

110TH CONGRESS
2^D SESSION

H. R. 7006

AN ACT

To amend the Internal Revenue Code of 1986 to provide
disaster assistance relief.

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

1 **SECTION 1. SHORT TITLE, ETC.**

2 (a) IN GENERAL.—This Act may be cited as the
3 “Disaster Tax Relief Act of 2008”.

4 (b) REFERENCE.—Except as otherwise expressly pro-
5 vided, whenever in this Act an amendment or repeal is
6 expressed in terms of an amendment to, or repeal of, a
7 section or other provision, the reference shall be consid-
8 ered to be made to a section or other provision of the In-
9 ternal Revenue Code of 1986.

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

- Sec. 1. Short title, etc.
- Sec. 2. Losses attributable to federally declared disasters.
- Sec. 3. Expensing of qualified disaster expenses.
- Sec. 4. Net operating losses attributable to federally declared disasters.
- Sec. 5. Waiver of certain mortgage revenue bond requirements following feder-
ally declared disasters.
- Sec. 6. Determination of standard mileage rate for charitable contributions de-
duction.
- Sec. 7. Additional low income housing allocations.
- Sec. 8. Private activity disaster bonds.
- Sec. 9. Waiver of limitation on charitable contributions for disaster relief.

12 **SEC. 2. LOSSES ATTRIBUTABLE TO FEDERALLY DECLARED**
13 **DISASTERS.**

14 (a) WAIVER OF ADJUSTED GROSS INCOME LIMITA-
15 TION.—

16 (1) IN GENERAL.—Subsection (h) of section
17 165 is amended by redesignating paragraphs (3) and
18 (4) as paragraphs (4) and (5), respectively, and by
19 inserting after paragraph (2) the following new
20 paragraph:

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

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

7 “(i) such net disaster loss, and

8 “(ii) so much of the excess referred to
9 in the matter preceding clause (i) of para-
10 graph (2)(A) (reduced by the amount in
11 clause (i) of this subparagraph) as exceeds
12 10 percent of the adjusted gross income of
13 the individual.

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

17 “(i) the personal casualty losses—

18 “(I) attributable to a federally
19 declared disaster occurring after De-
20 cember 31, 2007, and before January
21 1, 2012, and

22 “(II) occurring in a disaster
23 area, over

24 “(ii) personal casualty gains.

1 “(C) FEDERALLY DECLARED DISASTER.—

2 For purposes of this paragraph—

3 “(i) FEDERALLY DECLARED DIS-
4 ASTER.—The term ‘federally declared dis-
5 aster’ means any disaster subsequently de-
6 termined by the President of the United
7 States to warrant assistance by the Fed-
8 eral Government under the Robert T. Staf-
9 ford Disaster Relief and Emergency Assist-
10 ance Act.

11 “(ii) DISASTER AREA.—The term ‘dis-
12 aster area’ means the area so determined
13 to warrant such assistance.”.

14 (2) CONFORMING AMENDMENTS.—

15 (A) Section 165(h)(4)(B) (as so redesign-
16 ated) is amended by striking “paragraph (2)”
17 and inserting “paragraphs (2) and (3)”.

18 (B) Section 165(i)(1) is amended by strik-
19 ing “loss” and all that follows through “Act”
20 and inserting “loss occurring in a disaster area
21 (as defined by clause (ii) of subsection
22 (h)(3)(C)) and attributable to a federally de-
23 clared disaster (as defined by clause (i) of such
24 subsection)”.

1 (C) Section 165(i)(4) is amended by strik-
2 ing “Presidentially declared disaster (as defined
3 by section 1033(h)(3))” and inserting “federally
4 declared disaster (as defined by subsection
5 (h)(3)(C)(i)”.

6 (D)(i) So much of subsection (h) of section
7 1033 as precedes subparagraph (A) of para-
8 graph (1) thereof is amended to read as follows:

9 “(h) SPECIAL RULES FOR PROPERTY DAMAGED BY
10 FEDERALLY DECLARED DISASTERS.—

11 “(1) PRINCIPAL RESIDENCES.—If the tax-
12 payer’s principal residence or any of its contents is
13 located in a disaster area and is compulsorily or in-
14 voluntarily converted as a result of a federally de-
15 clared disaster—”.

