufactured, produced, grown, or*  
19          *extracted in whole or significant part any quali-*  
20          *fying production property marketed by the orga-*  
21          *nization which its patrons have so manufac-*  
22          *tured, produced, grown, or extracted.*

23          “(E) *QUALIFIED PAYMENT.—For purposes*  
24          *of this paragraph, the term ‘qualified payment’*

1 means, with respect to any person, any amount  
2 which—

3 “(i) is described in paragraph (1) or  
4 (3) of section 1385(a),

5 “(ii) is received by such person from a  
6 specified agricultural or horticultural coop-  
7 erative, and

8 “(iii) is attributable to qualified pro-  
9 duction activities income with respect to  
10 which a deduction is allowed to such cooper-  
11 ative under subsection (a).

12 “(F) SPECIFIED AGRICULTURAL OR HORTI-  
13 CULTURAL COOPERATIVE.—For purposes of this  
14 paragraph, the term ‘specified agricultural or  
15 horticultural cooperative’ means an organization  
16 to which part I of subchapter T applies which is  
17 engaged—

18 “(i) in the manufacturing, production,  
19 growth, or extraction in whole or significant  
20 part of any agricultural or horticultural  
21 product, or

22 “(ii) in the marketing of agricultural  
23 or horticultural products.”.

24 (10) Clause (i) of section 199(d)(4)(B) is  
25 amended—

1           (A) by striking “50 percent” and inserting  
2           “more than 50 percent”, and

3           (B) by striking “80 percent” and inserting  
4           “at least 80 percent”.

5           (11)(A) Paragraph (6) of section 199(d) is  
6           amended to read as follows:

7           “(6) COORDINATION WITH MINIMUM TAX.—For  
8           purposes of determining alternative minimum taxable  
9           income under section 55—

10           “(A) qualified production activities income  
11           shall be determined without regard to any ad-  
12           justments under sections 56 through 59, and

13           “(B) in the case of a corporation, subsection  
14           (a)(1)(B) shall be applied by substituting ‘alter-  
15           native minimum taxable income’ for ‘taxable in-  
16           come’.”.

17           (B) Paragraph (2) of section 199(a) is amended  
18           by striking “subsections (d)(1) and (d)(6)” and in-  
19           serting “subsection (d)(1)”.

20           (12) Subsection (d) of section 199 is amended by  
21           redesignating paragraph (7) as paragraph (8) and by  
22           inserting after paragraph (6) the following new para-  
23           graph:

24           “(7) UNRELATED BUSINESS TAXABLE INCOME.—  
25           For purposes of determining the tax imposed by sec-



1 *tion 511, subsection (a)(1)(B) shall be applied by sub-*  
2 *stituting ‘unrelated business taxable income’ for ‘tax-*  
3 *able income’.*”

4 (13) *Paragraph (8) of section 199(d), as redesign-*  
5 *ated by paragraph (12), is amended by inserting “,*  
6 *including regulations which prevent more than 1 tax-*  
7 *payer from being allowed a deduction under this sec-*  
8 *tion with respect to any activity described in sub-*  
9 *section (c)(4)(A)(i)” before the period at the end.*

10 (14) *Clauses (i)(II) and (ii)(II) of section*  
11 *56(d)(1)(A) are each amended by striking “such de-*  
12 *duction” and inserting “such deduction and the de-*  
13 *duction under section 199”.*

14 (15) *Clause (i) of section 163(j)(6)(A) is amend-*  
15 *ed by striking “and” at the end of subclause (II), by*  
16 *redesignating subclause (III) as subclause (IV), and*  
17 *by inserting after subclause (II) the following new*  
18 *subclause:*

19 “(III) *any deduction allowable*  
20 *under section 199, and”.*

21 (16) *Paragraph (2) of section 170(b) is amended*  
22 *by redesignating subparagraphs (C) and (D) as sub-*  
23 *paragraphs (D) and (E), respectively, and by insert-*  
24 *ing after subparagraph (B) the following new sub-*  
25 *paragraph:*

1                   “(C) section 199,”.

2                   (17) Subsection (d) of section 172 is amended by  
3 adding at the end the following new paragraph:

4                   “(7) *MANUFACTURING DEDUCTION.*—*The deduc-*  
5 *tion under section 199 shall not be allowed.*”.

6                   (18) Paragraph (1) of section 613A(d) is amend-  
7 ed by redesignating subparagraphs (B), (C), and (D)  
8 as subparagraphs (C), (D), and (E), respectively, and  
9 by inserting after subparagraph (A) the following new  
10 subparagraph:

11                   “(B) any deduction allowable under section  
12 199,”.

13                   (19) Subsection (e) of section 102 of the Amer-  
14 ican Jobs Creation Act of 2004 is amended to read  
15 as follows:

16                   “(e) *EFFECTIVE DATE.*—

17                   “(1) *IN GENERAL.*—*The amendments made by*  
18 *this section shall apply to taxable years beginning*  
19 *after December 31, 2004.*

20                   “(2) *APPLICATION TO PASS-THRU ENTITIES,*  
21 *ETC.*—*In determining the deduction under section*  
22 *199 of the Internal Revenue Code of 1986 (as added*  
23 *by this section), items arising from a taxable year of*  
24 *a partnership, S corporation, estate, or trust begin-*  
25 *ning before January 1, 2005, shall not be taken into*

1       *account for purposes of subsection (d)(1) of such sec-*  
2       *tion.”.*

3       **(b) AMENDMENT RELATED TO SECTION 231 OF THE**  
4       **ACT.—***Paragraph (1) of section 1361(c) is amended to read*  
5       *as follows:*

6               **“(1) MEMBERS OF A FAMILY TREATED AS 1**  
7       **SHAREHOLDER.—**

8               **“(A) IN GENERAL.—***For purposes of sub-*  
9       *section (b)(1)(A), there shall be treated as one*  
10       *shareholder—*

11               *“(i) a husband and wife (and their es-*  
12       *tates), and*

13               *“(ii) all members of a family (and*  
14       *their estates).*

15               **“(B) MEMBERS OF A FAMILY.—***For pur-*  
16       *poses of this paragraph—*

17               **“(i) IN GENERAL.—***The term ‘members*  
18       *of a family’ means a common ancestor, any*  
19       *lineal descendant of such common ancestor,*  
20       *and any spouse or former spouse of such*  
21       *common ancestor or any such lineal de-*  
22       *scendant.*

23               **“(ii) COMMON ANCESTOR.—***An indi-*  
24       *vidual shall not be considered to be a com-*  
25       *mon ancestor if, on the applicable date, the*

1           *individual is more than 6 generations re-*  
 2           *moved from the youngest generation of*  
 3           *shareholders who would (but for this sub-*  
 4           *paragraph) be members of the family. For*  
 5           *purposes of the preceding sentence, a spouse*  
 6           *(or former spouse) shall be treated as being*  
 7           *of the same generation as the individual to*  
 8           *whom such spouse is (or was) married.*

9           “(iii) *APPLICABLE DATE.*—*The term*  
 10          *‘applicable date’ means the latest of—*

11                   “(I) *the date the election under*  
 12                   *section 1362(a) is made,*

13                   “(II) *the earliest date that an in-*  
 14                   *dividual described in clause (i) holds*  
 15                   *stock in the S corporation, or*

16                   “(III) *October 22, 2004.*

17           “(C) *EFFECT OF ADOPTION, ETC.*—*Any le-*  
 18           *gally adopted child of an individual, any child*  
 19           *who is lawfully placed with an individual for*  
 20           *legal adoption by the individual, and any eligi-*  
 21           *ble foster child of an individual (within the*  
 22           *meaning of section 152(f)(1)(C)), shall be treated*  
 23           *as a child of such individual by blood.”.*

24          (c) *AMENDMENT RELATED TO SECTION 235 OF THE*  
 25          *ACT.*—*Subsection (b) of section 235 of the American Jobs*

1 *Creation Act of 2004 is amended by striking “taxable years*  
2 *beginning” and inserting “transfers”.*

3 *(d) AMENDMENTS RELATED TO SECTION 243 OF THE*  
4 *ACT.—*

5 *(1) Paragraph (7) of section 856(c) is amended*  
6 *to read as follows:*

7 *“(7) RULES OF APPLICATION FOR FAILURE TO*  
8 *SATISFY PARAGRAPH (4).—*

9 *“(A) IN GENERAL.—A corporation, trust, or*  
10 *association that fails to meet the requirements of*  
11 *paragraph (4) (other than a failure to meet the*  
12 *requirements of paragraph (4)(B)(iii) which is*  
13 *described in subparagraph (B)(i) of this para-*  
14 *graph) for a particular quarter shall nevertheless*  
15 *be considered to have satisfied the requirements*  
16 *of such paragraph for such quarter if—*

17 *“(i) following the corporation, trust, or*  
18 *association’s identification of the failure to*  
19 *satisfy the requirements of such paragraph*  
20 *for a particular quarter, a description of*  
21 *each asset that causes the corporation, trust,*  
22 *or association to fail to satisfy the require-*  
23 *ments of such paragraph at the close of such*  
24 *quarter of any taxable year is set forth in*  
25 *a schedule for such quarter filed in accord-*

1            *ance with regulations prescribed by the Sec-*  
2            *retary,*

3            *“(ii) the failure to meet the require-*  
4            *ments of such paragraph for a particular*  
5            *quarter is due to reasonable cause and not*  
6            *due to willful neglect, and*

7            *“(iii)(I) the corporation, trust, or asso-*  
8            *ciation disposes of the assets set forth on the*  
9            *schedule specified in clause (i) within 6*  
10           *months after the last day of the quarter in*  
11           *which the corporation, trust or association’s*  
12           *identification of the failure to satisfy the re-*  
13           *quirements of such paragraph occurred or*  
14           *such other time period prescribed by the*  
15           *Secretary and in the manner prescribed by*  
16           *the Secretary, or*

17           *“(II) the requirements of such para-*  
18           *graph are otherwise met within the time pe-*  
19           *riod specified in subclause (I).*

20           *“(B) RULE FOR CERTAIN DE MINIMIS FAIL-*  
21           *URES.—A corporation, trust, or association that*  
22           *fails to meet the requirements of paragraph*  
23           *(4)(B)(iii) for a particular quarter shall never-*  
24           *theless be considered to have satisfied the require-*  
25           *ments of such paragraph for such quarter if—*

1           “(i) such failure is due to the owner-  
2 ship of assets the total value of which does  
3 not exceed the lesser of—

4                   “(I) 1 percent of the total value of  
5 the trust’s assets at the end of the quar-  
6 ter for which such measurement is  
7 done, and

8                   “(II) \$10,000,000, and

9           “(ii)(I) the corporation, trust, or asso-  
10 ciation, following the identification of such  
11 failure, disposes of assets in order to meet  
12 the requirements of such paragraph within  
13 6 months after the last day of the quarter  
14 in which the corporation, trust or associa-  
15 tion’s identification of the failure to satisfy  
16 the requirements of such paragraph oc-  
17 curred or such other time period prescribed  
18 by the Secretary and in the manner pre-  
19 scribed by the Secretary, or

20                   “(II) the requirements of such para-  
21 graph are otherwise met within the time pe-  
22 riod specified in subclause (I).

