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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,*

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

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

6 (b) REFERENCE.—Except as otherwise expressly pro-
7 vided, whenever in this Act an amendment or repeal is
8 expressed in terms of an amendment to, or repeal of, a

1 section or other provision, the reference shall be consid-
 2 ered to be made to a section or other provision of the In-
 3 ternal Revenue Code of 1986.

4 (c) TABLE OF CONTENTS.—The table of contents of
 5 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.

6 **SEC. 2. LOSSES ATTRIBUTABLE TO FEDERALLY DECLARED**
 7 **DISASTERS.**

8 (a) WAIVER OF ADJUSTED GROSS INCOME LIMITA-
 9 TION.—

10 (1) IN GENERAL.—Subsection (h) of section
 11 165 is amended by redesignating paragraphs (3) and
 12 (4) as paragraphs (4) and (5), respectively, and by
 13 inserting after paragraph (2) the following new
 14 paragraph:

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

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

1 “(i) such net disaster loss, and

2 “(ii) so much of the excess referred to
3 in the matter preceding clause (i) of para-
4 graph (2)(A) (reduced by the amount in
5 clause (i) of this subparagraph) as exceeds
6 10 percent of the adjusted gross income of
7 the individual.

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

11 “(i) the personal casualty losses—

12 “(I) attributable to a federally
13 declared disaster occurring after De-
14 cember 31, 2007, and before January
15 1, 2012, and

16 “(II) occurring in a disaster
17 area, over

18 “(ii) personal casualty gains.

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

21 “(i) FEDERALLY DECLARED DIS-
22 ASTER.—The term ‘federally declared dis-
23 aster’ means any disaster subsequently de-
24 termined by the President of the United
25 States to warrant assistance by the Fed-

1 eral Government under the Robert T. Staf-
2 ford Disaster Relief and Emergency Assist-
3 ance Act.

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

7 (2) CONFORMING AMENDMENTS.—

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

11 (B) Section 165(i)(1) is amended by strik-
12 ing “loss” and all that follows through “Act”
13 and inserting “loss occurring in a disaster area
14 (as defined by clause (ii) of subsection
15 (h)(3)(C)) and attributable to a federally de-
16 clared disaster (as defined by clause (i) of such
17 subsection)”.

18 (C) Section 165(i)(4) is amended by strik-
19 ing “Presidentially declared disaster (as defined
20 by section 1033(h)(3))” and inserting “federally
21 declared disaster (as defined by subsection
22 (h)(3)(C)(i))”.

23 (D)(i) So much of subsection (h) of section
24 1033 as precedes subparagraph (A) of para-
25 graph (1) thereof is amended to read as follows:

1 “(h) SPECIAL RULES FOR PROPERTY DAMAGED BY
2 FEDERALLY DECLARED DISASTERS.—

3 “(1) PRINCIPAL RESIDENCES.—If the tax-
4 payer’s principal residence or any of its contents is
5 located in a disaster area and is compulsorily or in-
6 voluntarily converted as a result of a federally de-
7 clared disaster—”.

8 (ii) Paragraph (2) of section 1033(h) is
9 amended by striking “investment” and all that
10 follows through “disaster” and inserting “in-
11 vestment is located in a disaster area and is
12 compulsorily or involuntarily converted as a re-
13 sult of a federally declared disaster”.

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

16 “(3) FEDERALLY DECLARED DISASTER; DIS-
17 ASTER AREA.—The terms “federally declared dis-
18 aster” and “disaster area” shall have the respective
19 meaning given such terms by section 165(h)(3)(C).”.

20 (iv) Section 139(c)(2) is amended to read
21 as follows:

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

24 (v) Subclause (II) of section
25 172(b)(1)(F)(ii) is amended by striking “Presi-

1 dentially declared disasters (as defined in sec-
2 tion 1033(h)(3))” and inserting “federally de-
3 clared disasters (as defined by section
4 165(h)(3)(C)(i))”.