16 (ii) Paragraph (2) of section 1033(h) is
17 amended by striking “investment” and all that
18 follows through “disaster” and inserting “in-
19 vestment is located in a disaster area and is
20 compulsorily or involuntarily converted as a re-
21 sult of a federally declared disaster”.

22 (iii) Paragraph (3) of section 1033(h) is
23 amended to read as follows:

24 “(3) FEDERALLY DECLARED DISASTER; DIS-
25 ASTER AREA.—The terms “federally declared dis-

1 aster” and “disaster area” shall have the respective
 2 meaning given such terms by section 165(h)(3)(C).”.

3 (iv) Section 139(c)(2) is amended to read
 4 as follows:

5 “(2) federally declared disaster (as defined by
 6 section 165(h)(3)(C)(i)),”.

7 (v) Subclause (II) of section
 8 172(b)(1)(F)(ii) is amended by striking “Presi-
 9 dentially declared disasters (as defined in sec-
 10 tion 1033(h)(3))” and inserting “federally de-
 11 clared disasters (as defined by section
 12 165(h)(3)(C)(i))”.

13 (vi) Subclause (III) of section
 14 172(b)(1)(F)(ii) is amended by striking “Presi-
 15 dentially declared disasters” and inserting “fed-
 16 erally declared disasters”.

17 (vii) Subsection (a) of section 7508A is
 18 amended by striking “Presidentially declared
 19 disaster (as defined in section 1033(h)(3))” and
 20 inserting “federally declared disaster (as de-
 21 fined by section 165(h)(3)(C)(i))”.

22 (b) INCREASE IN STANDARD DEDUCTION BY DIS-
 23 ASTER CASUALTY LOSS.—

24 (1) IN GENERAL.—Paragraph (1) of section
 25 63(c) is amended by striking “and” at the end of

1 subparagraph (B), by striking the period at the end
2 of subparagraph (C) and inserting “, and”, and by
3 adding at the end the following new subparagraph:

4 “(D) the disaster loss deduction.”.

5 (2) DISASTER LOSS DEDUCTION.—Subsection
6 (c) of section 63 is amended by adding at the end
7 the following new paragraph:

8 “(8) DISASTER LOSS DEDUCTION.—For the
9 purposes of paragraph (1), the term ‘disaster loss
10 deduction’ means the net disaster loss (as defined in
11 section 165(h)(3)(B)).”.

12 (3) ALLOWANCE IN COMPUTING ALTERNATIVE
13 MINIMUM TAXABLE INCOME.—Subparagraph (E) of
14 section 56(b)(1) is amended by adding at the end
15 the following new sentence: “The preceding sentence
16 shall not apply to so much of the standard deduction
17 as is determined under section 63(c)(1)(D).”.

18 (c) INCREASE IN LIMITATION ON INDIVIDUAL LOSS
19 PER CASUALTY.—Paragraph (1) of section 165(h) is
20 amended by striking “\$100” and inserting “\$500 (\$100
21 for taxable years beginning after December 31, 2011)”.

22 (d) EFFECTIVE DATES.—

23 (1) IN GENERAL.—Except as provided in para-
24 graph (2), the amendments made by this section
25 shall apply to—

1 (A) taxable years beginning after Decem-
2 ber 31, 2007, and

3 (B) the taxpayer's last taxable year begin-
4 ning before January 1, 2008, solely for pur-
5 poses of determining the amount allowable as a
6 deduction with respect to any net disaster loss
7 (as defined in section 165(h)(3)(B) of the In-
8 ternal Revenue Code of 1986) for such year by
9 reason of an election under section 165(i) of
10 such Code.

11 (2) INCREASE IN LIMITATION ON INDIVIDUAL
12 LOSS PER CASUALTY.—The amendment made by
13 subsection (c) shall apply to taxable years beginning
14 after December 31, 2008.

15 **SEC. 3. EXPENSING OF QUALIFIED DISASTER EXPENSES.**

16 (a) IN GENERAL.—Part VI of subchapter B of chap-
17 ter 1 is amended by inserting after section 198 the fol-
18 lowing new section:

19 **“SEC. 198A. EXPENSING OF QUALIFIED DISASTER EX-**
20 **PENSES.**

21 “(a) IN GENERAL.—A taxpayer may elect to treat
22 any qualified disaster expenses which are paid or incurred
23 by the taxpayer as an expense which is not chargeable to
24 capital account. Any expense which is so treated shall be

1 allowed as a deduction for the taxable year in which it
2 is paid or incurred.