23           “(C) TAX.—

24                   “(i) TAX IMPOSED.—If subparagraph  
25 (A) applies to a corporation, trust, or asso-

1            *ciation for any taxable year, there is hereby*  
2            *imposed on such corporation, trust, or asso-*  
3            *ciation a tax in an amount equal to the*  
4            *greater of—*

5                    *“(I) \$50,000, or*

6                    *“(II) the amount determined*  
7                    *(pursuant to regulations promulgated*  
8                    *by the Secretary) by multiplying the*  
9                    *net income generated by the assets de-*  
10                   *scribed in the schedule specified in sub-*  
11                   *paragraph (A)(i) for the period speci-*  
12                   *fied in clause (ii) by the highest rate of*  
13                   *tax specified in section 11.*

14                   *“(ii) PERIOD.—For purposes of clause*  
15                   *(i)(II), the period described in this clause is*  
16                   *the period beginning on the first date that*  
17                   *the failure to satisfy the requirements of*  
18                   *such paragraph (4) occurs as a result of the*  
19                   *ownership of such assets and ending on the*  
20                   *earlier of the date on which the trust dis-*  
21                   *poses of such assets or the end of the first*  
22                   *quarter when there is no longer a failure to*  
23                   *satisfy such paragraph (4).*

24                   *“(iii) ADMINISTRATIVE PROVISIONS.—*  
25                   *For purposes of subtitle F, the taxes im-*



1           posed by this subparagraph shall be treated  
2           as excise taxes with respect to which the de-  
3           ficiency procedures of such subtitle apply.”.

4           (2) Subsection (m) of section 856 is amended by  
5           adding at the end the following new paragraph:

6           “(6) *TRANSITION RULE.*—

7           “(A) *IN GENERAL.*—Notwithstanding para-  
8           graph (2)(C), securities held by a trust shall not  
9           be considered securities held by the trust for pur-  
10          poses of subsection (c)(4)(B)(iii)(III) during any  
11          period beginning on or before October 22, 2004,  
12          if such securities—

13                 “(i) are held by such trust continu-  
14                 ously during such period, and

15                 “(ii) would not be taken into account  
16                 for purposes of such subsection by reason of  
17                 paragraph (7)(C) of subsection (c) (as in ef-  
18                 fect on October 22, 2004) if the amendments  
19                 made by section 243 of the American Jobs  
20                 Creation Act of 2004 had never been en-  
21                 acted.

22           “(B) *RULE NOT TO APPLY TO SECURITIES*  
23           *HELD AFTER MATURITY DATE.*—Subparagraph  
24           (A) shall not apply with respect to any security  
25           after the later of October 22, 2004, or the latest

1           *maturity date under the contract (as in effect on*  
2           *October 22, 2004) taking into account any re-*  
3           *newal or extension permitted under the contract*  
4           *if such renewal or extension does not signifi-*  
5           *cantly modify any other terms of the contract.*

6           “(C) *SUCCESSORS.*—*If the successor of a*  
7           *trust to which this paragraph applies acquires*  
8           *securities in a transaction to which section 381*  
9           *applies, such trusts shall be treated as a single*  
10           *entity for purposes of determining the holding*  
11           *period of such securities under subparagraph*  
12           *(A).”.*

13           (3) *Subparagraph (E) of section 857(b)(2) is*  
14           *amended by striking “section 856(c)(7)(B)(iii), and*  
15           *section 856(g)(1).” and inserting “section*  
16           *856(c)(7)(C), and section 856(g)(5)”.*

17           (4) *Subsection (g) of section 243 of the American*  
18           *Jobs Creation Act of 2004 is amended to read as fol-*  
19           *lows:*

20           “(g) *EFFECTIVE DATES.*—

21           “(1) *SUBSECTIONS (a) AND (b).*—*The amend-*  
22           *ments made by subsections (a) and (b) shall apply to*  
23           *taxable years beginning after December 31, 2000.*

24           “(2) *SUBSECTIONS (c) AND (e).*—*The amend-*  
25           *ments made by subsections (c) and (e) shall apply to*

1 *taxable years beginning after the date of the enact-*  
2 *ment of this Act.*

3 “(3) *SUBSECTION (d).*—*The amendment made*  
4 *by subsection (d) shall apply to transactions entered*  
5 *into after December 31, 2004.*

6 “(4) *SUBSECTION (f).*—

7 “(A) *The amendment made by paragraph*  
8 *(1) of subsection (f) shall apply to failures with*  
9 *respect to which the requirements of subpara-*  
10 *graph (A) or (B) of section 856(c)(7) of the In-*  
11 *ternal Revenue Code of 1986 (as added by such*  
12 *paragraph) are satisfied after the date of the en-*  
13 *actment of this Act.*

14 “(B) *The amendment made by paragraph*  
15 *(2) of subsection (f) shall apply to failures with*  
16 *respect to which the requirements of paragraph*  
17 *(6) of section 856(c) of the Internal Revenue*  
18 *Code of 1986 (as amended by such paragraph)*  
19 *are satisfied after the date of the enactment of*  
20 *this Act.*

21 “(C) *The amendments made by paragraph*  
22 *(3) of subsection (f) shall apply to failures with*  
23 *respect to which the requirements of paragraph*  
24 *(5) of section 856(g) of the Internal Revenue*  
25 *Code of 1986 (as added by such paragraph) are*

1           *satisfied after the date of the enactment of this*  
2           *Act.*

3           “(D) *The amendment made by paragraph*  
4           *(4) of subsection (f) shall apply to taxable years*  
5           *ending after the date of the enactment of this*  
6           *Act.*

7           “(E) *The amendments made by paragraph*  
8           *(5) of subsection (f) shall apply to statements*  
9           *filed after the date of the enactment of this Act.*”.

10          (e) *AMENDMENTS RELATED TO SECTION 244 OF THE*  
11 *ACT.—*

12           (1) *Paragraph (2) of section 181(d) is amended*  
13 *by striking the last sentence in subparagraph (A), by*  
14 *redesignating subparagraph (B) as subparagraph (C),*  
15 *and by inserting after subparagraph (A) the following*  
16 *new subparagraph:*

17                   “(B) *SPECIAL RULES FOR TELEVISION SE-*  
18                   *RIES.—In the case of a television series—*

19                           “(i) *each episode of such series shall be*  
20                           *treated as a separate production, and*

21                           “(ii) *only the first 44 episodes of such*  
22                           *series shall be taken into account.*”.

23           (2) *Subparagraph (C) of section 1245(a)(2) is*  
24           *amended by inserting “181,” after “179B,”.*

1       (f) *AMENDMENTS RELATED TO SECTION 245 OF THE*  
2 *ACT.*—

3           (1) *Subsection (b) of section 45G is amended to*  
4 *read as follows:*

5       “(b) *LIMITATION.*—

6           “(1) *IN GENERAL.*—*The credit allowed under*  
7 *subsection (a) for any taxable year shall not exceed*  
8 *the product of—*

9           “(A) *\$3,500, multiplied by*

10          “(B) *the sum of—*

11                  “(i) *the number of miles of railroad*  
12 *track owned or leased by the eligible tax-*  
13 *payer as of the close of the taxable year, and*

14                  “(ii) *the number of miles of railroad*  
15 *track assigned for purposes of this sub-*  
16 *section to the eligible taxpayer by a Class II*  
17 *or Class III railroad which owns or leases*  
18 *such railroad track as of the close of the tax-*  
19 *able year.*

20          “(2) *ASSIGNMENTS.*—*With respect to any assign-*  
21 *ment of a mile of railroad track under paragraph*  
22 *(1)(B)(ii)—*

23                  “(A) *such assignment may be made only*  
24 *once per taxable year of the Class II or Class III*

1           *railroad and shall be treated as made as of the*  
2           *close of such taxable year,*

3           “(B) *such mile may not be taken into ac-*  
4           *count under this section by such railroad for*  
5           *such taxable year, and*

6           “(C) *such assignment shall be taken into ac-*  
7           *count for the taxable year of the assignee which*  
8           *includes the date that such assignment is treated*  
9           *as effective.”.*

10          (2) *Paragraph (2) of section 45G(c) is amended*  
11          *to read as follows:*

12                 “(2) *any person who transports property using*  
13                 *the rail facilities of a Class II or Class III railroad*  
14                 *or who furnishes railroad-related property or services*  
15                 *to a Class II or Class III railroad, but only with re-*  
16                 *spect to miles of railroad track assigned to such per-*  
17                 *son by such Class II or Class III railroad for pur-*  
18                 *poses of subsection (b).”.*

19          (g) *AMENDMENTS RELATED TO SECTION 248 OF THE*  
20          *ACT.—*

21                 (1)(A) *Subsection (d) of section 1353 is amended*  
22                 *by striking “ownership and charter interests” and in-*  
23                 *serting “ownership, charter, and operating agreement*  
24                 *interests”.*

1           (B) Subsection (a) of section 1355 is amended by  
2           striking paragraph (8).

3           (C) Paragraph (1) of section 1355(b) is amended  
4           to read as follows:

5           “(1) *IN GENERAL.*—*Except as provided in para-*  
6           *graph (2), a person is treated as operating any vessel*  
7           *during any period if—*

8                   “(A)(i) *such vessel is owned by, or chartered*  
9                   *(including a time charter) to, the person, or*

10                   “(ii) *the person provides services for such*  
11                   *vessel pursuant to an operating agreement, and*

12                   “(B) *such vessel is in use as a qualifying*  
13                   *vessel during such period.*”

14           (D) Paragraph (3) of section 1355(d) is amended  
15           to read as follows:

16           “(3) *the extent of a partner’s ownership, charter,*  
17           *or operating agreement interest in any vessel operated*  
18           *by the partnership shall be determined on the basis of*  
19           *the partner’s interest in the partnership.*”

20           (2) Paragraph (3) of section 1355(c) is amended  
21           by striking “determined—” and all that follows and  
22           inserting “determined by treating all members of such  
23           group as 1 person.”

24           (3) Subsection (c) of section 1356 is amended—

25                   (A) *by striking paragraph (3), and*

1                   (B) by adding at the end of paragraph (2)  
2                   the following new flush sentence:

3                   “Such term shall not include any core qualifying ac-  
4                   tivities.”.

5                   (4) The last sentence of section 1354(b) is  
6                   amended by inserting “on or” after “only if made”.