5 (vi) Subclause (III) of section
6 172(b)(1)(F)(ii) is amended by striking “Presi-
7 dentially declared disasters” and inserting “fed-
8 erally declared disasters”.

9 (vii) Subsection (a) of section 7508A is
10 amended by striking “Presidentially declared
11 disaster (as defined in section 1033(h)(3))” and
12 inserting “federally declared disaster (as de-
13 fined by section 165(h)(3)(C)(i))”.

14 (b) INCREASE IN STANDARD DEDUCTION BY DIS-
15 ASTER CASUALTY LOSS.—

16 (1) IN GENERAL.—Paragraph (1) of section
17 63(c) is amended by striking “and” at the end of
18 subparagraph (B), by striking the period at the end
19 of subparagraph (C) and inserting “, and”, and by
20 adding at the end the following new subparagraph:

21 “(D) the disaster loss deduction.”.

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

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

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

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

15 (d) EFFECTIVE DATES.—

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

19 (A) taxable years beginning after Decem-
20 ber 31, 2007, and

21 (B) the taxpayer’s last taxable year begin-
22 ning before January 1, 2008, solely for pur-
23 poses of determining the amount allowable as a
24 deduction with respect to any net disaster loss
25 (as defined in section 165(h)(3)(B) of the In-

1 ternal Revenue Code of 1986) for such year by
2 reason of an election under section 165(i) of
3 such Code.

4 (2) INCREASE IN LIMITATION ON INDIVIDUAL
5 LOSS PER CASUALTY.—The amendment made by
6 subsection (c) shall apply to taxable years beginning
7 after December 31, 2008.

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

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

12 **“SEC. 198A. EXPENSING OF QUALIFIED DISASTER EX-**
13 **PENSES.**

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

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

23 “(1) which is paid or incurred in connection
24 with a trade or business or with business-related
25 property,

1 “(2) which is—

2 “(A) for the abatement or control of haz-
3 arduous substances that were released on ac-
4 count of a federally declared disaster,

5 “(B) for the removal of debris from, or the
6 demolition of structures on, real property which
7 is business-related property damaged or de-
8 stroyed as a result of a federally declared dis-
9 aster, or

10 “(C) for the repair of business-related
11 property damaged as a result of a federally de-
12 clared disaster, and

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

14 “(c) OTHER DEFINITIONS.—For purposes of this
15 section—

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

18 “(A) held by the taxpayer for use in a
19 trade or business or for the production of in-
20 come, or

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

23 “(2) FEDERALLY DECLARED DISASTER.—The
24 term ‘federally declared disaster’ has the meaning
25 given such term by section 165(h)(3)(C)(i), except

1 that such term shall not include any disaster occur-
2 ring before January 1, 2008, or after December 31,
3 2011.

4 “(d) DEDUCTION RECAPTURED AS ORDINARY IN-
5 COME ON SALE, ETC.—Solely for purposes of section
6 1245, in the case of property to which a qualified disaster
7 expense would have been capitalized but for this section—

8 “(1) the deduction allowed by this section for
9 such expense shall be treated as a deduction for de-
10preciation, and

11 “(2) such property (if not otherwise section
12 1245 property) shall be treated as section 1245
13 property solely for purposes of applying section 1245
14 to such deduction.

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

18 “(f) REGULATIONS.—The Secretary shall prescribe
19 such regulations as may be necessary or appropriate to
20 carry out the purposes of this section.”.

21 (b) CLERICAL AMENDMENT.—The table of sections
22 for part VI of subchapter B of chapter 1 is amended by
23 inserting after the item relating to section 198 the fol-
24 lowing new item:

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

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

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

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

9 “(J) CERTAIN LOSSES ATTRIBUTABLE
10 FEDERALLY DECLARED DISASTERS.—In the
11 case of a taxpayer who has a qualified disaster
12 loss (as defined in subsection (j)), such loss
13 shall be a net operating loss carryback to each
14 of the 5 taxable years preceding the taxable
15 year of such loss.”.

