

Amendment Offered by Mr. Pascrell of New Jersey

This amendment adds a new title at the end of the bill. The Give Assistance and Help to Americans impacted by Natural Disasters Act (“Give A HAND” Act) would ensure that all victims of natural disasters are treated equally by the Federal government by providing relief to individuals and businesses to both recover in the immediate aftermath of the natural disasters and rebuild American communities. Under the amendment, taxpayers who suffered from natural disasters in the past (from 2012 through 2015) would receive certain tax benefits retroactively that will help make them whole. The amendment also provides a package of relief provisions that are effective for all natural disasters from 2016 going forward including relief for victims from the recent wildfires in Northern California, and Hurricanes Harvey, Irma, and Maria. The amendment would ensure that U.S. territories impacted by natural disasters, including Puerto Rico and the U.S. Virgin Islands – still reeling from the devastating storms, have the adequate tools and economic support from the Federal government to rebuild and begin to grow once again.

AMENDMENT.

OFFERED BY M. _____

Add at the end the following:

1 **TITLE VI—DISASTER RELIEF**
 2 **Subtitle A—Tax Relief Relating to**
 3 **Disasters in 2012, 2013, 2014,**
 4 **and 2015**

5 **SEC. 6101. EXPENSING OF QUALIFIED DISASTER EXPENSES.**

6 (a) IN GENERAL.—Part VI of subchapter B of chap-
 7 ter 1 of the Internal Revenue Code of 1986 is amended
 8 by inserting after section 198 the following:

9 **“SEC. 198A. EXPENSING OF QUALIFIED DISASTER EX-
 10 PENSES.**

11 “(a) IN GENERAL.—A taxpayer may elect to treat
 12 any qualified disaster expenses which are paid or incurred
 13 by the taxpayer as an expense which is not chargeable to
 14 capital account. Any expense which is so treated shall be
 15 allowed as a deduction for the taxable year in which it
 16 is paid or incurred.

17 “(b) QUALIFIED DISASTER EXPENSE.—For purposes
 18 of this section, the term ‘qualified disaster expense’ means
 19 any expenditure—

1 “(1) BUSINESS-RELATED PROPERTY.—The
 2 term ‘business-related property’ means property—

3 “(A) held by the taxpayer for use in a
 4 trade or business or for the production of in-
 5 come, or

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

8 “(2) FEDERALLY DECLARED DISASTER.—The
 9 term ‘federally declared disaster’ has the meaning
 10 given such term by section 165(i)(5)(A).

11 “(d) DEDUCTION RECAPTURED AS ORDINARY IN-
 12 COME ON SALE, ETC.—Solely for purposes of section
 13 1245, in the case of property to which a qualified disaster
 14 expense would have been capitalized but for this section—

15 “(1) the deduction allowed by this section for
 16 such expense shall be treated as a deduction for de-
 17 preciation, and

18 “(2) such property (if not otherwise section
 19 1245 property) shall be treated as section 1245
 20 property solely for purposes of applying section 1245
 21 to such deduction.

22 “(e) COORDINATION WITH OTHER PROVISIONS.—
 23 Sections 198, 280B, and 468 shall not apply to amounts
 24 which are treated as expenses under this section.

1 “(1) which is paid or incurred in connection
 2 with a trade or business or with business-related
 3 property,

4 “(2) which is—

5 “(A) for the abatement or control of haz-
 6 ardous substances that were released on ac-
 7 count of a federally declared disaster occurring
 8 during the period beginning—

9 “(i) after December 31, 2007, and be-
 10 fore January 1, 2010, or

11 “(ii) after December 31, 2011, and
 12 before January 1, 2016,

13 “(B) for the removal of debris from, or the
 14 demolition of structures on, real property which
 15 is business-related property damaged or de-
 16 stroyed as a result of a federally declared dis-
 17 aster occurring during any such period, or

18 “(C) for the repair of business-related
 19 property damaged as a result of a federally de-
 20 clared disaster occurring during any such pe-
 21 riod, and

22 “(3) which is otherwise chargeable to capital ac-
 23 count.

24 “(c) OTHER DEFINITIONS.—For purposes of this
 25 section—

1 “(F) REGULATIONS.—The Secretary shall prescribe
 2 such regulations as may be necessary or appropriate to
 3 carry out the purposes of this section.”.

4 (b) CLERICAL AMENDMENT.—The table of sections
 5 for part VI of subchapter B of chapter 1 of the Internal
 6 Revenue Code of 1986 is amended by inserting after the
 7 item relating to section 198 the following item:

“Sec. 198A. Expensing of qualified disaster expenses.”.

8 (c) EFFECTIVE DATE.—The amendment made by
 9 this section shall apply to amounts paid or incurred after
 10 December 31, 2011, in connection with disasters declared
 11 after such date.

12 **SEC. 6102. INCREASED LIMITATION ON CHARITABLE CON-
 13 TRIBUTIONS FOR DISASTER RELIEF.**

14 (a) INDIVIDUALS.—Paragraph (1) of section 170(b)
 15 of the Internal Revenue Code of 1986 is amended by re-
 16 designating subparagraphs (F) and (G) as subparagraphs
 17 (G) and (H), respectively, and by inserting after subpara-
 18 graph (E) the following new subparagraph:

19 “(F) QUALIFIED DISASTER CONTRI-
 20 BUTIONS.—

21 “(i) IN GENERAL.—Any qualified dis-
 22 aster contribution shall be allowed to the
 23 extent that the aggregate of such contribu-
 24 tions does not exceed the excess of 80 per-
 25 cent of the taxpayer’s contribution base

1 over the amount of all other charitable
2 contributions allowable under this para-
3 graph.

4 “(ii) CARRYOVER.—If the aggregate
5 amount of contributions described in clause
6 (i) exceeds the limitation under clause (i),
7 such excess shall be treated (in a manner
8 consistent with the rules of subsection
9 (d)(1)) as a charitable contribution to
10 which clause (i) applies in each of the 5
11 succeeding years in order of time.

12 “(iii) COORDINATION WITH OTHER
13 SUBPARAGRAPHS.—For purposes of apply-
14 ing this subsection and subsection (d)(1),
15 contributions described in clause (i) shall
16 not be treated as described in subpara-
17 graph (A) and such subparagraph shall be
18 applied without regard to such contribu-
19 tions.

20 “(iv) QUALIFIED DISASTER CON-
21 TRIBUTIONS.—For purposes of this sub-
22 paragraph, the term ‘qualified disaster
23 contribution’ means any charitable con-
24 tribution if—

1 “(I) such contribution is for re-
2 lief efforts related to a federally de-
3 clared disaster (as defined in section
4 165(h)(3)(C)(i)),

5 “(II) such contribution is made
6 during the period beginning on the
7 applicable disaster date with respect
8 to the disaster described in subclause
9 (I) and ending on December 31,
10 2015, and

11 “(III) such contribution is made
12 in cash to an organization described
13 in subparagraph (A) (other than an
14 organization described in section
15 509(a)(3)).

16 Such term shall not include a contribution
17 if the contribution is for establishment of
18 a new, or maintenance in an existing,
19 donor advised fund (as defined in section
20 4966(d)(2)).

21 “(v) APPLICABLE DISASTER DATE.—
22 For purposes of clause (iv)(II), the term
23 ‘applicable disaster date’ means, with re-
24 spect to any federally declared disaster de-
25 scribed in clause (iv)(I), the date on which

1 the disaster giving rise to the Presidential
2 declaration described in section
3 165(i)(5)(A) occurred.

4 “(vi) SUBSTANTIATION REQUIRE-
5 MENT.—This paragraph shall not apply to
6 any qualified disaster contribution unless
7 the taxpayer obtains from such organiza-
8 tion to which the contribution was made a
9 contemporaneous written acknowledgment
10 (within the meaning of subsection (f)(8))
11 that such contribution was used (or is to
12 be used) for a purpose described in clause
13 (iv)(III).”

14 (b) CORPORATIONS.—

15 (1) IN GENERAL.—Paragraph (2) of section
16 170(b) of the Internal Revenue Code of 1986 is
17 amended by redesignating subparagraph (D) as sub-
18 paragraph (E) and by inserting after subparagraph
19 (C) the following new subparagraph:

20 “(D) QUALIFIED DISASTER CONTRI-
21 BUTIONS.—

22 “(i) IN GENERAL.—Any qualified dis-
23 aster contribution shall be allowed to the
24 extent that the aggregate of such contribu-
25 tions does not exceed the excess of 20 per-

1 cent of the taxpayer’s taxable income over
2 the amount of charitable contributions al-
3 lowed under subparagraph (A).

4 “(ii) CARRYOVER.—If the aggregate
5 amount of contributions described in clause
6 (i) exceeds the limitation under clause (i),
7 such excess shall be treated (in a manner
8 consistent with the rules of subsection
9 (d)(1)) as a charitable contribution to
10 which clause (i) applies in each of the 5
11 succeeding years in order of time.

12 “(iii) QUALIFIED DISASTER CON-
13 TRIBUTION.—The term ‘qualified disaster
14 contribution’ has the meaning given such
15 term under paragraph (2)(F)(iv).

16 “(iv) SUBSTANTIATION REQUIRE-
17 MENT.—This paragraph shall not apply to
18 any qualified disaster contribution unless
19 the taxpayer obtains from such organiza-
20 tion to which the contribution was made a
21 contemporaneous written acknowledgment
22 (within the meaning of subsection (f)(8))
23 that such contribution was used (or is to
24 be used) for a purpose described in para-
25 graph (1)(F)(iv)(III).”

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 170(b)(2) of such Code is amended by striking “subparagraph (B) and (C) apply” and inserting “subparagraphs (B), (C) and (D) apply”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to disasters arising in taxable years ending after December 31, 2011.

SEC. 6103. LOSSES ATTRIBUTABLE TO DISASTERS IN 2012, 2013, 2014, AND 2015.

(a) IN GENERAL.—Section 165(h) of the Internal Revenue Code of 1986 is amended by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively, and by inserting after paragraph (2) the following:

“(3) SPECIAL RULE FOR LOSSES IN FEDERALLY DECLARED DISASTERS.—

“(A) IN GENERAL.—If an individual has a net disaster loss for any taxable year, the amount determined under paragraph (2)(A)(ii) shall be the sum of—

- “(i) such net disaster loss, and
- “(ii) so much of the excess referred to in the matter preceding clause (i) of paragraph (2)(A) (reduced by the amount in clause (i) of this subparagraph) as exceeds

(b) CONFORMING AMENDMENT.—Paragraph (4) of section 165(h) of such Code, as so redesignated, is amended by striking “paragraph (2)” and inserting “paragraphs (4) (2) and (3)”.

(c) LOSS ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZED DEDUCTIONS.—Section 62(a) of the Internal Revenue Code of 1986 is amended by inserting after paragraph (21) the following new paragraph:

“(22) DISASTER CASUALTY LOSSES.—Any net disaster loss (as defined in section 165(h)(3)(B)).”.

(d) TECHNICAL AMENDMENT.—Subparagraph (A) of section 165(i)(5) of the Internal Revenue Code of 1986 is amended by inserting “major” after “means any”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to disasters declared in taxable years beginning after December 31, 2011.

(f) USE OF AMENDED INCOME TAX RETURNS TO TAKE INTO ACCOUNT RECEIPT OF CERTAIN CASUALTY LOSS GRANTS BY DISALLOWING PREVIOUSLY TAKEN CASUALTY LOSS DEDUCTIONS.—

(1) IN GENERAL.—Notwithstanding any other provision of the Internal Revenue Code of 1986, if a taxpayer—

(A) claims a deduction for any taxable year with respect to a casualty loss to a principal

10 percent of the adjusted gross income of the individual.

“(B) NET DISASTER LOSS.—For purposes of subparagraph (A), the term ‘net disaster loss’ means the excess of—

- “(i) the personal casualty losses—
- “(I) attributable to a federally declared disaster occurring during the period beginning after December 31, 2007, and before January 1, 2010, or during the period beginning after December 31, 2011, and before January 1, 2016, and
- “(II) occurring in a disaster area, over
- “(ii) personal casualty gains.

“(C) FEDERALLY DECLARED DISASTER.—For purposes of this paragraph—

“(i) FEDERALLY DECLARED DISASTER.—The term ‘federally declared disaster’ has the meaning given such term by subsection (i)(5)(A).