7                   (h) AMENDMENT RELATED TO SECTION 314 OF THE  
8                   ACT.—Paragraph (2) of section 55(c) is amended by strik-  
9                   ing “regular tax” and inserting “regular tax liability”.

10                  (i) AMENDMENTS RELATED TO SECTION 322 OF THE  
11                  ACT.—

12                  (1)(A) Subparagraph (B) of section 194(b)(1) is  
13                  amended to read as follows:

14                         “(B) DOLLAR LIMITATION.—The aggregate  
15                         amount of reforestation expenditures which may  
16                         be taken into account under subparagraph (A)  
17                         with respect to each qualified timber property for  
18                         any taxable year shall not exceed—

19                                 “(i) except as provided in clause (ii) or  
20                                 (iii), \$10,000,

21                                 “(ii) in the case of a separate return  
22                                 by a married individual (as defined in sec-  
23                                 tion 7703), \$5,000, and

24                                 “(iii) in the case of a trust, zero.”.



1           (B) Paragraph (4) of section 194(c) is amended  
2           to read as follows:

3           “(4) *TREATMENT OF TRUSTS AND ESTATES.*—  
4           *The aggregate amount of reforestation expenditures*  
5           *incurred by any trust or estate shall be apportioned*  
6           *between the income beneficiaries and the fiduciary*  
7           *under regulations prescribed by the Secretary. Any*  
8           *amount so apportioned to a beneficiary shall be taken*  
9           *into account as expenditures incurred by such bene-*  
10          *ficiary in applying this section to such beneficiary.”.*

11          (2) Subparagraph (C) of section 1245(a)(2) is  
12          amended by striking “or 193” and inserting “193, or  
13          194”.

14          (j) *AMENDMENTS RELATED TO SECTION 336 OF THE*  
15          *ACT.*—

16          (1) Clause (iv) of section 168(k)(2)(A) is amend-  
17          ed by striking “subparagraphs (B) and (C)” and in-  
18          serting “subparagraph (B) or (C)”.

19          (2) Clause (iii) of section 168(k)(4)(B) is amend-  
20          ed by striking “and paragraph (2)(C)” and inserting  
21          “or paragraph (2)(C) (as so modified)”.

22          (k) *AMENDMENT RELATED TO SECTION 402 OF THE*  
23          *ACT.*—Paragraph (2) of section 904(g) is amended to read  
24          as follows:

1           “(2) *OVERALL DOMESTIC LOSS.*—*For purposes of*  
2 *this subsection—*

3           “(A) *IN GENERAL.*—*The term ‘overall do-*  
4 *mestic loss’ means—*

5           “(i) *with respect to any qualified tax-*  
6 *able year, the domestic loss for such taxable*  
7 *year to the extent such loss offsets taxable*  
8 *income from sources without the United*  
9 *States for the taxable year or for any pre-*  
10 *ceding qualified taxable year by reason of a*  
11 *carryback, and*

12           “(ii) *with respect to any other taxable*  
13 *year, the domestic loss for such taxable year*  
14 *to the extent such loss offsets taxable income*  
15 *from sources without the United States for*  
16 *any preceding qualified taxable year by rea-*  
17 *son of a carryback.*

18           “(B) *DOMESTIC LOSS.*—*For purposes of*  
19 *subparagraph (A), the term ‘domestic loss’ means*  
20 *the amount by which the gross income for the*  
21 *taxable year from sources within the United*  
22 *States is exceeded by the sum of the deductions*  
23 *properly apportioned or allocated thereto (deter-*  
24 *mined without regard to any carryback from a*  
25 *subsequent taxable year).*

1                   “(C) *QUALIFIED TAXABLE YEAR.*—For pur-  
2                   poses of subparagraph (A), the term ‘qualified  
3                   taxable year’ means any taxable year for which  
4                   the taxpayer chose the benefits of this subpart.”.

5                   (l) *AMENDMENT RELATED TO SECTION 403 OF THE*  
6 *ACT.*—Section 403 of the American Jobs Creation Act of  
7 2004 is amended by adding at the end the following new  
8 subsection:

9                   “(d) *TRANSITION RULE.*—If the taxpayer elects (at  
10 such time and in such form and manner as the Secretary  
11 of the Treasury may prescribe) to have the rules of this sub-  
12 section apply—

13                   “(1) the amendments made by this section shall  
14 not apply to taxable years beginning after December  
15 31, 2002, and before January 1, 2005, and

16                   “(2) in the case of taxable years beginning after  
17 December 31, 2004, clause (iv) of section 904(d)(4)(C)  
18 of the Internal Revenue Code of 1986 (as amended by  
19 this section) shall be applied by substituting ‘January  
20 1, 2005’ for ‘January 1, 2003’ both places it ap-  
21 pears.”.

22                   (m) *AMENDMENT RELATED TO SECTION 412 OF THE*  
23 *ACT.*—Subparagraph (B) of section 954(c)(4) is amended  
24 by adding at the end the following: “If a controlled foreign  
25 corporation is treated as owning a capital or profits inter-

1 *est in a partnership under constructive ownership rules*  
2 *similar to the rules of section 958(b), the controlled foreign*  
3 *corporation shall be treated as owning such interest directly*  
4 *for purposes of this subparagraph.”.*

5 (n) *AMENDMENTS RELATED TO SECTION 413 OF THE*  
6 *ACT.—*

7 (1) *Subsection (b) of section 532 is amended by*  
8 *striking paragraph (2) and redesignating paragraphs*  
9 *(3) and (4) as paragraphs (2) and (3), respectively.*

10 (2) *Subsection (b) of section 535 is amended by*  
11 *adding at the end the following new paragraph:*

12 “(10) *CONTROLLED FOREIGN CORPORATIONS.—*  
13 *There shall be allowed as a deduction the amount of*  
14 *the corporation’s income for the taxable year which is*  
15 *included in the gross income of a United States share-*  
16 *holder under section 951(a). In the case of any cor-*  
17 *poration the accumulated taxable income of which*  
18 *would (but for this sentence) be determined without*  
19 *allowance of any deductions, the deduction under this*  
20 *paragraph shall be allowed and shall be appropriately*  
21 *adjusted to take into account any deductions which*  
22 *reduced such inclusion.”.*

23 (3)(A) *Section 6683 is repealed.*

1           (B) *The table of sections for part I of subchapter*  
2           *B of chapter 68 is amended by striking the item relat-*  
3           *ing to section 6683.*

4           (o) *AMENDMENT RELATED TO SECTION 415 OF THE*  
5           *ACT.—Subparagraph (D) of section 904(d)(2) is amended*  
6           *by inserting “as in effect before its repeal” after “section*  
7           *954(f)”.*

8           (p) *AMENDMENTS RELATED TO SECTION 418 OF THE*  
9           *ACT.—*

10           (1) *The second sentence of section 897(h)(1) is*  
11           *amended—*

12                   (A) *by striking “any distribution” and all*  
13                   *that follows through “any class of stock” and in-*  
14                   *serting “any distribution by a real estate invest-*  
15                   *ment trust with respect to any class of stock”,*  
16                   *and*

17                   (B) *by striking “the taxable year” and in-*  
18                   *serting “the 1-year period ending on the date of*  
19                   *the distribution”.*

20           (2) *Subsection (c) of section 418 of the American*  
21           *Jobs Creation Act of 2004 is amended to read as fol-*  
22           *lows:*

23           “(c) *EFFECTIVE DATE.—The amendments made by*  
24           *this section shall apply to—*

1           “(1) any distribution by a real estate investment  
2 trust which is treated as a deduction for a taxable  
3 year of such trust beginning after the date of the en-  
4 actment of this Act, and

5           “(2) any distribution by a real estate investment  
6 trust made after such date which is treated as a de-  
7 duction under section 860 for a taxable year of such  
8 trust beginning on or before such date.”.

9           (q) AMENDMENTS RELATED TO SECTION 422 OF THE  
10 ACT.—

11           (1) Subparagraph (B) of section 965(a)(2) is  
12 amended by inserting “from another controlled for-  
13 eign corporation in such chain of ownership” before  
14 “, but only to the extent”.

15           (2) Subparagraph (A) of section 965(b)(2) is  
16 amended by inserting “cash” before “dividends”.

17           (3) Paragraph (3) of section 965(b) is amended  
18 by adding at the end the following: “The Secretary  
19 may prescribe such regulations as may be necessary  
20 or appropriate to prevent the avoidance of the pur-  
21 poses of this paragraph, including regulations which  
22 provide that cash dividends shall not be taken into  
23 account under subsection (a) to the extent such divi-  
24 dends are attributable to the direct or indirect trans-  
25 fer (including through the use of intervening entities

1       or capital contributions) of cash or other property  
2       from a related person (as so defined) to a controlled  
3       foreign corporation.”.

4               (4) Paragraph (1) of section 965(c) is amended  
5       to read as follows:

6               “(1) *APPLICABLE FINANCIAL STATEMENT.*—The  
7       term ‘applicable financial statement’ means—

8               “(A) with respect to a United States share-  
9       holder which is required to file a financial state-  
10      ment with the Securities and Exchange Commis-  
11      sion (or which is included in such a statement  
12      so filed by another person), the most recent au-  
13      dited annual financial statement (including the  
14      notes which form an integral part of such state-  
15      ment) of such shareholder (or which includes  
16      such shareholder)—

17              “(i) which was so filed on or before  
18              June 30, 2003, and

19              “(ii) which was certified on or before  
20              June 30, 2003, as being prepared in accord-  
21              ance with generally accepted accounting  
22              principles, and

23              “(B) with respect to any other United  
24      States shareholder, the most recent audited fi-  
25      nancial statement (including the notes which

1           *form an integral part of such statement) of such*  
2           *shareholder (or which includes such share-*  
3           *holder)—*

4                     *“(i) which was certified on or before*  
5                     *June 30, 2003, as being prepared in accord-*  
6                     *ance with generally accepted accounting*  
7                     *principles, and*

8                     *“(ii) which is used for the purposes of*  
9                     *a statement or report—*

10                        *“(I) to creditors,*

11                        *“(II) to shareholders, or*

12                        *“(III) for any other substantial*  
13                        *nontax purpose.”.*

14                     *(5) Paragraph (2) of section 965(d) is amended*  
15                     *by striking “properly allocated and apportioned” and*  
16                     *inserting “directly allocable”.*

17                     *(6) Subsection (d) of section 965 is amended by*  
18                     *adding at the end the following new paragraph:*

19                        *“(4) COORDINATION WITH SECTION 78.—Section*  
20                        *78 shall not apply to any tax which is not allowable*  
21                        *as a credit under section 901 by reason of this sub-*  
22                        *section.”.*

23                     *(7) The last sentence of section 965(e)(1) is*  
24                     *amended by inserting “which are imposed by foreign*