16 (b) QUALIFIED DISASTER LOSS.—Section 172 is
17 amended by redesignating subsections (j) and (k) as sub-
18 sections (k) and (l), respectively, and by inserting after
19 subsection (i) the following new subsection:

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

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

24 “(A) the sum of—

1 “(i) the losses allowable under section
2 165 for the taxable year—

3 “(I) attributable to a federally
4 declared disaster (as defined in sec-
5 tion 165(h)(3)(C)(i)) occurring after
6 December 31, 2007, and before Janu-
7 ary 1, 2012, and

8 “(II) occurring in a disaster area
9 (as defined in section
10 165(h)(3)(C)(ii)), and

11 “(ii) the deduction for the taxable
12 year for qualified disaster expenses which
13 is allowable under section 198A(a) or
14 which would be so allowable if not other-
15 wise treated as an expense, or

16 “(B) the net operating loss for such tax-
17 able year.

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

23 “(3) ELECTION.—Any taxpayer entitled to a 5-
24 year carryback under subsection (b)(1)(J) from any
25 loss year may elect to have the carryback period

1 with respect to such loss year determined without re-
2 gard to subsection (b)(1)(J). Such election shall be
3 made in such manner as may be prescribed by the
4 Secretary and shall be made by the due date (includ-
5 ing extensions of time) for filing the taxpayer's re-
6 turn for the taxable year of the net operating loss.
7 Such election, once made for any taxable year, shall
8 be irrevocable for such taxable year."

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

13 “(3) NET OPERATING LOSS ATTRIBUTABLE TO
14 FEDERALLY DECLARED DISASTERS.—In the case of
15 a taxpayer which has a qualified disaster loss (as de-
16 fined by section 172(b)(1)(J)) for the taxable year,
17 paragraph (1) shall be applied by increasing the
18 amount determined under subparagraph (A)(ii)(I)
19 thereof by the sum of the carrybacks and carryovers
20 of such loss.”

21 (d) CONFORMING AMENDMENTS.—

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

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

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

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

9 **SEC. 5. WAIVER OF CERTAIN MORTGAGE REVENUE BOND**
10 **REQUIREMENTS FOLLOWING FEDERALLY DE-**
11 **CLARED DISASTERS.**

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

14 “(11) SPECIAL RULES FOR FEDERALLY DE-
15 CLARED DISASTERS.—

16 “(A) PRINCIPAL RESIDENCE DE-
17 STROYED.—If the principal residence (within
18 the meaning of section 121) of a taxpayer is—

19 “(i) rendered unsafe for use as a resi-
20 dence by reason of a federally declared dis-
21 aster, or

22 “(ii) demolished or relocated by rea-
23 son of an order of the government of a
24 State or political subdivision thereof on ac-
25 count of a federally declared disaster,

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

7 “(B) PRINCIPAL RESIDENCE DAMAGED.—

8 “(i) IN GENERAL.—If the principal
9 residence (within the meaning of section
10 121) of a taxpayer resulting from a feder-
11 ally declared disaster, was damaged, any
12 owner-financing provided in connection
13 with the repair or reconstruction of such
14 residence shall be treated as a qualified re-
15 habilitation loan.

16 “(ii) LIMITATION.—The aggregate
17 owner-financing to which clause (i) applies
18 shall not exceed the lesser of—

19 “(I) the cost of such repair or re-
20 construction, or

21 “(II) \$150,000.

22 “(C) FEDERALLY DECLARED DISASTER.—

23 For purposes of this paragraph, the term ‘fed-
24 erally declared disaster’ has the meaning given
25 such term by section 165(h)(3)(C)(i), except

1 that such term shall not include any disaster
2 occurring before January 1, 2008, or after De-
3 cember 31, 2011.”.