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

6 “(1) which is paid or incurred in connection
7 with a trade or business or with business-related
8 property,

9 “(2) which is—

10 “(A) for the abatement or control of haz-
11 ardous substances that were released on ac-
12 count of a federally declared disaster,

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, or

18 “(C) for the repair of business-related
19 property damaged as a result of a federally de-
20 clared disaster, and

21 “(3) is otherwise chargeable to capital account.

22 “(c) OTHER DEFINITIONS.—For purposes of this
23 section—

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

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

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

6 “(2) **FEDERALLY DECLARED DISASTER.**—The
7 term ‘federally declared disaster’ has the meaning
8 given such term by section 165(h)(3)(C)(i), except
9 that such term shall not include any disaster occur-
10 ring before January 1, 2008, or after December 31,
11 2011.

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

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

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

23 “(e) **COORDINATION WITH OTHER PROVISIONS.**—
24 Sections 198, 280B, and 468 shall not apply to amounts
25 which are treated as expenses under this 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 is amended by
6 inserting after the item relating to section 198 the fol-
7 lowing new item:

“Sec. 198A. Expensing of Qualified Disaster Expenses.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to amounts paid or incurred after
10 December 31, 2007.

11 **SEC. 4. NET OPERATING LOSSES ATTRIBUTABLE TO FED-**
12 **ERALLY DECLARED DISASTERS.**

13 (a) IN GENERAL.—Paragraph (1) of section 172(b)
14 is amended by adding at the end the following new sub-
15 paragraph:

16 “(J) CERTAIN LOSSES ATTRIBUTABLE
17 FEDERALLY DECLARED DISASTERS.—In the
18 case of a taxpayer who has a qualified disaster
19 loss (as defined in subsection (j)), such loss
20 shall be a net operating loss carryback to each
21 of the 5 taxable years preceding the taxable
22 year of such loss.”.

23 (b) QUALIFIED DISASTER LOSS.—Section 172 is
24 amended by redesignating subsections (j) and (k) as sub-

1 sections (k) and (l), respectively, and by inserting after
2 subsection (i) the following new subsection:

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

5 “(1) IN GENERAL.—The term ‘qualified dis-
6 aster loss’ means the lesser of—

7 “(A) the sum of—

8 “(i) the losses allowable under section
9 165 for the taxable year—

10 “(I) attributable to a federally
11 declared disaster (as defined in sec-
12 tion 165(h)(3)(C)(i)) occurring after
13 December 31, 2007, and before Janu-
14 ary 1, 2012, and

15 “(II) occurring in a disaster area
16 (as defined in section
17 165(h)(3)(C)(ii)), and

18 “(ii) the deduction for the taxable
19 year for qualified disaster expenses which
20 is allowable under section 198A(a) or
21 which would be so allowable if not other-
22 wise treated as an expense, or

23 “(B) the net operating loss for such tax-
24 able year.

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

6 “(3) ELECTION.—Any taxpayer entitled to a 5-
7 year carryback under subsection (b)(1)(J) from any
8 loss year may elect to have the carryback period
9 with respect to such loss year determined without re-
10 gard to subsection (b)(1)(J). Such election shall be
11 made in such manner as may be prescribed by the
12 Secretary and shall be made by the due date (includ-
13 ing extensions of time) for filing the taxpayer’s re-
14 turn for the taxable year of the net operating loss.
15 Such election, once made for any taxable year, shall
16 be irrevocable for such taxable year.”.

17 (c) LOSS DEDUCTION ALLOWED IN COMPUTING AL-
18 TERNATIVE MINIMUM TAXABLE INCOME.—Subsection (d)
19 of section 56 is amended by adding at the end the fol-
20 lowing new paragraph:

21 “(3) NET OPERATING LOSS ATTRIBUTABLE TO
22 FEDERALLY DECLARED DISASTERS.—In the case of
23 a taxpayer which has a qualified disaster loss (as de-
24 fined by section 172(b)(1)(J)) for the taxable year,
25 paragraph (1) shall be applied by increasing the

1 amount determined under subparagraph (A)(ii)(I)
2 thereof by the sum of the carrybacks and carryovers
3 of such loss.”.

4 (d) CONFORMING AMENDMENTS.—

5 (1) Clause (ii) of section 172(b)(1)(F) is
6 amended by inserting “or qualified disaster loss (as
7 defined in subsection (j))” before the period at the
8 end of the last sentence.