1 *countries and possessions of the United States and*  
2 *are” after “taxes”.*

3 *(8) Subsection (f) of section 965 is amended by*  
4 *inserting “on or” before “before the due date”.*

5 *(r) AMENDMENTS RELATED TO SECTION 501 OF THE*  
6 *ACT.—*

7 *(1) Subparagraph (A) of section 164(b)(5) is*  
8 *amended to read as follows:*

9 *“(A) ELECTION TO DEDUCT STATE AND*  
10 *LOCAL SALES TAXES IN LIEU OF STATE AND*  
11 *LOCAL INCOME TAXES.—At the election of the*  
12 *taxpayer for the taxable year, subsection (a)*  
13 *shall be applied—*

14 *“(i) without regard to the reference to*  
15 *State and local income taxes, and*

16 *“(ii) as if State and local general sales*  
17 *taxes were referred to in a paragraph there-*  
18 *of.”.*

19 *(2) Clause (ii) of section 56(b)(1)(A) is amended*  
20 *by inserting “or clause (ii) of section 164(b)(5)(A)”*  
21 *before the period at the end.*

22 *(s) AMENDMENTS RELATED TO SECTION 708 OF THE*  
23 *ACT.—Section 708 of the American Jobs Creation Act of*  
24 *2004 is amended—*

1           (1) *in subsection (a), by striking “contract com-*  
2           *mencement date” and inserting “construction com-*  
3           *mencement date”, and*

4           (2) *by redesignating subsection (d) as subsection*  
5           *(e) and inserting after subsection (c) the following*  
6           *new subsection:*

7           “*(d) CERTAIN ADJUSTMENTS NOT TO APPLY.—Section*  
8           *481 of the Internal Revenue Code of 1986 shall not apply*  
9           *with respect to any change in the method of accounting*  
10           *which is required by this section.*”.

11           *(t) AMENDMENT RELATED TO SECTION 710 OF THE*  
12           *ACT.—Clause (i) of section 45(c)(7)(A) is amended by strik-*  
13           *ing “synthetic”.*

14           *(u) AMENDMENT RELATED TO SECTION 801 OF THE*  
15           *ACT.—Paragraph (3) of section 7874(a) is amended to read*  
16           *as follows:*

17           “*(3) COORDINATION WITH SUBSECTION (b).—A*  
18           *corporation which is treated as a domestic corpora-*  
19           *tion under subsection (b) shall not be treated as a*  
20           *surrogate foreign corporation for purposes of para-*  
21           *graph (2)(A).*”.

22           *(v) AMENDMENTS RELATED TO SECTION 804 OF THE*  
23           *ACT.—*

1           (1) *Subparagraph (C) of section 877(g)(2) is*  
2 *amended by striking “section 7701(b)(3)(D)(ii)” and*  
3 *inserting “section 7701(b)(3)(D)”.*

4           (2) *Subsection (n) of section 7701 is amended to*  
5 *read as follows:*

6           “(n) *SPECIAL RULES FOR DETERMINING WHEN AN IN-*  
7 *DIVIDUAL IS NO LONGER A UNITED STATES CITIZEN OR*  
8 *LONG-TERM RESIDENT.—For purposes of this chapter—*

9           “(1) *UNITED STATES CITIZENS.—An individual*  
10 *who would (but for this paragraph) cease to be treated*  
11 *as a citizen of the United States shall continue to be*  
12 *treated as a citizen of the United States until such*  
13 *individual—*

14           “(A) *gives notice of an expatriating act*  
15 *(with the requisite intent to relinquish citizen-*  
16 *ship) to the Secretary of State, and*

17           “(B) *provides a statement in accordance*  
18 *with section 6039G (if such a statement is other-*  
19 *wise required).*

20           “(2) *LONG-TERM RESIDENTS.—A long-term resi-*  
21 *dent (as defined in section 877(e)(2)) who would (but*  
22 *for this paragraph) be described in section 877(e)(1)*  
23 *shall be treated as a lawful permanent resident of the*  
24 *United States and as not described in section*  
25 *877(e)(1) until such individual—*

1           “(A) gives notice of termination of residency  
2           (with the requisite intent to terminate residency)  
3           to the Secretary of Homeland Security, and

4           “(B) provides a statement in accordance  
5           with section 6039G (if such a statement is other-  
6           wise required).”.

7           (w) AMENDMENT RELATED TO SECTION 811 OF THE  
8 ACT.—Subsection (c) of section 811 of the American Jobs  
9 Creation Act of 2004 is amended by inserting “and which  
10 were not filed before such date” before the period at the end.

11          (x) AMENDMENTS RELATED TO SECTION 812 OF THE  
12 ACT.—

13           (1) Subsection (b) of section 6662 is amended by  
14 adding at the end the following new sentence: “Except  
15 as provided in paragraph (1) or (2)(B) of section  
16 6662A(e), this section shall not apply to the portion  
17 of any underpayment which is attributable to a re-  
18 portable transaction understatement on which a pen-  
19 alty is imposed under section 6662A.”

20           (2) Paragraph (2) of section 6662A(e) is amend-  
21 ed to read as follows:

22           “(2) COORDINATION WITH OTHER PENALTIES.—

23           “(A) COORDINATION WITH FRAUD PEN-  
24 ALTY.—This section shall not apply to any por-

1            *tion of an understatement on which a penalty is*  
2            *imposed under section 6663.*

3            “(B) *COORDINATION WITH GROSS VALU-*  
4            *ATION MISSTATEMENT PENALTY.—This section*  
5            *shall not apply to any portion of an understate-*  
6            *ment on which a penalty is imposed under sec-*  
7            *tion 6662 if the rate of the penalty is determined*  
8            *under section 6662(h).”.*

9            (3) *Subsection (f) of section 812 of the American*  
10          *Jobs Creation Act of 2004 is amended to read as fol-*  
11          *lows:*

12          “(f) *EFFECTIVE DATES.—*

13            “(1) *IN GENERAL.—Except as provided in para-*  
14            *graph (2), the amendments made by this section shall*  
15            *apply to taxable years ending after the date of the en-*  
16            *actment of this Act.*

17            “(2)        *DISQUALIFIED        OPINIONS.—Section*  
18            *6664(d)(3)(B) of the Internal Revenue Code of 1986*  
19            *(as added by subsection (c)) shall not apply to the*  
20            *opinion of a tax advisor if—*

21            “(A) *the opinion was provided to the tax-*  
22            *payer before the date of the enactment of this*  
23            *Act,*

1           “(B) the opinion relates to one or more  
2           transactions all of which were entered into before  
3           such date, and

4           “(C) the tax treatment of items relating to  
5           each such transaction was included on a return  
6           or statement filed by the taxpayer before such  
7           date.”.

8           (y) AMENDMENT RELATED TO SECTION 814 OF THE  
9           ACT.—Subparagraph (B) of section 6501(c)(10) is amended  
10          by striking “(as defined in section 6111)”.

11          (z) AMENDMENT RELATED TO SECTION 815 OF THE  
12          ACT.—Paragraph (1) of section 6112(b) is amended by in-  
13          serting “(or was required to maintain a list under sub-  
14          section (a) as in effect before the enactment of the American  
15          Jobs Creation Act of 2004)” after “a list under subsection  
16          (a)”.

17          (aa) AMENDMENTS RELATED TO SECTION 832 OF THE  
18          ACT.—

19                 (1) Subsection (e) of section 853 is amended to  
20                 read as follows:

21                 “(e) TREATMENT OF CERTAIN TAXES NOT ALLOWED  
22                 AS A CREDIT UNDER SECTION 901.—This section shall not  
23                 apply to any tax with respect to which the regulated invest-  
24                 ment company is not allowed a credit under section 901  
25                 by reason of subsection (k) or (l) of such section.”.

1           (2) *Clause (i) of section 901(l)(2)(C) is amended*  
2           *by striking “if such security were stock”.*

3           ***(bb) AMENDMENTS RELATED TO SECTION 833 OF THE***  
4 ***ACT.—***

5           (1) *Subsection (a) of section 734 is amended by*  
6           *inserting “with respect to such distribution” before*  
7           *the period at the end.*

8           (2) *So much of subsection (b) of section 734 as*  
9           *precedes paragraph (1) is amended to read as follows:*

10          ***“(b) METHOD OF ADJUSTMENT.—In the case of a dis-***  
11 ***tribution of property to a partner by a partnership with***  
12 ***respect to which the election provided in section 754 is in***  
13 ***effect or with respect to which there is a substantial basis***  
14 ***reduction, the partnership shall—”.***

15          ***(cc) AMENDMENT RELATED TO SECTION 835 OF THE***  
16 ***ACT.—Paragraph (3) of section 860G(a) is amended—***

17           (1) *in subparagraph (A)(iii)(I), by striking “the*  
18           *obligation” and inserting “a reverse mortgage loan or*  
19           *other obligation”, and*

20           (2) *by striking all that follows subparagraph (C)*  
21           *and inserting the following:*

22           ***“For purposes of subparagraph (A), any obligation***  
23 ***secured by stock held by a person as a tenant-stock-***  
24 ***holder (as defined in section 216) in a cooperative***  
25 ***housing corporation (as so defined) shall be treated as***

1       *secured by an interest in real property. For purposes*  
2       *of subparagraph (A), any obligation originated by the*  
3       *United States or any State (or any political subdivi-*  
4       *sion, agency, or instrumentality of the United States*  
5       *or any State) shall be treated as principally secured*  
6       *by an interest in real property if more than 50 per-*  
7       *cent of such obligations which are transferred to, or*  
8       *purchased by, the REMIC are principally secured by*  
9       *an interest in real property (determined without re-*  
10       *gard to this sentence).”.*

11       *(dd) AMENDMENTS RELATED TO SECTION 836 OF THE*  
12       *ACT.—*

13               *(1) Paragraph (1) of section 334(b) is amended*  
14       *by striking “except that” and all that follows and in-*  
15       *serting “except that, in the hands of such*  
16       *distributee—*

17                       *“(A) the basis of such property shall be the*  
18               *fair market value of the property at the time of*  
19               *the distribution in any case in which gain or*  
20               *loss is recognized by the liquidating corporation*  
21               *with respect to such property, and*

22                       *“(B) the basis of any property described in*  
23               *section 362(e)(1)(B) shall be the fair market*  
24               *value of the property at the time of the distribu-*  
25               *tion in any case in which such distributee’s ag-*



1           gregate adjusted basis of such property would  
2           *(but for this subparagraph) exceed the fair mar-*  
3           *ket value of such property immediately after*  
4           *such liquidation.”.*

5           (2) *Clause (ii) of section 362(e)(2)(C) is amend-*  
6           *ed to read as follows:*