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

7 **SEC. 6. DETERMINATION OF STANDARD MILEAGE RATE**
8 **FOR CHARITABLE CONTRIBUTIONS DEDUC-**
9 **TION.**

10 (a) IN GENERAL.—Subsection (i) of section 170 (re-
11 lating to standard mileage rate for use of passenger auto-
12 mobile) is amended by adding at the end the following new
13 sentence: “In the case of the use of a passenger auto-
14 mobile after the date of the enactment of this sentence
15 and before January 1, 2012, the standard mileage rate
16 shall be the rate determined by the Secretary, which rate
17 shall not be less than the standard mileage rate used for
18 purposes of section 213.”.

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

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

23 (a) IN GENERAL.—Subsection (h) of section 42 of is
24 amended by redesignating paragraph (8) as paragraph (9)

1 and by inserting after paragraph (7) the following new
2 paragraph:

3 “(8) ADDITIONAL ALLOCATIONS FOR DISAS-
4 TERS.—

5 “(A) IN GENERAL.—In addition to any
6 other allocation made under this subsection, the
7 Secretary may, upon application by any State,
8 make allocations of housing credit dollar
9 amounts to such State for allocation to build-
10 ings in such State consistent with the require-
11 ments of subparagraph (C).

12 “(B) LIMITATIONS.—The aggregate quali-
13 fied disaster allocations made by the Secretary
14 under this paragraph may not exceed
15 \$190,000,000. Any allocation which is termi-
16 nated by the Secretary (by reason of disuse or
17 otherwise) shall not be treated as having been
18 allocated for purposes of the preceding sen-
19 tence.

20 “(C) DISASTER HOUSING ALLOCATIONS.—
21 For purposes of this section—

22 “(i) IN GENERAL.—Allocations under
23 this paragraph may be made by the Sec-
24 retary only to States which include a dis-
25 aster area.

1 “(ii) PRIORITY FOR HOUSING LOSS
2 DISASTER AREAS.—In making allocation
3 under this paragraph, the Secretary shall
4 give priority to housing loss disaster areas.

5 “(iii) LIMITATION TO BUILDINGS LO-
6 CATED IN HOUSING LOSS DISASTER
7 AREAS.—Any allocation of housing credit
8 dollar amounts under this paragraph may
9 be allocated by such State (or a housing
10 credit agency of such State) only to—

11 “(I) buildings located in a dis-
12 aster area, and

13 “(II) in the case of any allocation
14 made by reason of a priority under
15 clause (ii), buildings located in the
16 housing loss disaster area with respect
17 to which such priority was given.

18 “(iv) PRO RATA ALLOCATIONS.—The
19 allocations made by the Secretary under
20 this paragraph shall be made ratably over
21 the period described in subparagraph (F)
22 unless the Secretary determines, on the
23 basis of the severity or frequency of disas-
24 ters, that a different allocation is appro-
25 priate.

1 “(D) HOUSING LOSS DISASTER AREA.—

2 For purposes of this paragraph, the term ‘hous-
3 ing loss disaster area’ means any county or mu-
4 nicipality—

5 “(i) with respect to which the Gov-
6 ernor of the State in which such county or
7 municipality is located demonstrates to the
8 satisfaction of the Secretary that the lesser
9 of—

10 “(I) 1,000 dwelling units, or

11 “(II) 10 percent of the dwelling
12 units located in such county or mu-
13 nicipality,

14 have been rendered uninhabitable by rea-
15 son of damage to or destruction of such
16 units caused by a federally declared dis-
17 aster, and

18 “(ii) which is located in a disaster
19 area.

20 “(E) DEFINITIONS AND SPECIAL RULES.—

21 For purposes of this paragraph—

22 “(i) FEDERALLY DECLARED DIS-
23 ASTER; DISASTER AREA.—The terms “fed-
24 erally declared disaster” and “disaster

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

3 “(ii) NO EFFECT ON CARRYOVERS.—
4 An allocation of housing credit dollar
5 amount to a State under this paragraph
6 shall not be taken into account under para-
7 graph (3).