9 (2) Paragraph (1) of section 172(i) is amended
10 by adding at the end the following new flush sen-
11 tence:

12 “Such term shall not include any qualified disaster
13 loss (as defined in subsection (j)).”.

14 (e) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to net operating losses for taxable
16 years beginning after December 31, 2007.

17 **SEC. 5. WAIVER OF CERTAIN MORTGAGE REVENUE BOND**
18 **REQUIREMENTS FOLLOWING FEDERALLY DE-**
19 **CLARED DISASTERS.**

20 (a) IN GENERAL.—Paragraph (11) of section 143(k)
21 is amended to read as follows:

22 “(11) SPECIAL RULES FOR FEDERALLY DE-
23 CLARED DISASTERS.—

1 “(A) PRINCIPAL RESIDENCE DE-
2 STROYED.—If the principal residence (within
3 the meaning of section 121) of a taxpayer is—

4 “(i) rendered unsafe for use as a resi-
5 dence by reason of a federally declared dis-
6 aster, or

7 “(ii) demolished or relocated by rea-
8 son of an order of the government of a
9 State or political subdivision thereof on ac-
10 count of a federally declared disaster,

11 then for the 2-year period beginning on the
12 date of the disaster declaration, subsection
13 (d)(1) shall not apply with respect to such tax-
14 payer and subsection (e) shall be applied by
15 substituting ‘110’ for ‘90’ in paragraph (1)
16 thereof.

17 “(B) PRINCIPAL RESIDENCE DAMAGED.—

18 “(i) IN GENERAL.—If the principal
19 residence (within the meaning of section
20 121) of a taxpayer resulting from a feder-
21 ally declared disaster, was damaged, any
22 owner-financing provided in connection
23 with the repair or reconstruction of such
24 residence shall be treated as a qualified re-
25 habilitation loan.

1 “(ii) LIMITATION.—The aggregate
2 owner-financing to which clause (i) applies
3 shall not exceed the lesser of—

4 “(I) the cost of such repair or re-
5 construction, or

6 “(II) \$150,000.

7 “(C) FEDERALLY DECLARED DISASTER.—
8 For purposes of this paragraph, the term ‘fed-
9 erally declared disaster’ has the meaning given
10 such term by section 165(h)(3)(C)(i), except
11 that such term shall not include any disaster
12 occurring before January 1, 2008, or after De-
13 cember 31, 2011.”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 subsection (a) shall apply to obligations issued after the
16 date of the enactment of this Act.

17 **SEC. 6. DETERMINATION OF STANDARD MILEAGE RATE**
18 **FOR CHARITABLE CONTRIBUTIONS DEDUC-**
19 **TION.**

20 (a) IN GENERAL.—Subsection (i) of section 170 (re-
21 lating to standard mileage rate for use of passenger auto-
22 mobile) is amended by adding at the end the following new
23 sentence: “In the case of the use of a passenger auto-
24 mobile after the date of the enactment of this sentence
25 and before January 1, 2012, the standard mileage rate

1 shall be the rate determined by the Secretary, which rate
2 shall not be less than the standard mileage rate used for
3 purposes of section 213.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to taxable years ending after the
6 date of the enactment of this Act.

7 **SEC. 7. ADDITIONAL LOW INCOME HOUSING ALLOCATIONS.**

8 (a) IN GENERAL.—Subsection (h) of section 42 of is
9 amended by redesignating paragraph (8) as paragraph (9)
10 and by inserting after paragraph (7) the following new
11 paragraph:

12 “(8) ADDITIONAL ALLOCATIONS FOR DISAS-
13 TERS.—

14 “(A) IN GENERAL.—In addition to any
15 other allocation made under this subsection, the
16 Secretary may, upon application by any State,
17 make allocations of housing credit dollar
18 amounts to such State for allocation to build-
19 ings in such State consistent with the require-
20 ments of subparagraph (C).

21 “(B) LIMITATIONS.—The aggregate quali-
22 fied disaster allocations made by the Secretary
23 under this paragraph may not exceed
24 \$190,000,000. Any allocation which is termi-
25 nated by the Secretary (by reason of disuse or

1 otherwise) shall not be treated as having been
2 allocated for purposes of the preceding sen-
3 tence.