7                   “(ii) *ELECTION.—Any election under*  
8                   *clause (i) shall be made at such time and*  
9                   *in such form and manner as the Secretary*  
10                  *may prescribe, and, once made, shall be ir-*  
11                  *revocable.”.*

12           (ee) *AMENDMENT RELATED TO SECTION 840 OF THE*  
13 *ACT.—Subsection (d) of section 121 is amended—*

14                   (1) *by redesignating the paragraph (10) relating*  
15                   *to property acquired from a decedent as paragraph*  
16                   *(11) and by moving such paragraph to the end of*  
17                   *such subsection, and*

18                   (2) *by amending the paragraph (10) relating to*  
19                   *property acquired in like-kind exchange to read as*  
20                   *follows:*

21                           “(10) *PROPERTY ACQUIRED IN LIKE-KIND EX-*  
22                           *CHANGE.—If a taxpayer acquires property in an ex-*  
23                           *change with respect to which gain is not recognized*  
24                           *(in whole or in part) to the taxpayer under subsection*  
25                           *(a) or (b) of section 1031, subsection (a) shall not*

1        *apply to the sale or exchange of such property by such*  
2        *taxpayer (or by any person whose basis in such prop-*  
3        *erty is determined, in whole or in part, by reference*  
4        *to the basis in the hands of such taxpayer) during the*  
5        *5-year period beginning with the date of such acquisi-*  
6        *tion.”.*

7        *(ff) AMENDMENT RELATED TO SECTION 849 OF THE*  
8        *ACT.—Subsection (a) of section 849 of the American Jobs*  
9        *Creation Act of 2004 is amended by inserting “, and in*  
10       *the case of property treated as tax-exempt use property*  
11       *other than by reason of a lease, to property acquired after*  
12       *March 12, 2004” before the period at the end.*

13       *(gg) AMENDMENT RELATED TO SECTION 884 OF THE*  
14       *ACT.—Subparagraph (B) of section 170(f)(12) is amended*  
15       *by adding at the end the following new clauses:*

16                    *“(v) Whether the donee organization*  
17                    *provided any goods or services in consider-*  
18                    *ation, in whole or in part, for the qualified*  
19                    *vehicle.*

20                    *“(vi) A description and good faith esti-*  
21                    *mate of the value of any goods or services*  
22                    *referred to in clause (v) or, if such goods or*  
23                    *services consist solely of intangible religious*  
24                    *benefits (as defined in paragraph (8)(B)), a*  
25                    *statement to that effect.”.*

1        *(hh) AMENDMENTS RELATED TO SECTION 885 OF THE*  
2 *ACT.—*

3            *(1) Paragraph (2) of section 26(b) is amended by*  
4 *striking “and” at the end of subparagraph (R), by*  
5 *striking the period at the end of subparagraph (S)*  
6 *and inserting “, and”, and by adding at the end the*  
7 *following new subparagraph:*

8            *“(T) subsections (a)(1)(B)(i) and (b)(4)(A)*  
9 *of section 409A (relating to interest and addi-*  
10 *tional tax with respect to certain deferred com-*  
11 *ensation).”.*

12           *(2) Clause (ii) of section 409A(a)(4)(C) is*  
13 *amended by striking “first”.*

14           *(3)(A) Notwithstanding section 885(d)(1) of the*  
15 *American Jobs Creation Act of 2004, subsection (b) of*  
16 *section 409A of the Internal Revenue Code of 1986*  
17 *shall take effect on January 1, 2005.*

18           *(B) Not later than 90 days after the date of the*  
19 *enactment of this Act, the Secretary of the Treasury*  
20 *shall issue guidance under which a nonqualified de-*  
21 *ferred compensation plan which is in violation of the*  
22 *requirements of section 409A(b) of such Code shall be*  
23 *treated as not having violated such requirements if*  
24 *such plan comes into conformance with such require-*

1        *ments during such limited period as the Secretary*  
2        *may specify in such guidance.*

3            *(4) Subsection (f) of section 885 of the American*  
4        *Jobs Creation Act of 2004 is amended by striking*  
5        *“December 31, 2004” the first place it appears and*  
6        *inserting “January 1, 2005”.*

7        *(ii) AMENDMENT RELATED TO SECTION 888 OF THE*  
8        *ACT.—Paragraph (2) of section 1092(a) is amended by*  
9        *striking the last sentence and adding at the end the fol-*  
10       *lowing new subparagraph:*

11            *“(C) REGULATIONS.—The Secretary shall*  
12        *prescribe such regulations or other guidance as*  
13        *may be necessary or appropriate to carry out the*  
14        *purposes of this paragraph. Such regulations or*  
15        *other guidance may specify the proper methods*  
16        *for clearly identifying a straddle as an identified*  
17        *straddle (and for identifying the positions com-*  
18        *prising such straddle), the rules for the applica-*  
19        *tion of this section to a taxpayer which fails to*  
20        *comply with those identification requirements,*  
21        *and the ordering rules in cases where a taxpayer*  
22        *disposes (or otherwise ceases to be the holder) of*  
23        *any part of any position which is part of an*  
24        *identified straddle.”.*

1       (jj) *AMENDMENTS RELATED TO SECTION 898 OF THE*  
2 *ACT.*—

3           (1) *Paragraph (3) of section 361(b) is amended*  
4 *by inserting “(reduced by the amount of the liabilities*  
5 *assumed (within the meaning of section 357(c))” be-*  
6 *fore the period at the end.*

7           (2) *Paragraph (1) of section 357(d) is amended*  
8 *by inserting “section 361(b)(3),” after “section*  
9 *358(h),”.*

10       (kk) *AMENDMENT RELATED TO SECTION 899 OF THE*  
11 *ACT.*—*Subparagraph (A) of section 351(g)(3) is amended*  
12 *by adding at the end the following: “If there is not a real*  
13 *and meaningful likelihood that dividends beyond any limi-*  
14 *tation or preference will actually be paid, the possibility*  
15 *of such payments will be disregarded in determining wheth-*  
16 *er stock is limited and preferred as to dividends.”.*

17       (ll) *AMENDMENT RELATED TO SECTION 902 OF THE*  
18 *ACT.*—*Paragraph (1) of section 709(b) is amended by strik-*  
19 *ing “taxpayer” both places it appears and inserting “part-*  
20 *nership”.*

21       (mm) *AMENDMENTS RELATED TO SECTION 907 OF*  
22 *THE ACT.*—*Clause (ii) of section 274(e)(2)(B) is*  
23 *amended—*

24           (1) *in subclause (I), by inserting “or a related*  
25 *party to the taxpayer” after “the taxpayer”,*

1           (2) *in subclause (II), by inserting “(or such re-*  
2           *lated party)” after “the taxpayer”, and*

3           (3) *by adding at the end the following new flush*  
4           *sentence:*

5                     *“For purposes of this clause, a person is a*  
6                     *related party with respect to another person*  
7                     *if such person bears a relationship to such*  
8                     *other person described in section 267(b) or*  
9                     *707(b).”.*

10          (nn) *EFFECTIVE DATE.—The amendments made by*  
11          *this section shall take effect as if included in the provisions*  
12          *of the American Jobs Creation Act of 2004 to which they*  
13          *relate.*

14          **SEC. 404. AMENDMENTS RELATED TO THE WORKING FAMI-**  
15                                     **LIES TAX RELIEF ACT OF 2004.**

16          (a) *AMENDMENT RELATED TO SECTION 201 OF THE*  
17          *ACT.—Subsection (e) of section 152 is amended to read as*  
18          *follows:*

19                 *“(e) SPECIAL RULE FOR DIVORCED PARENTS, ETC.—*

20                         *“(1) IN GENERAL.—Notwithstanding subsection*  
21                         *(c)(1)(B), (c)(4), or (d)(1)(C), if—*

22                                 *“(A) a child receives over one-half of the*  
23                                 *child’s support during the calendar year from*  
24                                 *the child’s parents—*

1           “(i) who are divorced or legally sepa-  
2           rated under a decree of divorce or separate  
3           maintenance,

4           “(ii) who are separated under a writ-  
5           ten separation agreement, or

6           “(iii) who live apart at all times dur-  
7           ing the last 6 months of the calendar year,  
8           and—

9           “(B) such child is in the custody of 1 or  
10          both of the child’s parents for more than one-half  
11          of the calendar year, such child shall be treated  
12          as being the qualifying child or qualifying rel-  
13          ative of the noncustodial parent for a calendar  
14          year if the requirements described in paragraph  
15          (2) or (3) are met.

16          “(2) *EXCEPTION WHERE CUSTODIAL PARENT RE-*  
17          *LEASES CLAIM TO EXEMPTION FOR THE YEAR.*—For  
18          purposes of paragraph (1), the requirements described  
19          in this paragraph are met with respect to any cal-  
20          endar year if—

21                 “(A) the custodial parent signs a written  
22                 declaration (in such manner and form as the  
23                 Secretary may by regulations prescribe) that  
24                 such custodial parent will not claim such child

1           *as a dependent for any taxable year beginning*  
2           *in such calendar year, and*

3           “(B) *the noncustodial parent attaches such*  
4           *written declaration to the noncustodial parent’s*  
5           *return for the taxable year beginning during*  
6           *such calendar year.*

7           “(3) *EXCEPTION FOR CERTAIN PRE-1985 INSTRU-*  
8           *MENTS.—*

9           “(A) *IN GENERAL .—For purposes of para-*  
10          *graph (1), the requirements described in this*  
11          *paragraph are met with respect to any calendar*  
12          *year if—*

13               “(i) *a qualified pre-1985 instrument*  
14               *between the parents applicable to the tax-*  
15               *able year beginning in such calendar year*  
16               *provides that the noncustodial parent shall*  
17               *be entitled to any deduction allowable under*  
18               *section 151 for such child, and*

19               “(ii) *the noncustodial parent provides*  
20               *at least \$600 for the support of such child*  
21               *during such calendar year.*

22          *For purposes of this subparagraph, amounts ex-*  
23          *pended for the support of a child or children*  
24          *shall be treated as received from the noncustodial*



1           *parent to the extent that such parent provided*  
2           *amounts for such support.*

3           “(B) *QUALIFIED PRE-1985 INSTRUMENT.*—  
4           *For purposes of this paragraph, the term ‘quali-*  
5           *fied pre-1985 instrument’ means any decree of*  
6           *divorce or separate maintenance or written*  
7           *agreement—*

8                     *“(i) which is executed before January*  
9                     *1, 1985,*

10                    *“(ii) which on such date contains the*  
11                    *provision described in subparagraph (A)(i),*  
12                    *and*

13                    *“(iii) which is not modified on or after*  
14                    *such date in a modification which expressly*  
15                    *provides that this paragraph shall not*  
16                    *apply to such decree or agreement.*