8 “(iii) CONSULTATION WITH FEMA.—
9 Any allocation made under this paragraph
10 by the Secretary shall be made after con-
11 sultation with the Director of the Federal
12 Emergency Management Agency.

13 “(F) TERMINATION.—Allocations under
14 this paragraph may be made only with respect
15 to disasters occurring during the period begin-
16 ning on January 1, 2008, and ending on De-
17 cember 31, 2011. No allocation under this
18 paragraph may be made to any building after
19 December 31, 2012.”.

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

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

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

1 “(d) QUALIFIED DISASTER BOND.—

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

5 “(A) 95 percent or more of the net pro-
6 ceeds of the issue are to be used for the re-
7 placement, repair, reconstruction, or renovation
8 of property of a character subject to the allow-
9 ance for depreciation which was damaged or de-
10 stroyed as a result of a federally declared dis-
11 aster, and

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

14 “(2) DESIGNATION OF BONDS.—

15 “(A) DESIGNATION BY STATE.—The max-
16 imum aggregate face amount of bonds des-
17 igned under paragraph (1)(B) by any State
18 may not exceed the bond limitation allocated to
19 such State by the Secretary under subpara-
20 graph (B).

21 “(B) ALLOCATION OF BOND LIMITA-
22 TION.—

23 “(i) IN GENERAL.—The Secretary
24 may, upon application by any State, make

1 allocation of bond limitation to such State
2 if such State includes a disaster area.

3 “(ii) LIMITATION.—The aggregate
4 amount of bond limitation allocated to the
5 States by the Secretary under clause (i)
6 may not exceed \$13,000,000,000. Any allo-
7 cation which is terminated by the Sec-
8 retary (by reason of disuse or otherwise)
9 shall not be treated as having been allo-
10 cated for purposes of the preceding sen-
11 tence.

12 “(iii) PRIORITY FOR BUSINESS LOSS
13 DISASTER AREAS.—In making allocation
14 under this subsection, the Secretary shall
15 give priority to business loss disaster areas.

16 “(iv) LIMITATION TO BUILDINGS LO-
17 CATED IN BUSINESS LOSS DISASTER
18 AREAS.—Any allocation of bond limitation
19 under this subsection may be used by such
20 State only to issue bonds with respect to—

21 “(I) property located in a dis-
22 aster area, and

23 “(II) in the case of any allocation
24 made by reason of a priority under
25 clause (iii), property located in the

1 business loss disaster area with re-
2 spect to which such priority was
3 given.

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

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

15 “(A) with respect to which the Governor of
16 the State in which such county or municipality
17 is located demonstrates to the satisfaction of
18 the Secretary that business property located in
19 such county or municipality has sustained dam-
20 ages by reason of a federally declared disaster
21 of at least the lesser of—

22 “(i) \$50,000,000, or

23 “(ii) 5 percent of the value of all such
24 business property (determined immediately
25 before such disaster on the basis of prop-

1 erty tax records or such other method as
2 the Secretary determines appropriate), and
3 “(B) which is located in a disaster area.

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

6 “(A) FEDERALLY DECLARED DISASTER;
7 DISASTER AREA.—The terms “federally de-
8 clared disaster” and “disaster area” shall have
9 the respective meaning given such terms by sec-
10 tion 165(h)(3)(C).

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

16 “(C) CONSULTATION WITH FEMA.—Any
17 allocation made under this subsection by the
18 Secretary shall be made after consultation with
19 the Director of the Federal Emergency Man-
20 agement Agency.

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

23 “(A) before December 31, 2012, and

1 “(B) with respect to disasters occurring
2 during the period beginning on January 1,
3 2008, and ending on December 31, 2011.”.

4 (b) EXEMPTION FROM ALTERNATIVE MINIMUM
5 TAX.—

6 (1) Subparagraph (C) of section 57(a)(5) is
7 amended by redesignating clauses (iv) and (v) as
8 clauses (v) and (vi) and by inserting after clause (iii)
9 the following new clause:

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

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

17 (A) by striking “section 57(a)(5)(C)(iii)”
18 and inserting “clause (iii) or (iv) of section
19 57(a)(5)(C)”, and

20 (B) by striking “HOUSING” in the heading
21 thereof.