“(ii) DISASTER AREA.—The term ‘disaster area’ has the meaning given such term by subsection (i)(5)(B).”.

residence (within the meaning of section 121 of such Code) resulting from any federally declared disaster (as defined in section 165(h)(3)(C) of such Code) occurring during the period beginning after December 31, 2011, and before January 1, 2016, and

(B) in a subsequent taxable year receives a grant under any Federal or State program as reimbursement for such loss,

such taxpayer may elect to file an amended income tax return for the taxable year in which such deduction was allowed (and for any taxable year to which such deduction is carried) and reduce (but not below zero) the amount of such deduction by the amount of such reimbursement.

(2) TIME OF FILING AMENDED RETURN.—Paragraph (1) shall apply with respect to any grant only if any amended income tax returns with respect to such grant are filed not later than the later of—

(A) the due date for filing the tax return for the taxable year in which the taxpayer receives such grant, or

(B) the date which is 1 year after the date of the enactment of this Act.

(3) WAIVER OF PENALTIES AND INTEREST.—
Any underpayment of tax resulting from the reduction under paragraph (1) of the amount otherwise allowable as a deduction shall not be subject to any penalty or interest under such Code if such tax is paid not later than 1 year after the filing of the amended return to which such reduction relates.

SEC. 6104. NET OPERATING LOSSES ATTRIBUTABLE TO DISASTERS IN 2012, 2013, 2014, AND 2015.

(a) IN GENERAL.—Section 172(b)(1) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

“(G) CERTAIN LOSSES ATTRIBUTABLE TO FEDERALLY DECLARED DISASTERS.—In the case of a taxpayer who has a qualified disaster loss (as defined in subsection (i)), such loss shall be a net operating loss carryback to each of the 5 taxable years preceding the taxable year of such loss.”.

(b) RULES RELATING TO QUALIFIED DISASTER LOSSES.—Section 172 of the Internal Revenue Code of 1986 is amended by redesignating subsection (i) a subsection (j) and by inserting after subsection (h) the following:

“(2) COORDINATION WITH SUBSECTION (b)(2).—For purposes of applying subsection (b)(2), a qualified disaster loss for any taxable year shall be treated in a manner similar to the manner in which a specified liability loss is treated.

“(3) ELECTION.—Any taxpayer entitled to a 5-year carryback under subsection (b)(1)(G) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(G). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer’s return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.

“(4) EXCLUSION.—The term ‘qualified disaster loss’ shall not include any loss with respect to any property described in section 1400N(p)(3).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to losses arising in taxable years beginning after December 31, 2011, in connection with disasters declared after such date.

“(i) RULES RELATING TO QUALIFIED DISASTER LOSSES.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified disaster loss’ means the lesser of—

“(A) the sum of—

“(i) the losses allowable under section 165 for the taxable year—

“(I) attributable to a federally declared disaster (as defined in section 165(i)(5)(A)) occurring during the period beginning after December 31, 2007, and before January 1, 2010, or during the period beginning after December 31, 2011, and before January 1, 2016, and

“(II) occurring in a disaster area (as defined in section 165(i)(5)(B)), and

“(ii) the deduction for the taxable year for qualified disaster expenses which is allowable under section 198A(a) or which would be so allowable if not otherwise treated as an expense, or

“(B) the net operating loss for such taxable year.

SEC. 6105. WAIVER OF CERTAIN MORTGAGE REVENUE BOND REQUIREMENTS FOLLOWING 2012, 2013, 2014, AND 2015 DISASTERS.

(a) IN GENERAL.—Paragraph (13) of section 143(k) of the Internal Revenue Code of 1986 is amended—

(1) in clause (i), by striking “before January 1, 2010” and inserting “during the period beginning after December 31, 2007, and before January 1, 2010, or during the period beginning after December 31, 2011, and before January 1, 2016”, and

(2) in clause (ii), by striking “before such date” and inserting “during either such period”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to disasters occurring after December 31, 2011.

SEC. 6106. INCREASED EXPENSING AND BONUS DEPRECIATION FOR QUALIFIED DISASTER ASSISTANCE PROPERTY FOLLOWING 2012, 2013, 2014, AND 2015 DISASTERS.

(a) IN GENERAL.—Subclause (1) of section 168(n)(2)(A)(ii) of the Internal Revenue Code of 1986 is amended by striking “before January 1, 2010” and inserting “during the period beginning after December 31, 2007, and before January 1, 2010, or during the period beginning after December 31, 2011, and before January 1, 2016”.

(b) REMOVAL OF EXCLUSION.—Section 168(n)(2)(B)(i) of such Code is amended by inserting “and” at the end of subclause (I), by striking “, and” at the end of subclause (II) and inserting a period, and by striking subclause (III).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2011, with respect to disasters declared after such date.

SEC. 6107. INCREASE IN NEW MARKETS TAX CREDIT FOR INVESTMENTS IN COMMUNITY DEVELOPMENT ENTITIES SERVING 2012, 2013, 2014, AND 2015 DISASTER AREAS.

(a) IN GENERAL.—Subsection (f) of section 45D of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(4) INCREASED SPECIAL ALLOCATION FOR COMMUNITY DEVELOPMENT ENTITIES SERVING DISASTER AREAS WITH RESPECT TO DISASTERS OCCURRING IN ANY OF CALENDAR YEARS 2012 THROUGH 2015.—

“(A) IN GENERAL.—In the case of each calendar year which begins after 2012 and before 2017, the new markets tax credit limitation shall be increased by an amount equal to

tence, the terms ‘federally declared disaster’ and ‘disaster area’ have the meanings given such terms in section 165(i)(5).”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after 2012.

SEC. 6108. SPECIAL RULES FOR USE OF RETIREMENT FUNDS IN CONNECTION WITH FEDERALLY DECLARED DISASTERS IN 2012, 2013, 2014, AND 2015.

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

(1) IN GENERAL.—Paragraph (2) of section 72(t) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(II) DISTRIBUTIONS FROM RETIREMENT PLANS IN CONNECTION WITH FEDERALLY DECLARED DISASTERS DURING IN ANY CALENDAR YEARS AFTER 2011.—Any qualified disaster recovery distribution.”

(2) QUALIFIED DISASTER RECOVERY DISTRIBUTION.—Section 72(t) of such Code is amended by adding at the end the following new paragraph:

\$500,000,000, to be allocated among qualified community development entities to make qualified low-income community investments within any covered federally declared disaster area.

“(B) ALLOCATION OF INCREASE.—The amount of the increase in limitation under subparagraph (A) shall be allocated by the Secretary under paragraph (2) to qualified community development entities and shall give priority to such entities with a record of having successfully provided capital or technical assistance to businesses or communities within any covered federally declared disaster area or areas for which the allocation is requested.

“(C) APPLICATION OF CARRYFORWARD.—Paragraph (3) shall be applied separately with respect to the amount of any increase under subparagraph (A).

“(D) COVERED FEDERALLY DECLARED DISASTER AREA.—For purposes of this paragraph, the term ‘covered federally declared disaster area’ means any disaster area resulting from any federally declared disaster occurring after December 31, 2011, and before January 1, 2016. For purposes of the preceding sen-

“(11) QUALIFIED DISASTER RECOVERY DISTRIBUTION.—For purposes of paragraph (2)(II)—

“(A) IN GENERAL.—Except as provided in subparagraph (B), the term ‘qualified disaster recovery distribution’ means, with respect to any federally declared disaster occurring in any calendar year beginning after 2011 and before January 1, 2016, any distribution from an eligible retirement plan made on or after the applicable disaster date and before the date that is 1 year after the applicable disaster date, to an individual whose principal place of abode on the applicable disaster date, is located in the disaster area and who has sustained an economic loss by reason of such federally declared disaster.

“(B) DOLLAR LIMITATION.—

“(i) IN GENERAL.—For purposes of this subsection, the aggregate amount of distributions received by an individual with respect to any federally declared disaster occurring during in any calendar year beginning after 2011 shall not exceed \$100,000.

1 “(ii) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would (without regard to clause (i)) be a qualified disaster recovery distribution, a plan shall not be treated as violating any requirement of this title merely because the plan treats such distribution as a qualified disaster recovery distribution, unless the aggregate amount of such distributions from all plans maintained by the employer (and any member of any controlled group which includes the employer) to such individual with respect to any federally declared disaster occurring in any calendar year beginning after 2011 exceeds \$100,000.

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

22 “(C) AMOUNT DISTRIBUTED MAY BE REPAID.—

24 “(i) IN GENERAL.—Any individual who receives a qualified disaster recovery

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

13 “(ii) TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM ELIGIBLE RETIREMENT PLANS OTHER THAN IRAS.—For purposes of this title, if a contribution is made pursuant to clause (i) with respect to a qualified disaster recovery distribution from an eligible retirement plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified disaster recovery distribution in an eligible rollover distribution (as defined in section 402(e)(4)) and as

1 having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

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

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

21 “(i) IN GENERAL.—In the case of any qualified disaster recovery distribution, unless the taxpayer elects not to have this paragraph apply for any taxable year, any amount required to be included in gross in-

1 come for such taxable year shall be so included ratably over the 3-taxable-year period beginning with such taxable year.

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

8 “(E) OTHER DEFINITIONS.—

9 “(i) FEDERALLY DECLARED DISASTER; DISASTER AREA.—The terms ‘federally declared disaster’ and ‘disaster area’ have the meanings given such terms under section 165(i)(5).

14 “(ii) APPLICABLE DISASTER DATE.—The term ‘applicable disaster date’ means, with respect to any federally declared disaster, the date on which such federally declared disaster occurs.

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

23 “(F) SPECIAL RULES.—

24 “(i) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER

1 AND WITHHOLDING RULES.—For purposes
2 of sections 401(a)(31), 402(f), and 3405,
3 qualified disaster recovery distributions
4 shall not be treated as eligible rollover dis-
5 tributions.

6 “(ii) QUALIFIED DISASTER RECOVERY
7 DISTRIBUTIONS TREATED AS MEETING
8 PLAN DISTRIBUTION REQUIREMENTS.—
9 For purposes of this title, a qualified dis-
10 aster recovery distribution shall be treated
11 as meeting the requirements of sections
12 401(k)(2)(B)(i), 403(b)(7)(A)(ii),
13 403(b)(11), and 457(d)(1)(A).”.

14 (3) EFFECTIVE DATE.—The amendments made
15 by this subsection shall apply to distributions with
16 respect to disaster declared after December 31,
17 2011.

18 (b) LOANS FROM QUALIFIED PLANS.—

19 (1) IN GENERAL.—Subsection (p) of section 72
20 of the Internal Revenue Code of 1986 is amended by
21 adding at the end the following new paragraph:

22 “(6) INCREASE IN LIMIT ON LOANS NOT TREAT-
23 ED AS DISTRIBUTIONS WITH RESPECT TO DISASTERS
24 IN ANY CALENDAR YEAR AFTER 2011.—

1 “(A) IN GENERAL.—In the case of any
2 loan from a qualified employer plan to a quali-
3 fied individual made during the applicable pe-
4 riod—

5 “(i) clause (i) of paragraph (2)(A)
6 shall be applied by substituting ‘\$100,000’
7 for ‘\$50,000’, and

8 “(ii) clause (ii) of such paragraph
9 shall be applied by substituting ‘the
10 present value of the nonforfeitable accrued
11 benefit of the employee under the plan’ for
12 ‘one-half of the present value of the non-
13 forfeitable accrued benefit of the employee
14 under the plan’.

15 “(B) DELAY OF REPAYMENT.—In the case
16 of a qualified individual with an outstanding
17 loan on or after the applicable disaster date
18 from a qualified employer plan—

19 “(i) if the due date pursuant to sub-
20 paragraph (B) or (C) of paragraph (2) for
21 any repayment with respect to such loan
22 occurs during the 1-year period beginning
23 on the applicable disaster date, such due
24 date shall be delayed for 1 year,

1 “(ii) any subsequent repayments with
2 respect to any such loan shall be appro-
3 priately adjusted to reflect the delay in the
4 due date under clause (i) and any interest
5 accruing during such delay, and

6 “(iii) in determining the 5-year period
7 and the term of a loan under subpara-
8 graph (B) or (C) of paragraph (2), the pe-
9 riod described in clause (i) shall be dis-
10 regarded.