17           “(4) *CUSTODIAL PARENT AND NONCUSTODIAL*  
18           *PARENT.*—*For purposes of this subsection—*

19                    *“(A) CUSTODIAL PARENT.*—*The term ‘custo-*  
20                    *dial parent’ means the parent having custody for*  
21                    *the greater portion of the calendar year.*

22                    *“(B) NONCUSTODIAL PARENT.*—*The term*  
23                    *‘noncustodial parent’ means the parent who is*  
24                    *not the custodial parent.*

1           “(5) *EXCEPTION FOR MULTIPLE-SUPPORT*  
2           *AGREEMENT.*—*This subsection shall not apply in any*  
3           *case where over one-half of the support of the child is*  
4           *treated as having been received from a taxpayer*  
5           *under the provision of subsection (d)(3).*

6           “(6) *SPECIAL RULE FOR SUPPORT RECEIVED*  
7           *FROM NEW SPOUSE OF PARENT.*—*For purposes of this*  
8           *subsection, in the case of the remarriage of a parent,*  
9           *support of a child received from the parent’s spouse*  
10           *shall be treated as received from the parent.”.*

11           (b) *AMENDMENT RELATED TO SECTION 203 OF THE*  
12           *ACT.*—*Subparagraph (B) of section 21(b)(1) is amended by*  
13           *inserting “(as defined in section 152, determined without*  
14           *regard to subsections (b)(1), (b)(2), and (d)(1)(B))” after*  
15           *“dependent of the taxpayer”.*

16           (c) *AMENDMENT RELATED TO SECTION 207 OF THE*  
17           *ACT.*—*Subparagraph (A) of section 223(d)(2) is amended*  
18           *by inserting “, determined without regard to subsections*  
19           *(b)(1), (b)(2), and (d)(1)(B) thereof” after “section 152”.*

20           (d) *EFFECTIVE DATE.*—*The amendments made by this*  
21           *section shall take effect as if included in the provisions of*  
22           *the Working Families Tax Relief Act of 2004 to which they*  
23           *relate.*

1 **SEC. 405. AMENDMENTS RELATED TO THE JOBS AND**  
2 **GROWTH TAX RELIEF RECONCILIATION ACT**  
3 **OF 2003.**

4 *(a) AMENDMENTS RELATED TO SECTION 201 OF THE*  
5 *ACT.—*

6 *(1) Clause (ii) of section 168(k)(4)(B) is amend-*  
7 *ed to read as follows:*

8 *“(ii) which is—*

9 *“(I) acquired by the taxpayer*  
10 *after May 5, 2003, and before January*  
11 *1, 2005, but only if no written binding*  
12 *contract for the acquisition was in ef-*  
13 *fect before May 6, 2003, or*

14 *“(II) acquired by the taxpayer*  
15 *pursuant to a written binding contract*  
16 *which was entered into after May 5,*  
17 *2003, and before January 1, 2005,*  
18 *and”.*

19 *(2) Subparagraph (D) of section 1400L(b)(2) is*  
20 *amended by striking “September 11, 2004” and in-*  
21 *serting “January 1, 2005”.*

22 *(b) EFFECTIVE DATE.—The amendments made by this*  
23 *section shall take effect as if included in section 201 of the*  
24 *Jobs and Growth Tax Relief and Reconciliation Act of*  
25 *2003.*

1 **SEC. 406. AMENDMENT RELATED TO THE VICTIMS OF TER-**  
 2 **RORISM TAX RELIEF ACT OF 2001.**

3 (a) *AMENDMENT RELATED TO SECTION 201 OF THE*  
 4 *ACT.—Paragraph (17) of section 6103(l) is amended by*  
 5 *striking “subsection (f), (i)(7), or (p)” and inserting “sub-*  
 6 *section (f), (i)(8), or (p)”.*

7 (b) *EFFECTIVE DATE.—The amendment made by this*  
 8 *section shall take effect as if included in section 201 of the*  
 9 *Victims of Terrorism Tax Relief Act of 2001.*

10 **SEC. 407. AMENDMENTS RELATED TO THE ECONOMIC**  
 11 **GROWTH AND TAX RELIEF RECONCILIATION**  
 12 **ACT OF 2001.**

13 (a) *AMENDMENTS RELATED TO SECTION 617 OF THE*  
 14 *ACT.—*

15 (1) *Clause (ii) of section 402(g)(7)(A) is amend-*  
 16 *ed to read as follows:*

17 “(ii) \$15,000 reduced by the sum of—

18 “(I) the amounts not included in  
 19 gross income for prior taxable years by  
 20 reason of this paragraph, plus

21 “(II) the aggregate amount of des-  
 22 ignated Roth contributions (as defined  
 23 in section 402A(c)) for prior taxable  
 24 years, or”.

25 (2) *Subparagraph (A) of section 402(g)(1) is*  
 26 *amended by inserting “to” after “shall not apply”.*

1           (b) *AMENDMENT RELATED TO SECTION 632 OF THE*  
2 *ACT.*—*Subparagraph (C) of section 415(c)(7) is amended*  
3 *by striking “the greater of \$3,000” and all that follows and*  
4 *inserting “\$3,000. This subparagraph shall not apply with*  
5 *respect to any taxable year to any individual whose ad-*  
6 *justed gross income for such taxable year (determined sepa-*  
7 *rately and without regard to community property laws) ex-*  
8 *ceeds \$17,000.”.*

9           (c) *EFFECTIVE DATE.*—*The amendments made by this*  
10 *section shall take effect as if included in the provisions of*  
11 *the Economic Growth and Tax Relief Reconciliation Act*  
12 *of 2001 to which they relate.*

13 **SEC. 408. AMENDMENTS RELATED TO THE INTERNAL REV-**  
14 **ENUE SERVICE RESTRUCTURING AND RE-**  
15 **FORM ACT OF 1998.**

16           (a) *AMENDMENTS RELATED TO SECTION 3415 OF THE*  
17 *ACT.*—

18               (1) *Paragraph (2) of section 7609(c) is amended*  
19 *by inserting “or” at the end of subparagraph (D), by*  
20 *striking “; or” at the end of subparagraph (E) and*  
21 *inserting a period, and by striking subparagraph (F).*

22               (2) *Subsection (c) of section 7609 is amended by*  
23 *redesignating paragraph (3) as paragraph (4) and by*  
24 *inserting after paragraph (2) the following new para-*  
25 *graph:*

1           “(3) *JOHN DOE AND CERTAIN OTHER SUM-*  
2           *MONSES.—Subsection (a) shall not apply to any sum-*  
3           *mons described in subsection (f) or (g).”.*

4           *(b) EFFECTIVE DATE.—The amendments made by this*  
5           *section shall take effect as if included in section 3415 of*  
6           *the Internal Revenue Service Restructuring and Reform Act*  
7           *of 1998.*

8           **SEC. 409. AMENDMENTS RELATED TO THE TAXPAYER RE-**  
9           **LIEF ACT OF 1997.**

10          *(a) AMENDMENTS RELATED TO SECTION 1055 OF THE*  
11          *ACT.—*

12                 *(1) The last sentence of section 6411(a) is*  
13                 *amended by striking “6611(f)(3)(B)” and inserting*  
14                 *“6611(f)(4)(B)”.*

15                 *(2) Paragraph (4) of section 6601(d) is amended*  
16                 *by striking “6611(f)(3)(A)” and inserting*  
17                 *“6611(f)(4)(A)”.*

18          *(b) AMENDMENT RELATED TO SECTION 1112 OF THE*  
19          *ACT.—Subsection (c) of section 961 is amended to read as*  
20          *follows:*

21                 *“(c) BASIS ADJUSTMENTS IN STOCK HELD BY FOR-*  
22                 *EIGN CORPORATIONS.—Under regulations prescribed by the*  
23                 *Secretary, if a United States shareholder is treated under*  
24                 *section 958(a)(2) as owning stock in a controlled foreign*  
25                 *corporation which is owned by another controlled foreign*

1 corporation, then adjustments similar to the adjustments  
2 provided by subsections (a) and (b) shall be made to—

3 “(1) the basis of such stock, and

4 “(2) the basis of stock in any other controlled  
5 foreign corporation by reason of which the United  
6 States shareholder is considered under section  
7 958(a)(2) as owning the stock described in paragraph  
8 (1),

9 but only for the purposes of determining the amount in-  
10 cluded under section 951 in the gross income of such United  
11 States shareholder (or any other United States shareholder  
12 who acquires from any person any portion of the interest  
13 of such United States shareholder by reason of which such  
14 shareholder was treated as owning such stock, but only to  
15 the extent of such portion, and subject to such proof of iden-  
16 tity of such interest as the Secretary may prescribe by regu-  
17 lations). The preceding sentence shall not apply with respect  
18 to any stock to which a basis adjustment applies under sub-  
19 section (a) or (b).”.

20 (c) AMENDMENT RELATED TO SECTION 1144 OF THE  
21 ACT.—Subparagraph (B) of section 6038B(a)(1) is amend-  
22 ed by inserting “or” at the end.

23 (d) EFFECTIVE DATE.—The amendments made by this  
24 section shall take effect as if included in the provisions of  
25 the Taxpayer Relief Act of 1997 to which they relate.

1 **SEC. 410. AMENDMENT RELATED TO THE OMNIBUS BUDGET**  
2 **RECONCILIATION ACT OF 1990.**

3 (a) *AMENDMENT RELATED TO SECTION 11813 OF THE*  
4 *ACT.*—*Subclause (I) of section 168(e)(3)(B)(vi) is amended*  
5 *by striking “if ‘solar and wind’ were substituted for ‘solar’*  
6 *in clause (i) thereof” and inserting “if ‘solar or wind en-*  
7 *ergy’ were substituted for ‘solar energy’ in clause (i) there-*  
8 *of”.*

9 (b) *EFFECTIVE DATE.*—*The amendment made by this*  
10 *section shall take effect as if included in section 11813 of*  
11 *the Omnibus Budget Reconciliation Act of 1990.*

12 **SEC. 411. AMENDMENT RELATED TO THE OMNIBUS BUDGET**  
13 **RECONCILIATION ACT OF 1987.**

14 (a) *AMENDMENT RELATED TO SECTION 10227 OF THE*  
15 *ACT.*—*Section 1363(d) is amended by adding at the end*  
16 *the following new paragraph:*

17 “(5) *SPECIAL RULE.*—*Sections 1367(a)(2)(D)*  
18 *and 1371(c)(1) shall not apply with respect to any*  
19 *increase in the tax imposed by reason of this sub-*  
20 *section.”.*

21 (b) *EFFECTIVE DATE.*—*The amendment made by this*  
22 *section shall take effect as if included in section 10227 of*  
23 *the Omnibus Budget Reconciliation Act of 1987.*



1 **SEC. 412. CLERICAL CORRECTIONS.**

2 (a) Subparagraph (C) of section 2(b)(2) is amended  
3 by striking “subparagraph (C)” and inserting “subpara-  
4 graph (B)”.