4 “(C) DISASTER HOUSING ALLOCATIONS.—
5 For purposes of this section—

6 “(i) IN GENERAL.—Allocations under
7 this paragraph may be made by the Sec-
8 retary only to States which include a dis-
9 aster area.

10 “(ii) PRIORITY FOR HOUSING LOSS
11 DISASTER AREAS.—In making allocation
12 under this paragraph, the Secretary shall
13 give priority to housing loss disaster areas.

14 “(iii) LIMITATION TO BUILDINGS LO-
15 CATED IN HOUSING LOSS DISASTER
16 AREAS.—Any allocation of housing credit
17 dollar amounts under this paragraph may
18 be allocated by such State (or a housing
19 credit agency of such State) only to—

20 “(I) buildings located in a dis-
21 aster area, and

22 “(II) in the case of any allocation
23 made by reason of a priority under
24 clause (ii), buildings located in the

1 housing loss disaster area with respect
2 to which such priority was given.

3 “(iv) PRO RATA ALLOCATIONS.—The
4 allocations made by the Secretary under
5 this paragraph shall be made ratably over
6 the period described in subparagraph (F)
7 unless the Secretary determines, on the
8 basis of the severity or frequency of disas-
9 ters, that a different allocation is appro-
10 priate.

11 “(D) HOUSING LOSS DISASTER AREA.—
12 For purposes of this paragraph, the term ‘hous-
13 ing loss disaster area’ means any county or mu-
14 nicipality—

15 “(i) with respect to which the Gov-
16 ernor of the State in which such county or
17 municipality is located demonstrates to the
18 satisfaction of the Secretary that the lesser
19 of—

20 “(I) 1,000 dwelling units, or

21 “(II) 10 percent of the dwelling
22 units located in such county or mu-
23 nicipality,

24 have been rendered uninhabitable by rea-
25 son of damage to or destruction of such

1 units caused by a federally declared dis-
2 aster, and

3 “(ii) which is located in a disaster
4 area.

5 “(E) DEFINITIONS AND SPECIAL RULES.—
6 For purposes of this paragraph—

7 “(i) FEDERALLY DECLARED DIS-
8 ASTER; DISASTER AREA.—The terms “fed-
9 erally declared disaster” and “disaster
10 area” shall have the respective meaning
11 given such terms by section 165(h)(3)(C).

12 “(ii) NO EFFECT ON CARRYOVERS.—
13 An allocation of housing credit dollar
14 amount to a State under this paragraph
15 shall not be taken into account under para-
16 graph (3).

17 “(iii) CONSULTATION WITH FEMA.—
18 Any allocation made under this paragraph
19 by the Secretary shall be made after con-
20 sultation with the Director of the Federal
21 Emergency Management Agency.

22 “(F) TERMINATION.—Allocations under
23 this paragraph may be made only with respect
24 to disasters occurring during the period begin-
25 ning on January 1, 2008, and ending on De-

1 cember 31, 2011. No allocation under this
2 paragraph may be made to any building after
3 December 31, 2012.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to allocations made after the date
6 of the enactment of this Act.

7 **SEC. 8. PRIVATE ACTIVITY DISASTER BONDS.**

8 (a) IN GENERAL.—Section 144 is amended by adding
9 at the end the following new subsection:

10 “(d) QUALIFIED DISASTER BOND.—

11 “(1) IN GENERAL.—For purposes of this part,
12 the term ‘qualified disaster bond’ means any bond
13 issued as part of an issue if—

14 “(A) 95 percent or more of the net pro-
15 ceeds of the issue are to be used for the re-
16 placement, repair, reconstruction, or renovation
17 of property of a character subject to the allow-
18 ance for depreciation which was damaged or de-
19 stroyed as a result of a federally declared dis-
20 aster, and

21 “(B) such bond is designated by a State
22 for purposes of this subsection.

23 “(2) DESIGNATION OF BONDS.—

24 “(A) DESIGNATION BY STATE.—The max-
25 imum aggregate face amount of bonds des-

1 ignated under paragraph (1)(B) by any State
2 may not exceed the bond limitation allocated to
3 such State by the Secretary under subpara-
4 graph (B).

5 “(B) ALLOCATION OF BOND LIMITA-
6 TION.—

7 “(i) IN GENERAL.—The Secretary
8 may, upon application by any State, make
9 allocation of bond limitation to such State
10 if such State includes a disaster area.