22 (c) CONFORMING AMENDMENTS.—

23 (1) Section 141(e)(1) is amended by striking
24 “or” at the end of subparagraph (F), by striking the
25 period at the end of subparagraph (G) and inserting

1 “, or”, and by adding at the end the following new
2 subparagraph:

3 “(H) qualified disaster bond.”.

4 (2) Section 146(g) is amended by striking
5 “and” at the end of paragraph (3), by striking the
6 period at the end of paragraph (4) and inserting “,
7 and”, and by inserting after paragraph (4) the fol-
8 lowing new paragraph:

9 “(5) any qualified disaster bond.”.

10 (3) The heading of section 144 is amended by
11 inserting “; **QUALIFIED DISASTER BOND**” after
12 “**QUALIFIED REDEVELOPMENT BOND**”.

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

16 **SEC. 9. WAIVER OF LIMITATION ON CHARITABLE CON-**
17 **TRIBUTIONS FOR DISASTER RELIEF.**

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

20 “(3) WAIVER OF LIMITATION IN CASE OF DIS-
21 ASTER RELIEF.—

22 “(A) IN GENERAL.—Except as otherwise
23 provided in subparagraph (B), paragraphs (1)
24 and (2) shall not apply to qualified disaster
25 contributions and such contributions shall not

1 be taken into account for purposes of applying
2 such paragraphs or subsection (d) to other con-
3 tributions.

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

6 “(i) INDIVIDUALS.—In the case of an
7 individual—

8 “(I) LIMITATION.—Any qualified
9 disaster contribution shall be allowed
10 only to the extent that the aggregate
11 of such contributions does not exceed
12 the excess of the taxpayer’s contribu-
13 tion base over the amount of all other
14 charitable contributions allowable
15 under paragraph (1).

16 “(II) CARRYOVER.—If the aggre-
17 gate amount of qualified disaster con-
18 tributions made in the contribution
19 year (within the meaning of sub-
20 section (d)(1)) exceeds the limitation
21 of subclause (I), such excess shall be
22 added to the excess described in the
23 portion of subparagraph (A) of such
24 subsection which precedes clause (i)

1 thereof for purposes of applying such
2 subsection.

3 “(ii) CORPORATIONS.—In the case of
4 a corporation—

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

14 “(II) CARRYOVER.—Rules similar
15 to the rules of clause (i)(II) shall
16 apply for purposes of this clause.

17 “(C) EXCEPTION TO OVERALL LIMITATION
18 ON ITEMIZED DEDUCTIONS.—So much of any
19 deduction allowed under this section as does not
20 exceed the qualified disaster contributions paid
21 during the taxable year shall not be treated as
22 an itemized deduction for purposes of section
23 68.

24 “(D) QUALIFIED DISASTER CONTRIBU-
25 TIONS.—

1 “(i) IN GENERAL.—For purposes of
2 this subsection, the term ‘qualified disaster
3 contribution’ means any charitable con-
4 tribution if—

5 “(I) such contribution is paid
6 during the period beginning on the
7 date of the enactment of this para-
8 graph, and ending on December 31,
9 2009, in cash to an organization de-
10 scribed in paragraph (1)(A) (other
11 than an organization described in sec-
12 tion 509(a)(3)),

13 “(II) such contribution is for re-
14 lief efforts related to a federally de-
15 clared disaster (as defined in section
16 165(h)(3)(C)(i)), and

17 “(III) the taxpayer has elected
18 the application of this subsection with
19 respect to such contribution.

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

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

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

 Passed the House of Representatives September 24,
2008.

Attest: LORRAINE C. MILLER,
Clerk.

Calendar No. 1129

110TH CONGRESS
2^D SESSION

H. R. 7006

AN ACT

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

DECEMBER 9, 2008

Read the second time and placed on the calendar