5 (b) Paragraph (2) of section 25C(b) is amended by  
6 striking “subsection (c)(3)(B)” and inserting “subsection  
7 (c)(2)(B)”.

8 (c) Subparagraph (E) of section 26(b)(2) is amended  
9 by striking “section 530(d)(3)” and inserting “section  
10 530(d)(4)”.

11 (d) Subparagraph (A) of section 30B(g)(2) and sub-  
12 paragraph (A) of section 30C(d)(2) are each amended by  
13 striking “regular tax” and inserting “regular tax liability  
14 (as defined in section 26(b))”.

15 (e) The table of sections for subpart B of part IV of  
16 subchapter A of chapter 1 is amended by striking the item  
17 relating to section 30C and inserting the following new  
18 item:

“Sec. 30C. Alternative fuel vehicle refueling property credit.”.

19 (f)(1) Subclause (II) of section 38(c)(2)(A)(ii) is  
20 amended by striking “or the New York Liberty Zone busi-  
21 ness employee credit or the specified credits” and inserting  
22 “, the New York Liberty Zone business employee credit, and  
23 the specified credits”.

1       (2) Subclause (II) of section 38(c)(3)(A)(ii) is amended  
2 by striking “or the specified credits” and inserting “and  
3 the specified credits”.

4       (3) Subparagraph (B) of section 38(c)(4) is  
5 amended—

6           (A) by striking “includes” and inserting  
7 “means”, and

8           (B) by inserting “and” at the end of clause (i).

9       (g)(1) Subparagraph (A) of section 39(a)(1) is amend-  
10 ed by striking “each of the 1 taxable years” and inserting  
11 “the taxable year”.

12       (2) Subparagraph (B) of section 39(a)(3) is amended  
13 to read as follows:

14           “(B) paragraph (1) shall be applied by sub-  
15 stituting ‘each of the 5 taxable years’ for ‘the  
16 taxable year’ in subparagraph (A) thereof, and”.

17       (h) Subparagraph (B) of section 40A(b)(5) is amended  
18 by striking “(determined without regard to the last sentence  
19 of subsection (d)(2))”.

20       (i) Paragraph (5) of section 43(c) is amended to read  
21 as follows:

22           “(5) ALASKA NATURAL GAS.—For purposes of  
23 paragraph (1)(D)—

24           “(A) IN GENERAL.—The term ‘Alaska nat-  
25 ural gas’ means natural gas entering the Alaska

1           *natural gas pipeline (as defined in section*  
2           *168(i)(16) (determined without regard to sub-*  
3           *paragraph (B) thereof)) which is produced from*  
4           *a well—*

5                     *“(i) located in the area of the State of*  
6                     *Alaska lying north of 64 degrees North lati-*  
7                     *tude, determined by excluding the area of*  
8                     *the Alaska National Wildlife Refuge (in-*  
9                     *cluding the continental shelf thereof within*  
10                    *the meaning of section 638(1)), and*

11                    *“(ii) pursuant to the applicable State*  
12                    *and Federal pollution prevention, control,*  
13                    *and permit requirements from such area*  
14                    *(including the continental shelf thereof with-*  
15                    *in the meaning of section 638(1)).*

16                    *“(B) NATURAL GAS.—The term ‘natural*  
17                    *gas’ has the meaning given such term by section*  
18                    *613A(e)(2).”.*

19           *(j) Subsection (d) of section 45 is amended—*

20                    *(1) in paragraph (8) by striking “The term” and*  
21                    *inserting “In the case of a facility that produces re-*  
22                    *fined coal, the term”, and*

23                    *(2) in paragraph (10) by striking “The term”*  
24                    *and inserting “In the case of a facility that produces*  
25                    *Indian coal, the term”.*

1       (k) Paragraph (2) of section 45I(a) is amended by  
2 striking “qualified credit oil production” and inserting  
3 “qualified crude oil production”.

4       (l) Subsection (g) of section 45K, as redesignated by  
5 section 1322 of the Energy Policy Act of 2005, is  
6 amended—

7           (1) in the matter preceding paragraph (1), by  
8 striking “subsection (f)” and inserting “subsection  
9 (e)”, and

10           (2) in paragraph (2)(C), by striking “subsection  
11 (g)” and inserting “subsection (f)”.

12       (m) Paragraph (1) of section 48(a), as amended by  
13 section 1336 of the Energy Policy Act of 2005, is amended  
14 by striking “paragraph (1)(B) or (2)(B) of subsection (d)”  
15 and inserting “paragraphs (1)(B) and (2)(B) of subsection  
16 (c)”.

17       (n) Subparagraph (A) of section 48(a)(3) is  
18 amended—

19           (1) by redesignating clause (iii) (relating to  
20 qualified fuel cell property or qualified microturbine  
21 property), as added by section 1336 of the Energy  
22 Policy Act of 2005, as clause (iv) and by moving such  
23 clause to the end of such subparagraph, and

24           (2) by striking “or” at the end of clause (ii).

1       (o) Subparagraph (E) of section 50(a)(2) is amended  
2 by striking “section 48(a)(5)” and inserting “section  
3 48(b)”.

4       (p)(1) Paragraph (3) of section 55(c) is amended by  
5 inserting “30B(g)(2), 30C(d)(2),” after “30(b)(3),”.

6       (2) Section 1341(b)(3) of the Energy Policy Act of  
7 2005 is repealed.

8       (3) Section 1342(b)(3) of the Energy Policy Act of  
9 2005 is repealed.

10       (q)(1) Subsection (a) of section 62 is amended—

11               (A) by redesignating paragraph (19) (relating to  
12 costs involving discrimination suits, etc.), as added  
13 by section 703 of the American Jobs Creation Act of  
14 2004, as paragraph (20), and

15               (B) by moving such paragraph after paragraph  
16 (19) (relating to health savings accounts).

17       (2) Subsection (e) of section 62 is amended by striking  
18 “subsection (a)(19)” and inserting “subsection (a)(20)”.

19       (r) Paragraph (3) of section 167(f) is amended by  
20 striking “section 197(e)(7)” and inserting “section  
21 197(e)(6)”.

22       (s) Subparagraph (D) of section 168(i)(15) is amended  
23 by striking “This paragraph shall not apply to” and insert-  
24 ing “Such term shall not include”.

1       (t) Paragraph (2) of section 221(d) is amended by  
2 striking “this Act” and inserting “the Taxpayer Relief Act  
3 of 1997”.

4       (u) Paragraph (8) of section 318(b) is amended by  
5 striking “section 6038(d)(2)” and inserting “section  
6 6038(e)(2)”.

7       (v) Subparagraph (B) of section 332(d)(1) is amended  
8 by striking “distribution to which section 301 applies” and  
9 inserting “distribution of property to which section 301 ap-  
10 plies”.

11       (w) Subparagraph (B) of section 403(b)(9) is amended  
12 by inserting “or” before “a convention”.

13       (x)(1) Clause (i) of section 412(m)(4)(B) is amended  
14 by striking “subsection (c)” and inserting “subsection (d)”.

15       (2) Clause (i) of section 302(e)(4)(B) of the Employee  
16 Retirement Income Security Act of 1974 is amended by  
17 striking “subsection (c)” and inserting “subsection (d)”.

18       (y) Paragraph (1) of section 415(l) is amended by  
19 striking “individual medical account” and inserting “indi-  
20 vidual medical benefit account”.

21       (z) The matter following clause (iv) of section  
22 415(n)(3)(C) is amended by striking “clauses” and insert-  
23 ing “clause”.

1       (aa) Subparagraph (C) of section 461(i)(3) is amended  
2 by striking “section 6662(d)(2)(C)(iii)” and inserting “sec-  
3 tion 6662(d)(2)(C)(ii)”.

4       (bb) Paragraph (12) of section 501(c) is amended—

5           (1) by striking “subparagraph (C)(iii)” in sub-  
6 paragraph (F) and inserting “subparagraph (C)(iv)”,  
7 and

8           (2) by striking “subparagraph (C)(iv)” in sub-  
9 paragraph (G) and inserting “subparagraph (C)(v)”.

10       (cc) Clause (ii) of section 501(c)(22)(B) is amended  
11 by striking “clause (ii) of paragraph (21)(B)” and insert-  
12 ing “clause (ii) of paragraph (21)(D)”.

13       (dd) Paragraph (1) of section 512(b) is amended by  
14 striking “section 512(a)(5)” and inserting “subsection  
15 (a)(5)”.

16       (ee)(1) Subsection (b) of section 512 is amended—

17           (A) by redesignating paragraph (18) (relating to  
18 the treatment of gain or loss on sale or exchange of  
19 certain brownfield sites), as added by section 702 of  
20 the American Jobs Creation Act of 2004, as para-  
21 graph (19), and

22           (B) by moving such paragraph to the end of such  
23 subsection.

1       (2) Subparagraph (E) of section 514(b)(1) is amended  
2 by striking “section 512(b)(18)” and inserting “section  
3 512(b)(19)”.

4       (3) Paragraph (6) of section 529(c) is amended by  
5 striking “education individual retirement account” and in-  
6 serting “Coverdell education savings account”.

7       (ff)(1) Subsection (b) of section 530 is amended by  
8 striking paragraph (3) and by redesignating paragraphs  
9 (4) and (5) as paragraphs (3) and (4), respectively.

10       (2) Clause (ii) of section 530(b)(2)(A) is amended by  
11 striking “paragraph (4)” and inserting “paragraph (3)”.

12       (gg) Subparagraph (H) of section 613(c)(4) is amend-  
13 ed by inserting “(including in situ retorting)” after “and  
14 retorting”.

15       (hh) Subparagraph (A) of section 856(g)(5) is amend-  
16 ed by striking “subsection (c)(6) or (c)(7) of section 856”  
17 and inserting “paragraph (2), (3), or (4) of subsection (c)”.

18       (ii) Paragraph (6) of section 857(b) is amended—

19               (1) in subparagraph (E), by striking “subpara-  
20 graph (C)” and inserting “subparagraphs (C) and  
21 (D)”, and

22               (2) in subparagraph (F)—

23                       (A) by striking “subparagraph (C) of this  
24 paragraph” and inserting “subparagraph (C) or  
25 (D)”, and



1                   (B) by striking “subparagraphs (C) and  
2                   (D)” and inserting “subparagraphs (C), (D),  
3                   and (E)”.

4           (jj) Subparagraph (C) of section 881(e)(1) is amended  
5 by inserting “interest-related dividend received by a con-  
6 trolled foreign corporation” after “shall apply to any”.