11 “(ii) LIMITATION.—The aggregate
12 amount of bond limitation allocated to the
13 States by the Secretary under clause (i)
14 may not exceed \$13,000,000,000. Any allo-
15 cation which is terminated by the Sec-
16 retary (by reason of disuse or otherwise)
17 shall not be treated as having been allo-
18 cated for purposes of the preceding sen-
19 tence.

20 “(iii) PRIORITY FOR BUSINESS LOSS
21 DISASTER AREAS.—In making allocation
22 under this subsection, the Secretary shall
23 give priority to business loss disaster areas.

24 “(iv) LIMITATION TO BUILDINGS LO-
25 CATED IN BUSINESS LOSS DISASTER

1 AREAS.—Any allocation of bond limitation
2 under this subsection may be used by such
3 State only to issue bonds with respect to—

4 “(I) property located in a dis-
5 aster area, and

6 “(II) in the case of any allocation
7 made by reason of a priority under
8 clause (iii), property located in the
9 business loss disaster area with re-
10 spect to which such priority was
11 given.

12 “(v) PRO RATA ALLOCATIONS.—The
13 allocations made by the Secretary under
14 this subparagraph shall be made ratably
15 over the period described in paragraph (5)
16 unless the Secretary determines, on the
17 basis of the severity or frequency of disas-
18 ters, that a different allocation is appro-
19 priate.

20 “(3) BUSINESS LOSS DISASTER AREA.—For
21 purposes of this subsection, the term ‘business loss
22 disaster area’ means any county or municipality—

23 “(A) with respect to which the Governor of
24 the State in which such county or municipality
25 is located demonstrates to the satisfaction of

1 the Secretary that business property located in
2 such county or municipality has sustained dam-
3 ages by reason of a federally declared disaster
4 of at least the lesser of—

5 “(i) \$50,000,000, or

6 “(ii) 5 percent of the value of all such
7 business property (determined immediately
8 before such disaster on the basis of prop-
9 erty tax records or such other method as
10 the Secretary determines appropriate), and

11 “(B) which is located in a disaster area.

12 “(4) DEFINITIONS AND SPECIAL RULES.—For
13 purposes of this subsection—

14 “(A) FEDERALLY DECLARED DISASTER;
15 DISASTER AREA.—The terms “federally de-
16 clared disaster” and “disaster area” shall have
17 the respective meaning given such terms by sec-
18 tion 165(h)(3)(C).

19 “(B) CERTAIN USES PROHIBITED.—A
20 bond which is part of an issue shall not be
21 treated as a qualified disaster bond if any pro-
22 ceeds of such issue are to be used for any prop-
23 erty described in section 1400N(p)(3).

24 “(C) CONSULTATION WITH FEMA.—Any
25 allocation made under this subsection by the

1 Secretary shall be made after consultation with
2 the Director of the Federal Emergency Man-
3 agement Agency.

4 “(5) TERMINATION.—Allocations under this
5 subsection may be made only—

6 “(A) before December 31, 2012, and

7 “(B) with respect to disasters occurring
8 during the period beginning on January 1,
9 2008, and ending on December 31, 2011.”.

10 (b) EXEMPTION FROM ALTERNATIVE MINIMUM
11 TAX.—

12 (1) Subparagraph (C) of section 57(a)(5) is
13 amended by redesignating clauses (iv) and (v) as
14 clauses (v) and (vi) and by inserting after clause (iii)
15 the following new clause:

16 “(iv) EXCEPTION FOR QUALIFIED DIS-
17 ASTER BONDS.—For purposes of clause (i),
18 the term ‘private activity bond’ shall not
19 include any qualified disaster bond (as de-
20 fined in section 144(d)).”.

21 (2) Clause (iii) of section 56(g)(4)(B) is amend-
22 ed—

23 (A) by striking “section 57(a)(5)(C)(iii)”
24 and inserting “clause (iii) or (iv) of section
25 57(a)(5)(C)”, and

1 (B) by striking “HOUSING” in the heading
2 thereof.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 141(e)(1) is amended by striking
5 “or” at the end of subparagraph (F), by striking the
6 period at the end of subparagraph (G) and inserting
7 “, or”, and by adding at the end the following new
8 subparagraph:

9 “(H) qualified disaster bond.”.