11 “(C) DEFINITIONS.—For purposes of this
12 paragraph—

13 “(i) QUALIFIED INDIVIDUAL.—The
14 term ‘qualified individual’ means, with re-
15 spect to any federally declared disaster oc-
16 ccurring during in any calendar year begin-
17 ning after 2011, an individual whose prin-
18 cipal place of abode on the applicable dis-
19 aster date is located in the disaster area
20 and who has sustained an economic loss by
21 reason of such federally declared disaster.

22 “(ii) APPLICABLE PERIOD.—The ap-
23 plicable period is the period beginning on
24 the applicable disaster date and ending on
25 December 31, 2016.

1 “(iii) FEDERALLY DECLARED DIS-
2 ASTER; DISASTER AREA.—The terms ‘fed-
3 erally declared disaster’ and ‘disaster area’
4 have the meanings given such terms under
5 section 165(i)(5).

6 “(iv) APPLICABLE DISASTER DATE.—
7 The term ‘applicable disaster date’ means,
8 with respect to any federally declared dis-
9 aster, the date on which such federally de-
10 clared disaster occurs.”.

11 (2) EFFECTIVE DATE.—The amendment made
12 by this subsection shall apply to loans made with re-
13 spect to disaster declared after December 31, 2011.

14 (c) PROVISIONS RELATING TO PLAN AMEND-
15 MENTS.—

16 (1) IN GENERAL.—If this subsection applies to
17 any amendment to any plan or annuity contract,
18 such plan or contract shall be treated as being oper-
19 ated in accordance with the terms of the plan during
20 the period described in paragraph (2)(B)(i).

21 (2) AMENDMENTS TO WHICH SUBSECTION AP-
22 PLIES.—

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

1 (i) pursuant to any provision of, or
2 amendment made by, this section, or pur-
3 suant to any regulation issued by the Sec-
4 retary or the Secretary of Labor under any
5 provision of, or amendment made by, this
6 section, and

7 (ii) on or before the last day of the
8 first plan year beginning on or after Janu-
9 ary 1, 2016, or such later date as the Sec-
10 retary may prescribe.

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

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

17 (i) during the period—

18 (1) beginning on the date that
19 the provisions of, and amendments
20 made by, this section or the regulation
21 described in subparagraph (A)(i)
22 takes effect (or in the case of a plan
23 or contract amendment not required
24 by the provisions of, or amendments
25 made by, this section or such regula-

1 tion, the effective date specified by the
2 plan), and

3 (11) ending on the date described
4 in subparagraph (A)(ii) (or, if earlier,
5 the date the plan or contract amend-
6 ment is adopted),

7 the plan or contract is operated as if such
8 plan or contract amendment were in effect,
9 and

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

12 **SEC. 6109. ADDITIONAL EXEMPTION FOR HOUSING QUALI-**
13 **FIED DISASTER DISPLACED INDIVIDUALS.**

14 (a) IN GENERAL.—Section 151 of the Internal Rev-
15 enue Code of 1986 is amended by adding at the end the
16 following new subsection:

17 “(F) ADDITIONAL EXEMPTION FOR CERTAIN DIS-
18 ASTER-DISPLACED INDIVIDUALS.—

19 “(1) IN GENERAL.—In the case of any taxable
20 year beginning in any calendar year beginning after
21 2011, there shall be allowed an exemption of \$500
22 for each qualified disaster-displaced individual with
23 respect to the taxpayer for the taxable year.

24 “(2) LIMITATIONS.—

1 “(A) DOLLAR LIMITATION.—The exemp-
2 tion under paragraph (1) shall not exceed
3 \$2,000, reduced by the amount of the exemp-
4 tion under this subsection for all prior taxable
5 years.

6 “(B) INDIVIDUALS TAKEN INTO ACCOUNT
7 ONLY ONCE.—An individual shall not be taken
8 into account under paragraph (1) if such indi-
9 vidual was taken into account under this sub-
10 section by the taxpayer for any prior taxable
11 year.

12 “(C) IDENTIFYING INFORMATION RE-
13 QUIRED.—An individual shall not be taken into
14 account under paragraph (1) for a taxable year
15 unless the taxpayer identification number of
16 such individual is included on the return of the
17 taxpayer for such taxable year.

18 “(3) QUALIFIED DISASTER-DISPLACED INDI-
19 VIDUAL.—

20 “(A) IN GENERAL.—For purposes of this
21 subsection, the term ‘qualified disaster-dis-
22 placed individual’ means, with respect to any
23 taxpayer for any taxable year, any qualified in-
24 dividual if such individual is provided housing
25 free of charge by the taxpayer in the principal

1 residence of the taxpayer for a period of 60
2 consecutive days which ends in such taxable
3 year. Such term shall not include the spouse or
4 any dependent of the taxpayer.

5 “(B) QUALIFIED INDIVIDUAL.—The term
6 ‘qualified individual’ means any individual
7 who—

8 “(i) on the date of a federally declared
9 disaster occurring in calendar years begin-
10 ning after 2011 and before 2016 main-
11 tained such individual’s principal place of
12 abode in the disaster area declared with re-
13 spect to such disaster, and

14 “(ii) was displaced from such prin-
15 cipal place of abode by reason of the feder-
16 ally declared disaster.

17 For purposes of the preceding sentence, the
18 terms ‘federally declared disaster’ and ‘disaster
19 area’ have the meanings given such terms in
20 section 165(i)(5).

21 “(4) COMPENSATION FOR HOUSING.—No de-
22 duction shall be allowed under this subsection if the
23 taxpayer receives any rent or other amount (from
24 any source) in connection with the providing of such
25 housing.”

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2011.

4 **SEC. 6110. EXCLUSIONS OF CERTAIN CANCELLATIONS OF**
5 **INDEBTEDNESS BY REASON OF 2012, 2013,**
6 **2014, AND 2015 DISASTERS.**

7 (a) IN GENERAL.—Section 108 of the Internal Rev-
8 enue Code of 1986 is amended by adding at the end the
9 following new subsection:

10 “(j) DISCHARGE OF INDEBTEDNESS FOR INDIVIDU-
11 CALS AFFECTED BY DISASTERS IN ANY CALENDAR YEAR
12 AFTER 2011.—

13 “(1) IN GENERAL.—Except as provided in para-
14 graph (2), gross income shall not include any
15 amount which (but for this subsection) would be in-
16 cludible in gross income by reason of any discharge
17 (in whole or in part) of indebtedness of a natural
18 person described in paragraph (3) by an applicable
19 entity (as defined in section 6050P(c)(1)) during the
20 applicable period.

21 “(2) EXCEPTIONS FOR BUSINESS INDEBTED-
22 NNESS.—Paragraph (1) shall not apply to any indebt-
23 edness incurred in connection with a trade or busi-
24 ness.

1 **SEC. 6111. SPECIAL RULE FOR DETERMINING EARNED IN-**
2 **COME OF INDIVIDUALS AFFECTED BY FEDER-**
3 **ALLY DECLARED DISASTERS.**

4 (a) IN GENERAL.—Section 32 of the Internal Rev-
5 enue Code of 1986 is amended by adding at the end the
6 following new subsection:

7 “(n) SPECIAL RULE FOR DETERMINING EARNED IN-
8 COME OF TAXPAYERS AFFECTED BY FEDERALLY DE-
9 CLARED DISASTERS.—

10 “(1) IN GENERAL.—In the case of a qualified
11 individual with respect to any federally declared dis-
12 aster occurring during any calendar year beginning
13 after 2011, if the earned income of the taxpayer for
14 the taxable year which includes the applicable dis-
15 aster date is less than the earned income of the tax-
16 payer for the preceding taxable year, the credit al-
17 lowed under this section and section 24(d) may, at
18 the election of the taxpayer, be determined by sub-
19 stituting—

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, the term ‘qualified individual’
26 means, with respect to any federally declared dis-

1 “(3) PERSONS DESCRIBED.—A natural person
2 is described in this paragraph if the principal place
3 of abode of such person on the applicable disaster
4 date was located in the disaster area with respect to
5 any federally declared disaster occurring during any
6 calendar year beginning after 2011 and before 2016.

7 “(4) APPLICABLE PERIOD.—For purposes of
8 this subsection, the term ‘applicable period’ means
9 the period beginning on the applicable disaster date
10 and ending on the date which is 14 months after
11 such date.

12 “(5) OTHER DEFINITIONS.—For purposes of
13 this subsection—

14 “(A) FEDERALLY DECLARED DISASTER;
15 DISASTER AREA.—The terms ‘federally declared
16 disaster’ and ‘disaster area’ have the meanings
17 given such terms under section 165(i)(5).

18 “(B) APPLICABLE DISASTER DATE.—The
19 term ‘applicable disaster date’ means, with re-
20 spect to any federally declared disaster, the
21 date on which such federally declared disaster
22 occurs.”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to discharges made on or after De-
25 cember 31, 2011.

1 aster occurring during in any calendar year begin-
2 ning after 2011 and before 2016, any individual
3 whose principal place of abode on the applicable dis-
4 aster date, was located—

5 “(A) in any portion of a disaster area de-
6 termined by the President to warrant individual
7 or individual and public assistance under the
8 Robert T. Stafford Disaster Relief and Emer-
9 gency Assistance Act by reason of the federally
10 declared disaster, or

11 “(B) in any portion of the disaster area
12 not described in subparagraph (A) and such in-
13 dividual was displaced from such principal place
14 of abode by reason of the federally declared dis-
15 aster.

16 “(3) OTHER DEFINITIONS.—For purposes of
17 this paragraph—

18 “(A) FEDERALLY DECLARED DISASTER;
19 DISASTER AREA.—The terms ‘federally declared
20 disaster’ and ‘disaster area’ have the meanings
21 given such terms under section 165(i)(5).

22 “(B) APPLICABLE DISASTER DATE.—The
23 term ‘applicable disaster date’ means, with re-
24 spect to any federally declared disaster, the

1 date on which such federally declared disaster
2 occurs.

3 **“(4) SPECIAL RULES.—**

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

5 For purposes of paragraph (1), in the case of
6 a joint return for a taxable year which includes
7 the disaster date—

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

10 **“(ii) the earned income of the tax-**
11 **payer for the preceding taxable year shall**
12 **be the sum of the earned income of each**
13 **spouse for such preceding taxable year.**

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

18 **“(C) ERRORS TREATED AS MATHEMATICAL**
19 **ERROR.—For purposes of section 6213, an in-**
20 **correct use on a return of earned income pursu-**
21 **ant to paragraph (1) shall be treated as a**
22 **mathematical or clerical error.**

23 **“(D) NO EFFECT ON DETERMINATION OF**
24 **GROSS INCOME, ETC.—Except as otherwise pro-**
25 **vided in this subsection, this title shall be ap-**

1 plied without regard to any substitution under
2 paragraph (1).”.