7           (kk) Clause (ii) of section 952(c)(1)(B) is amended—  
8               (1) by striking “clause (iii)(III) or (IV)” and in-  
9               serting “subclause (II) or (III) of clause (iii)”, and  
10              (2) by striking “clause (iii)(II)” and inserting  
11              “clause (iii)(I)”.

12           (ll) Clause (i) of section 954(c)(1)(C) is amended by  
13 striking “paragraph (4)(A)” and inserting “paragraph  
14 (5)(A)”.

15           (mm) Subparagraph (F) of section 954(c)(1) is  
16 amended by striking “Net income from notional principal  
17 contracts.” after “Income from notional principal con-  
18 tracts.—”.

19           (nn) Paragraph (23) of section 1016(a) is amended by  
20 striking “1045(b)(4)” and inserting “1045(b)(3)”.

21           (oo) Paragraph (1) of section 1256(f) is amended by  
22 striking “subsection (e)(2)(C)” and inserting “subsection  
23 (e)(2)”.

1       (pp) *The matter preceding clause (i) of section*  
2 *1031(h)(2)(B) is amended by striking “subparagraph” and*  
3 *inserting “subparagraphs”.*

4       (qq) *Paragraphs (1) and (2) of section 1375(d) are*  
5 *each amended by striking “subchapter C” and inserting*  
6 *“accumulated”.*

7       (rr) *Each of the following provisions are amended by*  
8 *striking “General Accounting Office” each place it appears*  
9 *therein and inserting “Government Accountability Office”:*

10           (1) *Clause (ii) of section 1400E(c)(4)(A).*

11           (2) *Paragraph (1) of section 6050M(b).*

12           (3) *Subparagraphs (A), (B)(i), and (B)(ii) of*  
13 *section 6103(i)(8).*

14           (4) *Paragraphs (3)(C)(i), (4), (5), and (6)(B) of*  
15 *section 6103(p).*

16           (5) *Subsection (e) of section 8021.*

17       (ss)(1) *Clause (ii) of section 1400L(b)(2)(C) is amend-*  
18 *ed by striking “section 168(k)(2)(C)(i)” and inserting “sec-*  
19 *tion 168(k)(2)(D)(i)”.*

20           (2) *Clause (iv) of section 1400L(b)(2)(C) is amended*  
21 *by striking “section 168(k)(2)(C)(iii)” and inserting “sec-*  
22 *tion 168(k)(2)(D)(iii)”.*

23           (3) *Subparagraph (D) of section 1400L(b)(2) is*  
24 *amended by striking “section 168(k)(2)(D)” and inserting*  
25 *“section 168(k)(2)(E)”.*

1       (4) Subparagraph (E) of section 1400L(b)(2) is  
2 amended by striking “section 168(k)(2)(F)” and inserting  
3 “section 168(k)(2)(G)”.

4       (5) Paragraph (5) of section 1400L(c) is amended by  
5 striking “section 168(k)(2)(C)(iii)” and inserting “section  
6 168(k)(2)(D)(iii)”.

7       (tt) Section 3401 is amended by redesignating sub-  
8 section (h) as subsection (g).

9       (wu) Paragraph (2) of section 4161(a) is amended to  
10 read as follows:

11               “(2) 3 PERCENT RATE OF TAX FOR ELECTRIC  
12       OUTBOARD MOTORS.—In the case of an electric out-  
13       board motor, paragraph (1) shall be applied by sub-  
14       stituting ‘3 percent’ for ‘10 percent’.”.

15       (vv) Subparagraph (C) of section 4261(e)(4) is amend-  
16 ed by striking “imposed subsection (b)” and inserting “im-  
17 posed by subsection (b)”.

18       (ww) Subsection (a) of section 4980D is amended by  
19 striking “plans” and inserting “plan”.

20       (xx) The matter following clause (iii) of section  
21 6045(e)(5)(A) is amended by striking “for ‘\$250,000.’” and  
22 all that follows through “to the Treasury.” and inserting  
23 “for ‘\$250,000’. The Secretary may by regulation increase  
24 the dollar amounts under this subparagraph if the Sec-

1 *retary determines that such an increase will not materially*  
2 *reduce revenues to the Treasury.”.*

3 *(yy) Subsection (p) of section 6103 is amended—*

4 *(1) by striking so much of paragraph (4) as pre-*  
5 *cedes subparagraph (A) and inserting the following:*

6 *“(4) SAFEGUARDS.—Any Federal agency de-*  
7 *scribed in subsection (h)(2), (h)(5), (i)(1), (2), (3),*  
8 *(5), or (7), (j)(1), (2), or (5), (k)(8), (l)(1), (2), (3),*  
9 *(5), (10), (11), (13), (14), or (17) or (o)(1), the Gov-*  
10 *ernment Accountability Office, the Congressional*  
11 *Budget Office, or any agency, body, or commission*  
12 *described in subsection (d), (i)(3)(B)(i) or 7(A)(ii), or*  
13 *(l)(6), (7), (8), (9), (12), (15), or (16) or any other*  
14 *person described in subsection (l)(16), (18), (19), or*  
15 *(20) shall, as a condition for receiving returns or re-*  
16 *turn information—”,*

17 *(2) by amending paragraph (4)(F)(i) to read as*  
18 *follows:*

19 *“(i) in the case of an agency, body, or*  
20 *commission described in subsection (d),*  
21 *(i)(3)(B)(i), or (l)(6), (7), (8), (9), or (16),*  
22 *or any other person described in subsection*  
23 *(l)(16), (18), (19), or (20) return to the Sec-*  
24 *retary such returns or return information*  
25 *(along with any copies made therefrom) or*

1           *make such returns or return information*  
2           *undisclosable in any manner and furnish a*  
3           *written report to the Secretary describing*  
4           *such manner,” and*

5           (3) *by striking the first full sentence in the mat-*  
6           *ter following subparagraph (F) of paragraph (4) and*  
7           *inserting the following: “If the Secretary determines*  
8           *that any such agency, body, or commission, including*  
9           *an agency or any other person described in subsection*  
10          *(l)(16), (18), (19), or (20), or the Government Ac-*  
11          *countability Office or the Congressional Budget Office,*  
12          *has failed to, or does not, meet the requirements of*  
13          *this paragraph, he may, after any proceedings for re-*  
14          *view established under paragraph (7), take such ac-*  
15          *tions as are necessary to ensure such requirements are*  
16          *met, including refusing to disclose returns or return*  
17          *information to such agency, body, or commission, in-*  
18          *cluding an agency or any other person described in*  
19          *subsection (l)(16), (18), (19), or (20), or the Govern-*  
20          *ment Accountability Office or the Congressional*  
21          *Budget Office, until he determines that such require-*  
22          *ments have been or will be met.”.*

23          (zz) *Clause (ii) of section 6111(b)(1)(A) is amended*  
24          *by striking “advice or assistance” and inserting “aid, as-*  
25          *sistance, or advice”.*

1           (aaa) Paragraph (3) of section 6662(d) is amended by  
2 striking “the” before “1 or more”.

3 **SEC. 413. OTHER CORRECTIONS RELATED TO THE AMER-**  
4 **ICAN JOBS CREATION ACT OF 2004.**

5           (a) AMENDMENTS RELATED TO SECTION 233 OF THE  
6 ACT.—

7           (1) Clause (vi) of section 1361(c)(2)(A) is  
8 amended—

9                   (A) by inserting “or a depository institu-  
10 tion holding company (as defined in section  
11 3(w)(1) of the Federal Deposit Insurance Act (12  
12 U.S.C. 1813(w)(1))” after “a bank (as defined in  
13 section 581)”, and

14                   (B) by inserting “or company” after “such  
15 bank”.

16           (2) Paragraph (16) of section 4975(d) is  
17 amended—

18                   (A) in subparagraph (A), by inserting “or  
19 a depository institution holding company (as de-  
20 fined in section 3(w)(1) of the Federal Deposit  
21 Insurance Act (12 U.S.C. 1813(w)(1))” after “a  
22 bank (as defined in section 581)”, and

23                   (B) in subparagraph (C), by inserting “or  
24 company” after “such bank”.

1           (b) *AMENDMENT RELATED TO SECTION 237 OF THE*  
2 *ACT.*—*Subparagraph (F) of section 1362(d)(3) is amended*  
3 *by striking “a bank holding company” and all that follows*  
4 *through “section 2(p) of such Act)” and inserting “a deposi-*  
5 *tory institution holding company (as defined in section*  
6 *3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C.*  
7 *1813(w)(1))”.*

8           (c) *AMENDMENTS RELATED TO SECTION 239 OF THE*  
9 *ACT.*—*Paragraph (3) of section 1361(b) is amended—*

10                   (1) *in subparagraph (A), by striking “and in the*  
11 *case of information returns required under part III*  
12 *of subchapter A of chapter 61”, and*

13                   (2) *by adding at the end the following new sub-*  
14 *paragraph:*

15                           “(E) *INFORMATION RETURNS.*—*Except to*  
16 *the extent provided by the Secretary, this para-*  
17 *graph shall not apply to part III of subchapter*  
18 *A of chapter 61 (relating to information re-*  
19 *turns).”.*

20           (d) *EFFECTIVE DATE.*—*The amendments made by this*  
21 *section shall take effect as if included in the provisions of*  
22 *the American Jobs Creation Act of 2004 to which they re-*  
23 *late.*

1           ***Subtitle B—Trade Technicals***

2   ***SEC. 421. TECHNICAL CORRECTIONS TO REGIONAL VALUE-***  
 3                   ***CONTENT METHODS FOR RULES OF ORIGIN***  
 4                   ***UNDER PUBLIC LAW 109-53.***

5           *Section 203(c) of the Dominican Republic-Central*  
 6 *America-United States Free Trade Agreement Implementa-*  
 7 *tion Act (Public Law 109-53; 19 U.S.C. 4033(c)) is amend-*  
 8 *ed as follows:*

9                   (1) *In paragraph (2)(A), by striking all that fol-*  
 10           *lows “the following build-down method:” and insert-*  
 11           *ing the following:*

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

12                   (2) *In paragraph (3)(A), by striking all that fol-*  
 13           *lows “the following build-up method:” and inserting*  
 14           *the following:*

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

15                   (3) *In paragraph (4)(A), by striking all that fol-*  
 16           *lows “the following net cost method:” and inserting*  
 17           *the following:*



$${}_{RVC} = \frac{NC-VNM}{NC} \times 100.$$

1                   **TITLE V—EMERGENCY**  
2                   **REQUIREMENT**

3   **SEC. 501. EMERGENCY REQUIREMENT.**

4       *Any provision of this Act causing an effect on receipts,*  
5 *budget authority, or outlays is designated as an emergency*  
6 *requirement pursuant to section 402 of H. Con. Res. 95*  
7 *(109th Congress).*

Attest:

*Secretary.*

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 4440**

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**AMENDMENT**