10 (2) Section 146(g) is amended by striking
11 “and” at the end of paragraph (3), by striking the
12 period at the end of paragraph (4) and inserting “,
13 and”, and by inserting after paragraph (4) the fol-
14 lowing new paragraph:

15 “(5) any qualified disaster bond.”.

16 (3) The heading of section 144 is amended by
17 inserting “; **QUALIFIED DISASTER BOND**” after
18 “**QUALIFIED REDEVELOPMENT BOND**”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to obligations issued after the date
21 of the enactment of this Act.

22 **SEC. 9. WAIVER OF LIMITATION ON CHARITABLE CON-**
23 **TRIBUTIONS FOR DISASTER RELIEF.**

24 (a) IN GENERAL.—Section 170(b) is amended by
25 adding at the end the following new paragraph:

1 “(3) WAIVER OF LIMITATION IN CASE OF DIS-
2 ASTER RELIEF.—

3 “(A) IN GENERAL.—Except as otherwise
4 provided in subparagraph (B), paragraphs (1)
5 and (2) shall not apply to qualified disaster
6 contributions and such contributions shall not
7 be taken into account for purposes of applying
8 such paragraphs or subsection (d) to other con-
9 tributions.

10 “(B) TREATMENT OF EXCESS CONTRIBU-
11 TIONS.—For purposes of this section—

12 “(i) INDIVIDUALS.—In the case of an
13 individual—

14 “(I) LIMITATION.—Any qualified
15 disaster contribution shall be allowed
16 only to the extent that the aggregate
17 of such contributions does not exceed
18 the excess of the taxpayer’s contribu-
19 tion base over the amount of all other
20 charitable contributions allowable
21 under paragraph (1).

22 “(II) CARRYOVER.—If the aggre-
23 gate amount of qualified disaster con-
24 tributions made in the contribution
25 year (within the meaning of sub-

1 section (d)(1)) exceeds the limitation
2 of subclause (I), such excess shall be
3 added to the excess described in the
4 portion of subparagraph (A) of such
5 subsection which precedes clause (i)
6 thereof for purposes of applying such
7 subsection.

8 “(ii) CORPORATIONS.—In the case of
9 a corporation—

10 “(I) LIMITATION.—Any qualified
11 disaster contribution shall be allowed
12 only to the extent that the aggregate
13 of such contributions does not exceed
14 the excess of the taxpayer’s taxable
15 income (as determined under para-
16 graph (2)) over the amount of all
17 other charitable contributions allow-
18 able under such paragraph.

19 “(II) CARRYOVER.—Rules similar
20 to the rules of clause (i)(II) shall
21 apply for purposes of this clause.

22 “(C) EXCEPTION TO OVERALL LIMITATION
23 ON ITEMIZED DEDUCTIONS.—So much of any
24 deduction allowed under this section as does not
25 exceed the qualified disaster contributions paid

1 during the taxable year shall not be treated as
2 an itemized deduction for purposes of section
3 68.

4 “(D) QUALIFIED DISASTER CONTRIBU-
5 TIONS.—

6 “(i) IN GENERAL.—For purposes of
7 this subsection, the term ‘qualified disaster
8 contribution’ means any charitable con-
9 tribution if—

10 “(I) such contribution is paid
11 during the period beginning on the
12 date of the enactment of this para-
13 graph, and ending on December 31,
14 2009, in cash to an organization de-
15 scribed in paragraph (1)(A) (other
16 than an organization described in sec-
17 tion 509(a)(3)),

18 “(II) such contribution is for re-
19 lief efforts related to a federally de-
20 clared disaster (as defined in section
21 165(h)(3)(C)(i)), and

22 “(III) the taxpayer has elected
23 the application of this subsection with
24 respect to such contribution.

1 “(ii) EXCEPTION.—Such term shall
2 not include a contribution if the contribu-
3 tion is for establishment of a new, or main-
4 tenance in a donor advised fund (as de-
5 fined in section 4966(d)(2)).

6 “(iii) APPLICATION OF ELECTION TO
7 PARTNERSHIPS AND S CORPORATIONS.—In
8 the case of a partnership or S corporation,
9 the election under clause (i)(III) shall be
10 made separately by each partner or share-
11 holder.”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years ending after the
14 date of the enactment of this Act.

 Passed the House of Representatives September 24,
2008.

Attest:

Clerk.

110TH CONGRESS
2^D SESSION

H. R. 7006

AN ACT

To amend the Internal Revenue Code of 1986 to
provide disaster assistance relief.