3 **(b) CHILD TAX CREDIT.—Section 24(d) of the Inter-**
4 **nal Revenue Code of 1986 is amended by inserting after**
5 **paragraph (2) the following new paragraph:**

6 **“(3) SPECIAL RULE FOR DETERMINING**
7 **EARNED INCOME OF TAXPAYERS AFFECTED BY FED-**
8 **ERALLY DECLARED DISASTERS.—For election by**
9 **qualified individuals with respect to certain federally**
10 **declared disasters to substitute earned income from**
11 **the preceding taxable year, see section 32(n).”.**

12 **(c) EFFECTIVE DATE.—The amendments made by**
13 **this section shall apply to taxable years beginning after**
14 **December 31, 2011.**

15 **SEC. 6112. INCREASE IN REHABILITATION CREDIT FOR**
16 **BUILDINGS IN 2012, 2013, 2014, AND 2015 DIS-**
17 **ASTER AREAS.**

18 **(a) IN GENERAL.—Section 47 of the Internal Rev-**
19 **enue Code of 1986 is amended by adding at the end the**
20 **following new subsection:**

21 **“(e) SPECIAL RULE FOR EXPENDITURES MADE IN**
22 **CONNECTION WITH CERTAIN DISASTERS.—**

23 **“(1) IN GENERAL.—In the case of qualified re-**
24 **habilitation expenditures paid or incurred during the**
25 **applicable period with respect to any qualified rela-**

1 bilitated building or certified historic structure lo-
2 cated in a disaster area with respect to any federally
3 declared disaster occurring in, subsection (a) shall
4 be applied—

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

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

9 **“(2) DEFINITIONS.—For purposes of this sub-**
10 **section—**

11 **“(A) FEDERALLY DECLARED DISASTER;**
12 **DISASTER AREA.—The terms ‘federally declared**
13 **disaster’ and ‘disaster area’ have the meanings**
14 **given such terms under section 165(i)(5).**

15 **“(B) APPLICABLE PERIOD.—The term ‘ap-**
16 **licable period’ means the period beginning on**
17 **the applicable disaster date and ending on De-**
18 **cember 31, 2015.**

19 **“(C) APPLICABLE DISASTER DATE.—The**
20 **term ‘applicable disaster date’ means, with re-**
21 **spect to any federally declared disaster, the**
22 **date on which such federally declared disaster**
23 **occurs.”.**

1 **(b) EFFECTIVE DATE.—The amendments made by**
2 **this section shall apply to amounts paid or incurred after**
3 **December 31, 2011.**

4 **SEC. 6113. ADVANCED REFUNDINGS OF CERTAIN TAX-EX-**
5 **EMPT BONDS.**

6 **(a) IN GENERAL.—Section 149(d) of the Internal**
7 **Revenue Code of 1986 is amended by redesignating para-**
8 **graph (7) as paragraph (8) and by inserting after para-**
9 **graph (6) the following new paragraph:**

10 **“(7) SPECIAL RULE WITH RESPECT TO CER-**
11 **TAIN NATURAL DISASTERS.—**

12 **“(A) IN GENERAL.—With respect to a**
13 **bond described in subparagraph (C), one addi-**
14 **tional advance refunding after the date of the**
15 **enactment of this paragraph and before Janu-**
16 **ary 1, 2018, shall be allowed under the rules of**
17 **this subsection if—**

18 **“(i) the Governor of the State des-**
19 **ignates the advance refunding bond for**
20 **purposes of this subsection, and**

21 **“(ii) the requirements of subpara-**
22 **graph (E) are met.**

23 **“(B) CERTAIN PRIVATE ACTIVITY**
24 **BONDS.—With respect to a bond described in**
25 **subparagraph (C) which is an exempt facility**

bond described in paragraph (1) or (2) of section 142(a), one advance refunding after the date of the enactment of this paragraph and before January 1, 2018, shall be allowed under the applicable rules of this subsection (notwithstanding paragraph (2) thereof) if the requirements of clauses (i) and (ii) of subparagraph (A) are met.

“(C) BONDS DESCRIBED.—A bond is described in this paragraph if, with respect to any federally declared disaster, such bond—

“(i) was outstanding on the applicable disaster date, and

“(ii) is issued by an applicable State or a political subdivision thereof.

“(D) AGGREGATE LIMIT.—The maximum aggregate face amount of bonds which may be designated under this subsection by the Governor of a State shall not exceed \$4,500,000,000.

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

“(i) no advance refundings of such bond would be allowed under this title on or after the applicable disaster date,

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

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

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

“(i) **FEDERALLY DECLARED DISASTER; DISASTER AREA.**—The terms ‘federally declared disaster’ and ‘disaster area’ have the meanings given such terms under section 165(i)(5).

“(ii) **APPLICABLE DISASTER DATE.**—The term ‘applicable disaster date’ means, with respect to any federally declared disaster, the date on which such federally declared disaster occurs.

“(iii) **APPLICABLE STATE.**—The term ‘applicable State’ means, with respect to any federally declared disaster, any State

in which a portion of the disaster area is located.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 6114. QUALIFIED DISASTER AREA RECOVERY BONDS.

(a) **IN GENERAL.**—Subpart A of part IV of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 146 the following new section:

“SEC. 146A. QUALIFIED DISASTER AREA RECOVERY BONDS.

“(a) **IN GENERAL.**—For purposes of this title, any qualified disaster area recovery bond shall—

“(1) be treated as an exempt facility bond, and

“(2) not be subject to section 146.

“(b) **QUALIFIED DISASTER AREA RECOVERY BOND.**—For purposes of this section, the term ‘qualified disaster area recovery bond’ means any bond issued as part of an issue if—

“(1) 95 percent or more of the net proceeds of such issue are to be used for qualified project costs,

“(2) such bond is issued by a State or any political subdivision thereof any part of which is in a qualified disaster area,

“(3) the Governor of the issuing State designates such bond for purposes of this section, and

“(4) such bond is issued after the date of the enactment of this section and before January 1, 2017.

“(c) **LIMITATION ON AMOUNT OF BONDS.**—

“(1) **IN GENERAL.**—The maximum aggregate face amount of bonds which may be designated under this section by any State shall not exceed \$10,000,000,000.

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

“(3) **TREATMENT OF CURRENT REFUNDING BONDS.**—Paragraph (1) shall not apply to any bond (or series of bonds) issued to refund a qualified disaster area recovery bond, if—

“(A) the average maturity date of the issue of which the refunding bond is a part is not later than the average maturity date of the bonds to be refunded by such issue,

“(B) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

1 “(C) the net proceeds of the refunding
2 bond are used to redeem the refunded bond not
3 later than 90 days after the date of the
4 issuance of the refunding bond.

5 For purposes of subparagraph (A), average maturity
6 shall be determined in accordance with section
7 147(b)(2)(A).

8 “(d) QUALIFIED PROJECT COSTS.—For purposes of
9 this section, the term ‘qualified project costs’ means the
10 cost of acquisition, construction, reconstruction, and ren-
11 ovation of—

12 “(1) residential rental property (as defined in
13 section 142(d)),

14 “(2) nonresidential real property (including
15 fixed improvements associated with such property),

16 “(3) a facility described in paragraph (2) or (3)
17 of section 142(a), or

18 “(4) public utility property (as defined in sec-
19 tion 168(i)(10)),

20 which is located in a qualified disaster area and was dam-
21 aged or destroyed by reason of a federally declared dis-
22 aster.

23 “(e) SPECIAL RULES.—In applying this title to any
24 qualified disaster area recovery bond, the following modi-
25 fications shall apply:

1 “(3) Repayments of principal on financing pro-
2 vided by the issue—

3 “(A) may not be used to provide financing,
4 and

5 “(B) must be used not later than the close
6 of the first semiannual period beginning after
7 the date of the repayment to redeem bonds
8 which are part of such issue.

9 The requirement of subparagraph (B) shall be treat-
10 ed as met with respect to amounts received within
11 5 years after the date of issuance of the issue (or,
12 in the case of a refunding bond, the date of issuance
13 of the original bond) if such amounts are used by
14 the close of such 5 years to redeem bonds which are
15 part of such issue.

16 “(4) Section 57(a)(5) shall not apply.

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

23 “(g) QUALIFIED DISASTER AREA; FEDERALLY DE-
24 CLARED DISASTER.—

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

5 “(2) Section 148(f)(4)(C) (relating to exception
6 from rebate for certain proceeds to be used to fi-
7 nance construction expenditures) shall apply to the
8 available construction proceeds of bonds issued
9 under this section. For purposes of the preceding
10 sentence, the following spending requirements shall
11 apply in lieu of the requirements in clause (ii) of
12 such section:

13 “(A) 40 percent of such available construc-
14 tion proceeds are spent for the governmental
15 purposes of the issue within the 2-year period
16 beginning on the date the bonds are issued.

17 “(B) 60 percent of such proceeds are spent
18 for such purposes within the 3-year period be-
19 ginning on such date.

20 “(C) 80 percent of such proceeds are spent
21 for such purposes within the 4-year period be-
22 ginning on such date.

23 “(D) 100 percent of such proceeds are
24 spent for such purposes within the 5-year pe-
25 riod beginning on such date.

1 “(1) QUALIFIED DISASTER AREA.—The term
2 ‘qualified disaster area’ means any area determined
3 to warrant individual or individual and public assist-
4 ance from the Federal Government under the Robert
5 T. Stafford Disaster Relief and Emergency Assist-
6 ance Act by reason of a federally declared disaster
7 occurring during the period beginning after Decem-
8 ber 31, 2011, and before January 1, 2016.

9 “(2) FEDERALLY DECLARED DISASTER.—The
10 term ‘federally declared disaster’ has the meaning
11 given to such term under section 165(i)(5).”.

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for subpart A of part IV of subchapter B of chapter 1
14 of such Code is amended by inserting after the item relat-
15 ing to section 146 the following new item:

“Sec. 146A. Qualified disaster area recovery bonds.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to obligations issued after Decem-
18 ber 31, 2015.

19 SEC. 6115. ADDITIONAL LOW-INCOME HOUSING CREDIT AL-
20 LOCATIONS.

21 (a) IN GENERAL.—Paragraph (3) of section 42(h) of
22 the Internal Revenue Code of 1986 (relating to limitation
23 on aggregate credit allowable with respect to projects lo-
24 cated in a State) is amended by adding at the end the
25 following new subparagraph:

1 “(J) INCREASE IN STATE HOUSING CREDIT
2 FOR STATES DAMAGED BY NATURAL DISAS-
3 TERS.—

4 “(i) IN GENERAL.—In the case of cal-
5 endar year 2016, the State housing credit
6 ceiling of each State any portion of which
7 includes any portion of a qualifying dis-
8 aster area shall be increased by so much of
9 the aggregate housing credit dollar amount
10 as does not exceed the applicable limitation
11 allocated by the State housing credit agen-
12 cy of such State for such calendar year to
13 buildings located in qualifying disaster
14 areas.

15 “(ii) APPLICABLE LIMITATION.—For
16 purposes of clause (i), the applicable limi-
17 tation is the greater of—

18 “(I) \$8 multiplied by the popu-
19 lation of the qualifying disaster areas
20 in such State, or

21 “(II) 50 percent of the State
22 housing credit ceiling (determined
23 without regard to this subparagraph)
24 for 2015.

1 “(iii) APPLICABLE PERCENTAGE.—
2 For purposes of this section, the applicable
3 percentage with respect to any building to
4 which amounts allocated under clause (i)
5 shall be determined under subsection
6 (b)(2), except that subparagraph (A)
7 thereof shall be applied by substituting
8 ‘January 1, 2016’ for ‘January 1, 2015’.

9 “(iv) ALLOCATIONS TREATED AS
10 MADE FIRST FROM ADDITIONAL ALLOCA-
11 TION AMOUNT FOR PURPOSES OF DETER-
12 MINING CARRYOVER.—For purposes of deter-
13 mining the unused State housing credit
14 ceiling under subparagraph (C) for any
15 calendar year, any increase in the State
16 housing credit ceiling under clause (i) shall
17 be treated as an amount described in
18 clause (ii) of such subparagraph.

19 “(v) QUALIFYING DISASTER AREA.—
20 For purposes of this subparagraph, the
21 term ‘qualifying federally declared disaster
22 area’ means—

23 “(I) each county which is deter-
24 mined to warrant individual or indi-
25 vidual and public assistance from the

1 Federal Government under a quali-
2 fying natural disaster declaration de-
3 scribed in clause (vi)(I), and

4 “(II) each county not described
5 in subclause (I) which is included in
6 the geographical area covered by a
7 qualifying natural disaster declaration
8 described in subclause (II) or (III) of
9 clause (vi).

10 “(vi) QUALIFYING NATURAL DISASTER
11 DECLARATION.—For purposes of clause
12 (v), the term ‘qualifying natural disaster
13 declaration’ means—

14 “(I) a federally declared disaster
15 (as defined in section 165(i)(5)) oc-
16 curring during the period beginning
17 after December 31, 2011, and before
18 January 1, 2016,

19 “(II) a natural disaster declared
20 by the Secretary of Agriculture in
21 2011 due to damaging weather and
22 other conditions relating to Hurricane
23 Irene or Tropical Storm Lee under
24 section 321(a) of the Consolidated

1 Farm and Rural Development Act (7
2 U.S.C. 1961(a)), or

3 “(III) a major disaster or emer-
4 gency designated by the President in
5 2011 due to damaging weather and
6 other conditions relating to Hurricane
7 Irene or Tropical Storm Lee under
8 the Robert T. Stafford Disaster Relief
9 and Emergency Assistance Act (42
10 U.S.C. 5121 et seq.).”

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall take effect on the date of the enactment
13 of this Act.

14 SEC. 6116. FACILITATION OF TRANSFER OF WATER LEAS-
15 ING AND WATER BY MUTUAL DITCH OR IRRI-
16 GATION COMPANIES IN DISASTER AREAS.

