

109TH CONGRESS  
2D SESSION

# S. 3782

To amend the Internal Revenue Code of 1986 to provide a credit against the income tax for expenses incurred in any hurricane or flood protection project.

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## IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2006

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

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against the income tax for expenses incurred in any hurricane or flood protection project.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Hurricane and Flood  
5 Protection Tax Credit Act”.

6 **SEC. 2. CREDIT FOR EXPENSES INCURRED IN HURRICANE**  
7 **OR FLOOD PROTECTION PROJECTS.**

8 (a) IN GENERAL.—Subpart B of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new  
 2 section:

3 **“SEC. 30D. CREDIT FOR EXPENSES INCURRED IN HURRI-**  
 4 **CANE OR FLOOD PROTECTION PROJECTS.**

5 “(a) ALLOWANCE OF CREDIT.—There shall be al-  
 6 lowed as a credit against the tax imposed by this chapter  
 7 for the taxable year an amount equal to 30 percent of the  
 8 qualified expenditures of the taxpayer for the taxable year.

9 “(b) LIMITATION BASED ON AMOUNT OF TAX.—The  
 10 credit allowed under subsection (a) for the taxable year  
 11 shall not exceed the excess of—

12 “(1) the sum of the regular tax liability (as de-  
 13 fined in section 26(b)) plus the tax imposed by sec-  
 14 tion 55, over

15 “(2) the sum of the credits allowable under sub-  
 16 part A and sections 27 and 30A for the taxable  
 17 year.

18 “(c) QUALIFIED EXPENDITURES.—For purposes of  
 19 this section—

20 “(1) IN GENERAL.—The term ‘qualified expend-  
 21 itures’ means amounts paid or incurred by the tax-  
 22 payer for an unfunded authorized project, but only  
 23 to the extent—

24 “(A) such amounts are paid or incurred  
 25 after a request by the taxpayer to expend such

1 amounts has been approved by the Federal  
 2 agency administering the unfunded authorized  
 3 project or after a 90-day period following such  
 4 request (plus an additional 30-day period if re-  
 5 quested by such agency within the 90-day pe-  
 6 riod) during which no decision regarding such  
 7 request is made by such agency, and

8 “(B) such amounts are applied proportion-  
 9 ally to the Federal and non-Federal share of  
 10 the total amount authorized to be appropriated  
 11 for such project.

12 “(2) UNFUNDED AUTHORIZED PROJECT.—The  
 13 term ‘unfunded authorized project’ means any  
 14 project—

15 “(A) authorized by Federal law to provide  
 16 hurricane or flood protection in the United  
 17 States, and

18 “(B) with respect to which no or only par-  
 19 tial Federal funding has been appropriated  
 20 prior to the request described in paragraph  
 21 (1)(A).

22 “(d) CARRYOVERS ALLOWED.—

23 “(1) IN GENERAL.—If the credit amount allow-  
 24 able under subsection (a) for a taxable year exceeds  
 25 the amount of the limitation under subsection (b)

1 for such taxable year (referred to as the ‘unused  
 2 credit year’ in this paragraph), such excess shall be  
 3 allowed as a credit carryforward for each of the tax-  
 4 able years following the unused credit year or as a  
 5 credit carryback for each of the taxable years pre-  
 6 ceding the unused credit year.

7 “(2) RULES.—For purposes of paragraph (1),  
 8 rules similar to the rules of section 39 shall apply,  
 9 except that—

10 “(A) subsection (a)(1) shall be applied—

11 “(i) by substituting ‘3 taxable years’  
 12 for ‘1 taxable years’ in subparagraph (A)  
 13 thereof, and

14 “(ii) by substituting ‘5 taxable years’  
 15 for ‘20 taxable years’ in subparagraph (B)  
 16 thereof, and

17 “(B) subsection (a)(2) shall be applied—

18 “(i) by substituting ‘8 taxable years’  
 19 for ‘21 taxable years’ in subparagraph (A)  
 20 thereof, and

21 “(ii) by substituting ‘7 taxable years’  
 22 for ‘20 taxable years’ in subparagraph (B).

23 “(e) SPECIAL RULES.—

24 “(1) BASIS REDUCTION.—The basis of any  
 25 property for which a credit is allowable under sub-

1 section (a) shall be reduced by the amount of such  
 2 credit (determined without regard to subsection (b)).

3 “(2) NO DOUBLE BENEFIT.—The amount of  
 4 any deduction or credit allowable under this chapter  
 5 (other than the credit allowable under subsection  
 6 (a)), shall be reduced by the amount of credit al-  
 7 lowed under subsection (a) (determined without re-  
 8 gard to subsection (b)) for the taxable year.

9 “(3) REDUCTION FOR ASSISTANCE.—The  
 10 amount taken into account under subsection (a) with  
 11 respect to any project shall be reduced by the  
 12 amount of any Federal, State, or local grant or  
 13 other assistance received by the taxpayer during  
 14 such taxable year or any prior taxable year which  
 15 was used to make qualified expenditures and which  
 16 was not included in the gross income of such tax-  
 17 payer.”.

18 (b) BASIS ADJUSTMENT.—Section 1016(a) of the In-  
 19 ternal Revenue Code of 1986 is amended by striking  
 20 “and” at the end of paragraph (36), by striking the period  
 21 at the end of paragraph (37) and inserting “, and”, and  
 22 by adding at the end the following new paragraph:

23 “(38) to the extent provided in section  
 24 30D(e)(1).”.

1       (c) CLERICAL AMENDMENT.—The table of sections  
2 for subpart B of part IV of subchapter A of chapter 1  
3 of such Code is amended by inserting after the item relat-  
4 ing to section 30A the following new item:

“Sec. 3DB. Credit for expenses incurred in hurricane or flood protection  
projects.”.

5       (d) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2005.

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