17 (a) IN GENERAL.—Paragraph (12) of section 501(c)
18 of the Internal Revenue Code of 1986 is amended by add-
19 ing at the end the following new subparagraph:

20 “(I) TREATMENT OF MUTUAL DITCH OR
21 IRRIGATION COMPANIES IN CERTAIN DISASTER
22 AREAS.—

23 “(i) IN GENERAL.—In the case of a
24 qualified mutual ditch or irrigation com-
25 pany or like organization, subparagraph

1 (A) shall be applied without taking into account
2 any income received or accrued during
3 the applicable period—

4 “(I) from the sale, lease, or exchange of fee or other interests in real
5 property, including interests in water,

6 “(II) from the sale or exchange
7 of stock in a mutual ditch or irrigation
8 company or like organization or contract rights for the delivery or use
9 of water,

10 “(III) from the investment of
11 proceeds from sales, leases, or exchanges under subclauses (I) and (II),
12 or

13 “(IV) from the United States, or
14 a State or local government, resulting
15 from the federally declared disaster,
16 except that any income received under sub-
17 clause (I), (II), (III), or (IV) which is distributed
18 or expended for expenses (other than for operations, maintenance, and capital
19 improvements) of the qualified mutual
20 ditch or irrigation company or like organization
21 shall be treated as nonmember in-
22
23
24
25

1 come in the year in which it is distributed
2 or expended.

3 “(ii) QUALIFIED MUTUAL DITCH OR
4 IRRIGATION COMPANY OR LIKE ORGANIZATION.—For purposes of this paragraph—

5 “(I) IN GENERAL.—The term
6 ‘qualified mutual ditch or irrigation
7 company or like organization’ means
8 any mutual ditch or irrigation company
9 or like organization that diverted, delivered, transported, stored,
10 or used its water for agricultural irrigation
11 purposes on its own or through
12 its shareholders in a qualified disaster
13 area during any of calendar years
14 2012 through 2015.

15 “(II) QUALIFIED ASSET.—The
16 term ‘qualified asset’ means any real
17 property or tangible personal property
18 used in the mutual ditch or irrigation
19 company’s (or like organization’s) system.
20

21 “(III) MULTIPLE AREAS.—Under
22 regulations, if the qualified assets of
23 any mutual ditch or irrigation com-
24
25

1 pany or like organization are located
2 in more than 1 qualified disaster area,
3 all such areas shall be treated as 1
4 area and if more than 1 federally declared
5 disaster is involved, the date on
6 which the last of such disasters occurred
7 shall be the date used for purposes
8 of this paragraph.

9 “(iii) APPLICABLE PERIOD.—For purposes
10 of this paragraph, the term ‘applicable
11 period’ means the taxable year in which
12 the federally declared disaster occurred
13 and the 5 following taxable years.

14 “(iv) OTHER DEFINITIONS.—
15 “(I) QUALIFIED DISASTER
16 AREA.—The term ‘qualified disaster
17 area’ means any area determined to
18 warrant individual or individual and
19 public assistance from the Federal
20 Government under the Robert T.
21 Stafford Disaster Relief and Emergency
22 Assistance Act by reason of a
23 federally declared disaster occurring
24 during the period beginning on Janu-

1 ary 1, 2012, and ending on December
2 31, 2015.

3 “(II) FEDERALLY DECLARED
4 DISASTER.—The term ‘federally declared
5 disaster’ has the meaning given
6 to such term under section
7 165(i)(5).”

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall apply to taxable years ending after
10 December 31, 2011.

11 Subtitle B—Other Disaster Tax 12 Relief Provisions

13 SEC. 6201. EXCLUSION FOR DISASTER MITIGATION PAY- 14 MENTS RECEIVED FROM STATE AND LOCAL 15 GOVERNMENTS.

16 (a) IN GENERAL.—Paragraph (2) of section 139(g)
17 of the Internal Revenue Code of 1986 is amended by in-
18 serting “, or any other amount which is paid by a State
19 or local government or agency or instrumentality thereof,”
20 after “(as in effect on such date)”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to payments received after the date
23 of the enactment of this Act.

1 SEC. 6202. NATURAL DISASTER FUNDS.

2 (a) NATURAL DISASTER FUND.—Subpart C of part
3 II of subchapter E of chapter 1 of the Internal Revenue
4 Code of 1986 is amended by inserting after section 468B
5 the following new section:

6 "SEC. 468C. SPECIAL RULES FOR NATURAL DISASTER
7 FUNDS.

8 "(a) IN GENERAL.—If a qualified taxpayer elects the
9 application of this section, there shall be allowed as a de-
10 duction for any taxable year the amount of payments
11 made by the taxpayer to a natural disaster fund during
12 such taxable year.

13 "(b) NATURAL DISASTER FUND.—The term 'natural
14 disaster fund' means a fund meeting the following require-
15 ments:

16 "(1) DESIGNATION.—The taxpayer des-
17 ignates—

18 "(A) the fund as a natural disaster fund in
19 the manner prescribed by the Secretary, and

20 "(B) the line or lines of business to which
21 the fund applies.

22 "(2) SEGREGATION.—The assets of the fund
23 are segregated from other assets of the taxpayer.

24 "(3) INVESTMENTS.—

1 losses) resulting from a Federally declared natural
2 disaster to the extent such costs are not covered by
3 insurance.

4 "(6) MAXIMUM BALANCE.—The balance of the
5 fund does not exceed the lesser of—

6 "(A) the sum of—

7 "(i) 150 percent of the maximum de-
8 ductible, and

9 "(ii) 100 percent of the maximum co-
10 insurance (to the extent not taken into ac-
11 count in clause (i)),

12 that, in the case of a Federally declared natural
13 disaster resulting in losses, the taxpayer could
14 be expected to pay with respect to property and
15 business interruption insurance maintained by
16 the taxpayer for the line of business to which
17 the fund applies and that would cover losses re-
18 sulting from a Federally declared natural dis-
19 aster, and

20 "(B) the maximum loss under any insur-
21 ance coverage that the taxpayer could reason-
22 ably expect to occur for the line of business in
23 the case of a severe natural disaster.

24 "(7) FINANCIAL STATEMENTS.—The fund or
25 the balance of the fund is recorded in the taxpayer's

1 "(A) The assets of the fund are main-
2 tained in one or more qualified accounts and
3 are invested only in—

4 "(i) deposits with banks whose depos-
5 its are insured subject to applicable limits
6 by the Federal Deposit Insurance Corpora-
7 tion, or

8 "(ii) in stock or other securities in
9 which the fund would be permitted to in-
10 vest if it were a capital construction fund
11 subject to the investment limitations of
12 paragraphs (2) and (3) of section
13 7518(b)(2).

14 "(B) All investment earnings (including
15 gains and losses) from investments of the fund
16 become part of the fund.

17 "(4) CONTRIBUTIONS TO THE FUND.—The
18 fund does not accept any deposits (or other
19 amounts) other than cash payments with respect to
20 which a deduction is allowable under subsection (a)
21 and earnings (including gains and losses) from fund
22 investments.

23 "(5) PURPOSE.—The fund is established and
24 maintained for the purposes of covering costs, ex-
25 penses, and losses (including business interruption

1 financial statements in accordance with generally ac-
2 cepted accounting principles and not as a current
3 asset and the footnotes to the taxpayer's financial
4 statements include a short description of the fund
5 and its purposes.

6 "(8) INSURANCE.—The taxpayer property in-
7 surance maintained by the qualified taxpayer applies
8 to 75 percent or more of the property used—

9 "(A) in the qualified taxpayer's line of
10 business to which the fund relates, and

11 "(B) in the United States.

12 "(c) QUALIFIED TAXPAYER.—For purposes of this
13 section, the term 'qualified taxpayer' means any taxpayer
14 that—

15 "(1) actively conducts a trade or business, and

16 "(2) maintains property insurance with respect
17 to such trade or business that insures against losses
18 in natural disasters.

19 "(d) FAILURE TO MEET REQUIREMENTS.—If a fund
20 that was a natural disaster fund ceases to meet any of
21 the requirements of subsection (b) or a taxpayer who has
22 a natural disaster fund ceases to meet the requirement
23 of subsection (c), the entire balance of the fund shall be
24 deemed distributed in a nonqualified distribution at the
25 time the fund ceases to meet such requirements.

“(e) TAXATION OF FUND.—

“(1) IN GENERAL.—The earnings (including gains and losses) from the investment and reinvestment of amounts held in the fund shall not be taken into account in determining the gross income of the taxpayer that owns the fund.

“(2) NOT A SEPARATE TAXPAYER.—A natural disaster fund shall not be considered a separate taxpayer for purposes of this subtitle.

“(f) TAXATION OF DISTRIBUTIONS FROM THE FUND.—

“(1) QUALIFIED DISTRIBUTIONS.—For purposes of this chapter, qualified distributions shall be treated in the same manner as proceeds from property or business interruption insurance.

“(2) NONQUALIFIED DISTRIBUTIONS.—

“(A) IN GENERAL.—In the case of any taxable year for which there is a nonqualified distribution—

“(i) such nonqualified distributions shall be excluded from the gross income of the taxpayer, and

“(ii) the tax imposed by this chapter (determined without regard to this subsection) shall be increased by the product

of the amount of such nonqualified distribution and the highest rate of tax specified in section 1 (section 11 in the case of a corporation).

“(B) TAX BENEFIT RULE; COORDINATION WITH DEDUCTION FOR NET OPERATING LOSSES.—Rules similar to the rules of subparagraphs (B) and (C) of section 7518(g)(6) shall apply for purposes of this paragraph.

“(3) ADDITIONAL TAX.—The tax imposed by this chapter for any taxable year on any taxpayer that owns a natural disaster fund shall be increased by the greater of—

“(A) 20 percent of the amount of any nonqualified distributions from the fund in the taxable year, and

“(B) an amount equal to interest, at the underpayment rate established under section 6621, on the nonqualified distribution from the time the amount is added to the fund to the time the amount is distributed.

“(4) INTEREST CALCULATION.—For purposes of calculating interest under paragraph (3)(B)—

“(A) all investment earnings (including gains or losses) in taxable year shall be treated

as added to the fund on the last day of the taxable year, and

“(B) amounts distributed from the fund shall be treated as distributed on a first-in, first-out basis.

“(g) DEFINITIONS.—For purposes of this section—

“(1) FEDERALLY DECLARED NATURAL DISASTER.—The term ‘federally declared natural disaster’ means a natural disaster that is determined by Presidential declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act to warrant individual or individual and public assistance under such Act.

“(2) NONQUALIFIED DISTRIBUTION.—The term ‘nonqualified distribution’ means a distribution from a natural disaster fund other than a qualified distribution.

“(3) QUALIFIED ACCOUNT.—The term ‘qualified account’ means an account with a bank (as defined in section 581) or a brokerage account but only if the investments of such accounts are limited to those permitted by subsection (b)(3) and no investments are made in a related person (as defined in section 465(b)(3)(C)) to the taxpayer.

“(4) QUALIFIED DISTRIBUTION.—

“(A) IN GENERAL.—The term ‘qualified distribution’ means with respect to natural disaster fund an amount equal to the excess of—

“(i) costs, expenses, and losses (including losses of a type reimbursable by proceeds of business interruption insurance) incurred by the taxpayer as a result of the federally declared natural disaster with respect to the line or lines of business for which the fund was designated, over

“(ii) the proceeds of property and business interruption insurance paid for the benefit of the taxpayer with respect to costs, expenses, and losses described in clause (i).

“(B) LIMITATION.—A distribution from a natural disaster fund shall not be treated as a qualified distribution if such distribution is allocated to a federally declared natural disaster occurring more than 3 years before the date of such distribution.

“(h) SPECIAL RULES.—For purposes of this section—

“(1) NO DOUBLE COUNTING.—Any portion of any deductible or coinsurance taken into account

1 under subsection (b)(6) in determining the maximum
2 balance for a natural disaster fund shall not
3 be taken into account in determining the maximum
4 balance for another natural disaster fund.

5 “(2) EXCESS BALANCE.—

6 “(A) IN GENERAL.—If the balance of a
7 natural disaster fund exceeds the maximum bal-
8 ance permitted by subsection (b)(6) by reason
9 of investment earnings or a reduction in the
10 maximum balance, the account shall not cease
11 to be a natural disaster fund as the result of
12 exceeding such limit if the excess is distributed
13 within 120 days of the date that such excess
14 first occurred.

15 “(B) TREATMENT OF DISTRIBUTIONS OF
16 EXCESS BALANCE.—In the case of any distribu-
17 tion of the excess balance of a natural disaster
18 fund within 120 days of the date that such ex-
19 cess first occurred—

20 “(i) paragraphs (2) and (3) of sub-
21 section (f) shall not apply to the distribu-
22 tion of such excess if distributed within
23 such period, and

24 “(ii) the amount of such distribution
25 shall be included in the gross income of the

1 business for which the fund was des-
2 ignated, or

3 “(iv) the transferee acquires substan-
4 tially all of the transferor's assets located
5 in a geographical area and used in a line
6 of business for which the fund was des-
7 ignated, and

8 “(B) the transferee elects to treat the ac-
9 quired natural disaster fund (or portion there-
10 of) as a natural disaster fund for the line of
11 business for which the transferor had previously
12 designated the fund and as a continuation of
13 the fund (or pro rata portion thereof) for pur-
14 poses of determining the additional tax imposed
15 by subsection (f)(4).

16 “(i) REGULATIONS.—The Secretary shall prescribe
17 such regulations as may be necessary or appropriate to
18 carry out the provisions of this section.”.

19 (b) CLERICAL AMENDMENT.—The table of sections
20 for subpart C of part II of subchapter E of chapter 1 of
21 the Internal Revenue Code of 1986 is amended by insert-
22 ing after the item relating to section 468B the following
23 new item:

“Sec. 468C. Special rules for natural disaster funds.”.

1 taxpayer in the year such distribution was
2 made.

3 “(C) ANTI-ABUSE RULE.—Subparagraph
4 (B) shall not apply in the case of any reduction
5 in the maximum balance resulting from any ac-
6 tion of the taxpayer the primary purpose of
7 which was to reduce the maximum balance to
8 enable a distribution that would not be subject
9 to the maximum tax rate calculation or the ad-
10 ditional tax.

11 “(3) CERTAIN ASSET ACQUISITIONS.—The
12 transfer of a natural disaster fund (or the portion of
13 a natural disaster fund) from one person to another
14 person shall not constitute a nonqualified distribu-
15 tion if—

16 “(A) such transfer is part of a trans-
17 action—

18 “(i) to which section 381 applies,

19 “(ii) the transferee acquires substan-
20 tially all of the assets of the transferor
21 used in the line or lines of business for
22 which the fund was designated,

23 “(iii) the transferee acquires substan-
24 tially all of the assets of the transferor
25 used in one, but not all, of the lines of

1 (c) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2014.

4 **Subtitle C—Permanent Tax**
5 **Disaster Relief Provisions**

6 **SEC. 6301. INCREASE PROPERTY REPLACEMENT PERIOD**
7 **TO 5 YEARS.**

8 (a) IN GENERAL.—Section 1033(a)(2) of the Internal
9 Revenue Code of 1986 is amended by adding at the end
10 the following:

11 “(F) FEDERALLY DECLARED DISASTER.—

12 “(i) IN GENERAL.—In the case of con-
13 verted property that is located in the dis-
14 aster area of a federally declared disaster
15 occurring during a calendar year beginning
16 after 2011 and that is damaged or de-
17 stroyed by the federally declared disaster,
18 subparagraph (B)(i) shall be applied by
19 substituting ‘5 years’ for ‘2 years’.

20 “(ii) FEDERALLY DECLARED DIS-
21 ASTER AND DISASTER AREA.—For pur-
22 poses of clause (i), the terms ‘federally de-
23 clared disaster’ and ‘disaster area’ have
24 the meanings given such terms under sec-
25 tion 165(i)(5).”.

1 (b) CONFORMING AMENDMENT.—Section
2 1033(h)(1)(B) of the Internal Revenue Code of 1986 is
3 amended by striking “4 years” and inserting “5 years”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to disasters declared after Decem-
6 ber 31, 2015.

7 **SEC. 6302. WAGE CREDIT FOR SPECIFIED DISASTER-DAM-**
8 **AGED BUSINESSES.**

9 (a) IN GENERAL.—Subpart D of part IV of sub-
10 chapter A of chapter 1 of the Internal Revenue Code of
11 1986 is amended by adding at the end the following new
12 section:

13 **“SEC. 465. WAGE CREDIT FOR SPECIFIED DISASTER-DAM-**
14 **AGED BUSINESSES.**

15 “(a) GENERAL RULE.—For purposes of section 38,
16 in the case of an eligible employer, the specified disaster-
17 damaged business wage credit for any taxable year is an
18 amount equal to 40 percent of the qualified wages for such
19 year.

20 “(b) QUALIFIED WAGES DEFINED.—For purposes of
21 this section—

22 “(1) IN GENERAL.—The term ‘qualified wages’
23 means, with respect to any covered employee, wages
24 paid or incurred by the eligible employer to the em-
25 ployee who is not able to work at the disaster-dam-

1 aged business of the employer during an inoper-
2 ability period because of a federally declared dis-
3 aster. Such term shall not include amounts paid or
4 incurred for overtime compensation.

5 “(2) LIMITATIONS.—

6 “(A) LIMITATION ON WAGES TAKEN INTO
7 ACCOUNT.—The amount of the qualified wages
8 with respect to any individual which may be
9 taken into account with respect to a federally
10 declared disaster shall not exceed \$6,000.

11 “(B) INOPERABILITY PERIOD.—The inop-
12 erability period with respect to a federally de-
13 clared disaster is the period beginning with the
14 first day the trade or business is rendered inop-
15 erable due to damage from the federally de-
16 clared disaster and ending on the earlier of—

17 “(i) the last day on which the trade or
18 business is inoperable, or

19 “(ii) 16 weeks after the first day of
20 such disaster.

21 “(c) DEFINITIONS.—For purposes of this section—

22 “(1) ELIGIBLE EMPLOYER.—

23 “(A) IN GENERAL.—The term ‘eligible em-
24 ployer’ means, with respect to any taxable year,
25 any employer which—

1 “(i) employed an average of less than
2 200 employees on business days during
3 such taxable year, and

4 “(ii) has a disaster-damaged business.

5 “(B) DISASTER-DAMAGED BUSINESS.—The
6 term ‘disaster-damaged business’ means a place
7 of business within a disaster area which is ren-
8 dered inoperable due to damage from the feder-
9 ally declared disaster.

10 “(C) CONTROLLED GROUPS.—For pur-
11 poses of this section, all persons treated as a
12 single employer under subsection (b), (c), (m),
13 or (o) of section 414 shall be treated as a single
14 employer.

15 “(2) COVERED EMPLOYEE.—The term ‘covered
16 employee’ means, with respect to an eligible em-
17 ployer, an individual—

18 “(A) whose principal place of employment
19 is in a disaster area with respect to a federally
20 declared disaster, and

21 “(B) who has been employed by the em-
22 ployer for more than 30 days before the first
23 day of the federally declared disaster.

24 “(3) FEDERALLY DECLARED DISASTER AND
25 DISASTER AREA.—For purposes of clause (i), the

1 terms ‘federally declared disaster’ and ‘disaster area’
2 have the meanings given such terms under section
3 165(i)(5).”.

4 (b) ALLOWANCE AS GENERAL BUSINESS CREDIT.—
5 Section 38(b) of the Internal Revenue Code of 1986 is
6 amended by striking “plus” at the end of paragraph (35),
7 by striking the period at the end of paragraph (36) and
8 inserting “, plus”, and by adding at the end the following:
9 “(37) the specified disaster-damaged business
10 wage credit determined under section 455(a).”.

11 (c) DENIAL OF DOUBLE BENEFIT.—Subsection (a)
12 of section 280C of the Internal Revenue Code of 1986 is
13 amended by inserting “45S(a),” after “45P(a)”.

14 (d) CLERICAL AMENDMENT.—The table of contents
15 for subpart D of part IV of subchapter A of chapter 1
16 of the Internal Revenue Code of 1986 is amended by ad-
17 ding at the end the following new item:

“Sec. 45S. Wage credit for specified disaster-damaged businesses.”.

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2015.

21 **SEC. 6303. DISASTER-RELATED MEDICAL EXPENSES.**

22 (a) IN GENERAL.—Section 213 of the Internal Rev-
23 enue Code of 1986 is amended by adding at the end the
24 following new subsection:

25 “(g) DISASTER-RELATED MEDICAL EXPENSES.—

“(1) IN GENERAL.—In the case of expenses directly related to an injury caused by a federally declared disaster occurring during the taxable year or the preceding taxable year, there shall be allowed a separate deduction under this section, which shall be determined under this section (without regard to this subsection), except that—

“(A) subsection (a) shall be applied by substituting ‘zero percent’ for ‘10 percent’, and

“(B) subsection (f) shall be applied by substituting ‘zero percent’ for ‘7.5 percent’.

“(2) COORDINATION.—Any expense taken into account under paragraph (1) shall not be treated as an expense taken into account under this section (without regard to this section).

“(3) FEDERALLY DECLARED DISASTER.—For purposes of this subsection, the term ‘federally declared disaster’ shall have the meaning given such term under section 165(i)(5).”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to disasters occurring after the date of the enactment of this Act.

SEC. 6304. EXPENSING OF QUALIFIED DISASTER EXPENSES.

(a) IN GENERAL.—Section 198A(b)(2)(A)(ii) of the Internal Revenue Code of 1986, as added by section 101

SEC. 6307. SPECIAL RULES FOR USE OF RETIREMENT FUNDS IN CONNECTION WITH FEDERALLY DECLARED DISASTERS.

(a) WITHDRAWALS.—Section 72(t)(11)(A) of the Internal Revenue Code of 1986, as amended by section 108 of this Act, is amended by striking “2011 and before January 1, 2016,” and inserting “2011.”

(b) LOANS.—Section 72(p)(6)(C)(ii) of such Code is amended by striking “and ending on December 31, 2016”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions with respect to disaster declared after December 31, 2015.

SEC. 6308. ADDITIONAL EXEMPTION FOR HOUSING QUALIFIED DISASTER DISPLACED INDIVIDUALS.

(a) IN GENERAL.—Section 151(f)(3)(B)(i) of the Internal Revenue Code of 1986, as amended by section 109 of this Act, is amended by striking “and before 2016”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 6309. EXCLUSIONS OF CERTAIN CANCELLATIONS OF INDEBTEDNESS BY REASON OF DISASTERS.

(a) IN GENERAL.—Section 108(j)(3) of the Internal Revenue Code of 1986, as amended by section 110 of this Act, is amended by striking “and before 2016”.

of this Act, is amended by striking “and before January 1, 2016.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred after December 31, 2015.

SEC. 6305. LOSSES ATTRIBUTABLE TO DISASTERS.

(a) IN GENERAL.—Section 165(h)(3)(B)(i)(I) of the Internal Revenue Code of 1986, as amended by section 103 of this Act, is amended by striking “the period beginning after December 31, 2011, and before January 1, 2016,” and inserting “any period beginning after December 31, 2011.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to disasters declared in taxable years beginning after December 31, 2015.

SEC. 6306. NET OPERATING LOSSES ATTRIBUTABLE TO DISASTERS.

(a) IN GENERAL.—Section 172(i)(1)(A)(i)(I) of the Internal Revenue Code of 1986 is amended by striking “and before January 1, 2016.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to disasters declared in taxable years beginning after December 31, 2015.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to discharges made on or after December 31, 2015.

SEC. 6310. SPECIAL RULE FOR DETERMINING EARNED INCOME OF INDIVIDUALS AFFECTED BY FEDERALLY DECLARED DISASTERS.

(a) IN GENERAL.—Section 32(n)(2) of the Internal Revenue Code of 1986, as amended by section 111 of this Act, is amended by striking “and before 2016”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 6311. QUALIFIED DISASTER AREA RECOVERY BONDS.

(a) IN GENERAL.—Section 146A(b)(4) of the Internal Revenue Code of 1986, as amended by section 114 of this Act, is further amended by striking “and before January 1, 2017”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued after December 31, 2015.

SEC. 6312. ADDITIONAL LOW-INCOME HOUSING CREDIT ALLOCATIONS.

(a) IN GENERAL.—Section 42(h)(3)(J) of the Internal Revenue Code of 1986, as amended by section 115 of this Act, is amended—

1 (1) in clause (i) by striking “In the case of cal-
2 endar year 2016,” and inserting “In the case of a
3 calendar year beginning after 2015,”

4 (2) in clause (ii)(II) by striking “2015” and in-
5 serting “the preceding calendar year”, and

6 (3) in clause (iii) by striking “January 1,
7 2016” and inserting “January 1 of the calendar
8 year in which the taxable year ends”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall take effect on the date of the enactment
11 of this Act.

12 **SEC. 6313. SUSPENSION OF LIMITATION ON CHARITABLE**
13 **CONTRIBUTIONS FOR DISASTER RELIEF EF-**
14 **FORTS.**

15 (a) IN GENERAL.—Section 170 of the Internal Rev-
16 enue Code of 1986 is amended by redesignating subsection
17 (p) as subsection (q) and by inserting after subsection (o)
18 the following new subsection:

19 “(p) SUSPENSION OF LIMITATION ON CHARITABLE
20 CONTRIBUTIONS FOR DISASTER RELIEF EFFORTS.—

21 “(1) IN GENERAL.—Except as otherwise pro-
22 vided in paragraph (2), subsection (b) shall not
23 apply to qualified contributions and such contribu-
24 tions shall not be taken into account for purposes of

1 applying subsections (b) and (d) to other contribu-
2 tions.

3 “(2) TREATMENT OF EXCESS CONTRIBU-
4 TIONS.—

5 “(A) INDIVIDUALS.—

6 “(i) LIMITATION.—Any qualified contribu-
7 tion shall be allowed only to the ex-
8 tent that the aggregate of such contribu-
9 tions does not exceed the excess of the tax-
10 payer’s contribution base over the amount
11 of all other charitable contributions allowed
12 under subsection (b)(1).

13 “(ii) CARRYOVER.—If the aggregate
14 amount of qualified contributions made in
15 the contribution year (within the meaning
16 of subsection (d)(1)) exceeds the limitation
17 of clause (i), such excess shall be added to
18 the excess described in the portion of sub-
19 paragraph (A) of such subsection which
20 precedes clause (i) thereof for purposes of
21 applying such subsection.

22 “(B) CORPORATIONS.—

23 “(i) LIMITATION.—Any qualified contribu-
24 tion shall be allowed only to the ex-
25 tent that the aggregate of such contribu-

1 tions does not exceed the excess of the tax-
2 payer’s taxable income (as determined
3 under subsection (b)(2)) over the amount of
4 all other charitable contributions allowed
5 under such subsection.

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

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

15 “(4) QUALIFIED CONTRIBUTIONS.—

16 “(A) IN GENERAL.—For purposes of this
17 subsection, the term ‘qualified contribution’
18 means any charitable contribution if—

19 “(i) such contribution—

20 “(I) is paid during the 120 day
21 period beginning on the date a Feder-
22 ally declared disaster first occurred, in
23 cash to an organization described in
24 subsection (b)(1)(A), and

1 “(II) is made for relief efforts in
2 the disaster area with respect to
3 which such declaration relates,

4 “(ii) the taxpayer obtains from such
5 organization contemporaneous written ac-
6 knowledgment that such contribution was
7 used (or is to be used) for relief efforts de-
8 scribed in clause (i)(II), and

9 “(iii) the taxpayer has elected the ap-
10 plication of this subsection with respect to
11 such contribution.

12 “(B) EXCEPTION.—Such term shall not in-
13 clude a contribution by a donor if the contribu-
14 tion is—

15 “(i) to an organization described in
16 section 509(a)(3) of the Internal Revenue
17 Code of 1986, or

18 “(ii) for the establishment of a new,
19 or maintenance of an existing, donor ad-
20 vised fund (as defined in section
21 4966(d)(2) of such Code).

22 “(C) APPLICATION TO PARTNERSHIPS AND
23 S CORPORATIONS.—In the case of a partnership
24 or S corporation, the election under subpara-

1 graph (A)(iii) shall be made separately by each
2 partner or shareholder.”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2015.

6 **SEC. 6314. INCREASE IN NEW MARKETS TAX CREDIT ALLO-**
7 **CATIONS.**

8 (a) EXTENSION.—Section 45D(f)(4) of the Internal
9 Revenue Code of 1986, as amended by the preceding pro-
10 visions of this Act, is amended—

11 (1) by striking “and before 2017”, in subpara-
12 graph (A), and

13 (2) by striking “, and before January 1, 2016”
14 in subparagraph (D).

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to disasters occurring after Decem-
17 ber 31, 2015.

18 **SEC. 6315. INCREASE IN REHABILITATION CREDIT FOR**
19 **BUILDINGS IN DISASTER AREAS.**

20 (a) IN GENERAL.—Section 47(c)(2)(B) of the Inter-
21 nal Revenue Code of 1986, as added by this Act, is amend-
22 ed by striking “and ending on December 31, 2015” and
23 inserting “and ending on the date that is 6 years after
24 such applicable disaster date”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to periods beginning after Decem-
3 ber 31, 2015.

4 **SEC. 6316. WAIVER OF CERTAIN MORTGAGE REVENUE**
5 **BOND REQUIREMENTS FOLLOWING DISAS-**
6 **TERS.**

7 (a) IN GENERAL.—Section 143(k)(13) of the Inter-
8 nal Revenue Code of 1986, as amended by this Act, is
9 amended by striking “, and before January 1, 2016”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to disasters occurring after Decem-
12 ber 31, 2015.

13 **SEC. 6317. ADVANCED REFUNDINGS OF CERTAIN TAX-EX-**
14 **EMPT BONDS.**

15 (a) IN GENERAL.—Section 149(d)(7)(A) of the Inter-
16 nal Revenue Code of 1986, as added by this Act, is amend-
17 ed by striking “and before January 1, 2018.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to bonds issued December 31,
20 2017.

1 **SEC. 6318. FACILITATION OF TRANSFER OF WATER LEAS-**
2 **ING AND WATER BY MUTUAL DITCH OR IRRI-**
3 **GATION COMPANIES IN DISASTER AREAS.**

4 (a) IN GENERAL.—Section 501(c)(12)(I) of the In-
5 ternal Revenue Code of 1986, as added by this Act, is
6 amended—

7 (1) by striking “through 2015” in clause (ii)(1),
8 and

9 (2) by striking “, and ending on December 31,
10 2015” in clause (iv)(1).

11 (b) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to disasters occurring after December
13 31, 2015.

14 **SEC. 6319. EXCLUSION OF EMPLOYER PROVIDED HOUSING**
15 **FOR INDIVIDUAL AFFECTED BY DISASTER.**

16 (a) IN GENERAL.—Part III of subchapter B of chap-
17 ter 1 of the Internal Revenue Code of 1986 is amended
18 by inserting before section 140 the following new section:

19 **“SEC. 139G. EMPLOYER-PROVIDED HOUSING FOR INDI-**
20 **VIDUAL AFFECTED BY DISASTER.**

21 “(a) IN GENERAL.—Gross income of a qualified em-
22 ployee shall not include the value of any lodging furnished
23 in-kind to such employee (and such employee’s spouse or
24 any of such employee’s dependents) by or on behalf of a
25 qualified employer for any month during the taxable year.

1 “(b) LIMITATION.—The amount which may be ex-
2 cluded under this section for any month for which lodging
3 is furnished during the taxable year shall not exceed \$600.

4 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
5 poses of this section—

6 “(1) QUALIFIED EMPLOYEE.—The term ‘quali-
7 fied employee’ means, with respect to any month, an
8 individual—

9 “(A) who had a principal residence (as de-
10 fined in section 121) in a disaster area, and

11 “(B) who performs substantially all em-
12 ployment services—

13 “(i) in such area, and

14 “(ii) for the qualified employer which
15 furnishes lodging to such individual.

16 “(2) QUALIFIED EMPLOYER.—For purposes of
17 this section, the term ‘qualified employer’ means any
18 employer with a trade or business located in the dis-
19 aster area.

20 “(3) DISASTER AREA; FEDERALLY DECLARED
21 DISASTER.—The terms ‘disaster area’ and ‘federally
22 declared disaster area’ shall have the respective
23 meanings given such terms in section 165(i).

1 “(4) CERTAIN RULES TO APPLY.—For purposes
2 of this section, rules similar to the rules of sections
3 51(i)(1) and 52 shall apply.

4 “(5) APPLICATION OF SECTION.—This section
5 shall apply to lodging furnished to an individual dur-
6 ing the 6-month period beginning on the date the
7 Federally declared disaster first occurred with re-
8 spect to such disaster area.”.

9 (b) CLERICAL AMENDMENT.—The table of sections
10 for part III of subchapter B of chapter 1 of such Code
11 is amended by inserting before section 140 the following
12 new item:

“Sec. 139G. Employer-provided housing for individual affected by disaster.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2016.

16 **SEC. 6320. INCREASED EXPENSING AND BONUS DEPRECI-
17 TION FOR QUALIFIED DISASTER ASSISTANCE
18 PROPERTY.**

19 (a) IN GENERAL.—Subclause (I) of section
20 168(n)(2)(A)(ii) of the Internal Revenue Code of 1986,
21 as amended by this Act, is amended by striking “or during
22 the period beginning after December 31, 2011, and before
23 January 1, 2016” and inserting “or after December 31,
24 2011”.

1 (b) DISASTER AREA EMPLOYEE.—Section 51(d) of
2 such Code is amended by adding at the end the following
3 new paragraph:

4 “(16) DISASTER AREA EMPLOYEE.—

5 “(A) IN GENERAL.—The term ‘disaster
6 area employee’ means any individual who—

7 “(i) as of the date the Federally de-
8 clared disaster first occurred had a princi-
9 pal place of abode in a disaster area and
10 is hired during the 4-year period beginning
11 on such date for a position the principal
12 place of employment of which is located
13 such disaster area, or

14 “(ii) as of such date had a principal
15 place of abode in the disaster area, which
16 is displaced from such abode by reason of
17 such disaster, and who is hired during the
18 120-day period beginning on such date.

19 “(B) SPECIAL RULES FOR DETERMINING
20 CREDIT.—For purposes of determining the
21 credit under this section with respect to a dis-
22 aster area employee—

23 “(i) subsection (c)(4) shall not apply,
24 and

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to property placed in service after
3 December 31, 2016, with respect to disasters declared
4 after such date.

5 **SEC. 6321. INCREASE IN STANDARD MILEAGE RATE FOR
6 CHARITABLE USE OF VEHICLE.**

7 (a) IN GENERAL.—Section 170(i) of the Internal
8 Revenue Code of 1986 is amended by adding at the end
9 the following: “For use of a vehicle described in subsection
10 (f)(12)(E)(i) for provision of relief related to a Federally
11 declared disaster during the 1-year period beginning on
12 the date the Federally declared disaster first occurred, the
13 standard mileage rate shall be 70 percent of the standard
14 mileage rate in effect under section 162(a) at the time
15 of such use. Any increase under the preceding sentence
16 shall be rounded to the next highest cent.”.

17 **SEC. 6322. WORK OPPORTUNITY TAX CREDIT FOR EMPLOY-
18 EES IN DISASTER AREA.**

19 (a) IN GENERAL.—Section 51(d)(1) of the Internal
20 Revenue Code of 1986 is amended by striking “or” at the
21 end of subparagraph (I), by striking the period at the
22 end of subparagraph (J) and inserting “, or”, and by adding
23 at the end the following new subparagraph:

24 “(K) a disaster area employee.”.

1 “(ii) subsection (i)(2) shall not apply
2 with respect to the first hire of such em-
3 ployee as a disaster area employee, unless
4 such employee was an employee of the em-
5 ployer on the date the Federally declared
6 disaster first occurred.

7 “(C) DISASTER AREA; FEDERALLY DE-
8 CLARED DISASTER.—The terms ‘disaster area’
9 and ‘Federally declared disaster area’ shall have
10 the respective meanings given such terms in
11 section 165(i).”.

12 **SEC. 6323. EXPENSING FOR ENVIRONMENTAL REMEDI-
13 ATION COSTS IN DISASTER AREAS.**

14 (a) IN GENERAL.—Section 198 of the Internal Rev-
15 enue Code of 1986 is amended by adding at the end the
16 following new subsection:

17 “(i) SPECIAL RULES FOR REMEDIATION COSTS IN
18 DISASTER AREAS.—With respect to any qualified environ-
19 mental remediation expenditure paid or incurred on or
20 after the date of the enactment of this subsection in con-
21 nection with a qualified contaminated site located in a dis-
22 aster area—

23 “(1) in the case of any such expenditures paid
24 or incurred during the 120-day period beginning on
25 the date the Federally declared disaster first oc-

1 occurred with respect to such disaster area, subsection
2 (h) shall not apply, and

3 “(2) this section shall be applied, except as pro-
4 vided in subsection (d)(2), by treating petroleum
5 products (as defined in section 4612(a)(3)) as a haz-
6 ardous substance.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to disasters occurring after Decem-
9 ber 31, 2015.

10 **SEC. 6324. TAXPAYER FILING ASSISTANCE.**

11 (a) IN GENERAL.—Section 7508A of the Internal
12 Revenue Code of 1986 is amended by adding at the end
13 the following new subsection:

14 “(d) STATE-DECLARED DISASTERS OR EMER-
15 GENCIES.—

16 “(1) IN GENERAL.—In the case of a taxpayer
17 determined by the Governor of a State (or in the
18 case of the District of Columbia, the Mayor) to be
19 affected by a state of emergency or disaster declared
20 by such Governor (or Mayor), the Secretary may,
21 pursuant to a request by such Governor (or Mayor)
22 made under this subsection, specify a period de-
23 scribed in subsection (a) with respect to such tax-
24 payer.

1 Such amounts shall be determined by the Secretary
2 of the Treasury based on information provided by
3 the government of the United States Virgin Islands.

4 (B) PUERTO RICO.—The Secretary of the
5 Treasury shall pay to Puerto Rico amounts es-
6 timated by the Secretary of the Treasury as
7 being equal to the aggregate benefits that would
8 have been provided to residents of Puerto Rico
9 by reason of the provisions of this Act if a mir-
10 ror code tax system had been in effect in Puer-
11 to Rico. The preceding sentence shall not apply
12 unless the government of Puerto Rico has a
13 plan, which has been approved by the Secretary
14 of the Treasury, under which Puerto Rico will
15 promptly distribute such payments to its resi-
16 dents.

17 (2) EARNED INCOME CREDIT.—Section 32 of
18 the Internal Revenue Code of 1986, as amended by
19 this Act, is amended by adding at the end the fol-
20 lowing:

21 “(o) TREATMENT OF POSSESSIONS.—

22 “(1) PAYMENTS TO POSSESSIONS.—

23 “(A) VIRGIN ISLANDS.—The Secretary of
24 the Treasury shall periodically (but not less fre-
25 quently than annually) pay to the Virgin Is-

1 “(2) STATE.—For purposes of this subsection,
2 the term ‘State’ includes the District of Columbia,
3 the Commonwealth of Puerto Rico, the Virgin Is-
4 lands, Guam, American Samoa, and the Common-
5 wealth of the Northern Mariana Islands”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to declarations made after Decem-
8 ber 31, 2015.

9 **Subtitle D—Relief Relating to**
10 **Puerto Rico and United States**
11 **Virgin Islands**

12 **SEC. 6401. APPLICATION OF DISASTER-RELATED TAX RE-**
13 **LIEF TO POSSESSIONS OF UNITED STATES.**

14 (a) PAYMENTS TO UNITED STATES VIRGIN ISLANDS
15 AND PUERTO RICO.—

16 (1) PROVISIONS OF THIS ACT.—

17 (A) UNITED STATES VIRGIN ISLANDS.—

18 The Secretary of the Treasury shall periodically
19 (but not less frequently than annually) pay to
20 the United States Virgin Islands amounts equal
21 to the sum of loss in revenues to the United
22 States Virgin Islands by reason of the applica-
23 tion of the provisions of this Act and amend-
24 ments made by this Act.

1 lands amounts equal to the loss to that posses-
2 sion by reason of the application of this section
3 (determined without regard to paragraph (2))
4 with respect to taxable years beginning after
5 December 31, 2016. Such amounts shall be de-
6 termined by the Secretary of the Treasury
7 based on information provided by the govern-
8 ment of such possession.

9 “(B) PUERTO RICO.—The Secretary of the
10 Treasury shall periodically (but no less fre-
11 quently than annually) pay to Puerto Rico
12 amounts estimated by the Secretary of the
13 Treasury as being equal to the aggregate benef-
14 its that would have been provided to residents
15 of such possession by reason of the application
16 of this section for taxable years beginning after
17 December 31, 2016, if a mirror code tax system
18 had been in effect in such possession. The pre-
19 ceding sentence shall not apply unless the gov-
20 ernment of Puerto Rico has a plan, which has
21 been approved by the Secretary of the Treas-
22 ury, under which such possession will promptly
23 distribute such payments to the residents of
24 such possession.

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

5 “(A) to whom a credit is allowed against
6 taxes imposed by the Virgin Islands or Puerto
7 Rico by reason of this section (determined with-
8 out regard to this paragraph) for such taxable
9 year, or

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

13 “(3) TREATMENT OF PAYMENTS.—For pur-
14 poses of section 1324(b)(2) of title 31, United
15 States Code, or any similar rule of law, any payment
16 made under this subsection shall be treated in the
17 same manner as a refund due from the credit al-
18 lowed under this section.”.

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

21 “(h) PAYMENTS TO VIRGIN ISLANDS AND PUERTO
22 RICO FOR LOST REVENUE.—The Secretary shall make
23 annual payments to the Virgin Islands and to Puerto Rico
24 in amounts equal to the aggregate loss to the Virgin Is-
25 lands or Puerto Rico, as the case may be, by reason of

1 the application of this section with respect to taxable years
2 beginning after 2016. Such amounts shall be determined
3 by the Secretary based on information provided by the
4 governments of Virgin Islands and Puerto Rico. For pur-
5 poses of section 1324(b)(2) of title 31, United States
6 Code, the payments under this subsection shall be treated
7 in the same manner as a refund due from the credit al-
8 lowed under this section.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply with respect to taxable years begin-
11 ning after December 31, 2016.

12 (d) DEFINITION AND SPECIAL RULES.—

13 (1) MIRROR CODE TAX SYSTEM.—For purposes
14 of this subsection, the term “mirror code tax sys-
15 tem” means, with respect to any possession of the
16 United States, the income tax system of such posses-
17 sion if the income tax liability of the residents of
18 such possession under such system is determined by
19 reference to the income tax laws of the United
20 States as if such possession were the United States.

21 (2) TREATMENT OF PAYMENTS.—For purposes
22 of section 1324 of title 31, United States Code, the
23 payments under this subsection shall be treated in
24 the same manner as a refund due from a credit pro-

1 vision referred to in subsection (b)(2) of such sec-
2 tion.

3 (3) COORDINATION WITH UNITED STATES IN-
4 COME TAXES.—In the case of any person with re-
5 spect to whom a tax benefit is taken into account
6 with respect to the taxes imposed by any possession
7 of the United States by reason of this Act, the Inter-
8 nal Revenue Code of 1986 shall be applied with re-
9 spect to such person without regard to the provisions
10 of this Act which provide such benefit.

11 **SEC. 6402. APPLICATION TO PUERTO RICO AND VIRGIN IS-**
12 **LANDS OF DEDUCTION FOR INCOME ATTRIB-**
13 **UTABLE TO DOMESTIC PRODUCTION ACTIVI-**
14 **TIES.**

15 (a) EXTENSION OF TREATMENT FOR PUERTO
16 RICO.—Section 199(d)(8) of the Internal Revenue Code
17 of 1986 is amended by striking subparagraph (C).

18 (b) INCLUSION OF VIRGIN ISLANDS.—

19 (1) IN GENERAL.—Paragraph (8) of section
20 199(d) of the Internal Revenue Code of 1986, as
21 amended by this section, is further amended—

22 (A) in subparagraph (A)—

23 (i) by striking “Puerto Rico, if” and
24 inserting “Puerto Rico or the Virgin Is-
25 lands, if”, and

1 (ii) by striking “Puerto Rico.” and in-
2 serting “Puerto Rico and the Virgin Is-
3 lands.”, and

4 (B) in subparagraph (B), by striking
5 “Puerto Rico.” and inserting “Puerto Rico or
6 the Virgin Islands”.

7 (2) CONFORMING AMENDMENT.—The heading
8 for paragraph (8) of section 199(d) is amended by
9 inserting “AND VIRGIN ISLANDS” after “PUERTO
10 RICO”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2016.

14 **SEC. 6403. FULL RUM COVER OVER.**

15 (a) IN GENERAL.—Section 7652(f) of the Internal
16 Revenue Code of 1986 is amended by striking “exceed the
17 lesser of” and all that follows through the period at the
18 end and inserting “exceed the tax imposed under section
19 5001(a)(1), on each proof gallon.”

20 (b) EFFECTIVE DATE.—The amendments made by
21 this section apply with respect to distilled spirits brought
22 into the United States after December 31, 2016.

1 **SEC. 6404. PUERTO RICO RESIDENTS ELIGIBLE FOR**
2 **EARNED INCOME TAX CREDIT.**

3 (a) IN GENERAL.—Section 32 of the Internal Rev-
4 enue Code of 1986 (relating to earned income) is amended
5 by adding at the end the following new subsection:

6 “(n) RESIDENTS OF PUERTO RICO.—

7 “(1) IN GENERAL.—In the case of residents of
8 Puerto Rico—

9 “(A) the United States shall be treated as
10 including Puerto Rico for purposes of sub-
11 sections (c)(1)(A)(ii)(I) and (c)(3)(C),

12 “(B) subsection (c)(1)(D) shall not apply
13 to nonresident alien individuals who are resi-
14 dents of Puerto Rico,

15 “(C) adjusted gross income and gross in-
16 come shall be computed without regard to sec-
17 tion 933 for purposes of subsections (a)(2)(B)
18 and (c)(2)(A)(i),

19 “(D) subsection (c)(1)(A)(ii)(II) shall be
20 applied by substituting ‘age 21’ for ‘age 25’,
21 and

22 “(E) notwithstanding subsection (b)—

23 “(i) the credit percentage is 40,

24 “(ii) the phaseout percentage is 21.06,

25 “(iii) the earned income amount is
26 \$8,890, and

1 “(iv) the phaseout amount is \$11,610
2 (increased by \$3,000 in the case of a joint
3 return).

4 “(2) INFLATION ADJUSTMENT.—Subsection (j)
5 shall apply to the dollar amounts in subparagraph
6 (D), determined by treating the \$8,890 and \$11,610
7 amounts as though such amounts were contained in
8 subsection (b)(2)(A) and by treating the \$3,000
9 amount as though such amount were contained in
10 subsection (b)(2)(B)(iii).”.

11 (b) CHILD TAX CREDIT NOT REDUCED.—Subclause
12 (II) of section 24(d)(1)(B)(ii) of such Code (relating to
13 child tax credit) is amended by inserting before the period
14 “(determined without regard to section 32(n) in the case
15 of residents of Puerto Rico)”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2015.

19 **SEC. 6405. EQUITABLE TREATMENT FOR RESIDENTS OF**
20 **PUERTO RICO WITH RESPECT TO THE RE-**
21 **FUNDABLE PORTION OF THE CHILD TAX**
22 **CREDIT.**

23 (a) IN GENERAL.—Section 24(d)(1) of the Internal
24 Revenue Code of 1986 is amended by inserting “or section
25 933” after “section 112”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to taxable years beginning after
3 December 31, 2015.

4 **SEC. 6406. TECHNICAL ASSISTANCE AND ADMINISTRATIVE**
5 **RELIEF.**

6 (a) TECHNICAL ASSISTANCE.—The Secretary of the
7 Treasury shall provide to the Governments of Puerto Rico
8 and the Virgin Islands such technical assistance and ad-
9 ministrative support as may be necessary to carry out the
10 provisions of this Act.

11 (b) ADMINISTRATIVE RELIEF.—The Secretary may
12 provide such relief as may be necessary or appropriate,
13 due to federally declared disasters (as defined in section
14 165(i)(5)), for filing returns, statements, or such other in-
15 formation as the Secretary designates.

16 **Subtitle E—Corporate Rate In-**
17 **crease to Achieve Revenue Neu-**
18 **trality**

19 **SEC. 6501. CORPORATE RATE INCREASE TO ACHIEVE REV-**
20 **ENUE NEUTRALITY.**

21 (a) IN GENERAL.—The rate of tax specified in sec-
22 tion 11(b)(1) of the Internal Revenue Code of 1986 (after
23 the amendment made by section 3001(a)) shall be in-
24 creased by such number of percentage points as is nec-
25 essary to fully offset the aggregate reduction in Federal

1 revenues which result from the amendments made by this
2 title.

3 (b) EFFECTIVE DATE.—Subsection (a) shall apply as
4 if such provision were an amendment made by section
5 3001(a).



