

112TH CONGRESS  
2D SESSION

# H. R. 3780

To amend the Internal Revenue Code of 1986 to allow an ordinary and necessary business expense deduction for contributions to regional infrastructure improvement zones, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 18, 2012

Mr. DAVIS of Kentucky introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow an ordinary and necessary business expense deduction for contributions to regional infrastructure improvement zones, and for other purposes.

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. ORDINARY AND NECESSARY BUSINESS EX-**  
4 **PENSE DEDUCTION FOR CONTRIBUTIONS TO**  
5 **REGIONAL INFRASTRUCTURE IMPROVEMENT**  
6 **ZONES.**

7 (a) IN GENERAL.—Section 162 of the Internal Rev-  
8 enue Code of 1986 (relating to trade or business expenses)

1 is amended by redesignating subsection (p) as subsection  
 2 (q) and by inserting after subsection (o) the following new  
 3 subsection:

4 “(p) CONTRIBUTIONS TO REGIONAL INFRASTRUC-  
 5 TURE IMPROVEMENT ZONES.—For purposes of this sub-  
 6 title—

7 “(1) IN GENERAL.—At the election of the tax-  
 8 payer, any qualified regional infrastructure improve-  
 9 ment zone contribution made by such taxpayer in  
 10 any taxable year—

11 “(A) shall be treated as an ordinary and  
 12 necessary expense paid or incurred during such  
 13 taxable year in carrying on a trade or business,

14 “(B) shall not be treated as chargeable to  
 15 capital account, and

16 “(C) shall not be treated as a charitable  
 17 contribution for purposes of section 170.

18 “(2) QUALIFIED REGIONAL INFRASTRUCTURE  
 19 IMPROVEMENT ZONE CONTRIBUTION.—For purposes  
 20 of this subsection—

21 “(A) IN GENERAL.—The term ‘qualified  
 22 regional infrastructure improvement zone con-  
 23 tribution’ means any contribution to a qualified  
 24 regional infrastructure improvement zone—

1 “(i) by a taxpayer using real property  
2 (whether owned or leased) within such  
3 zone,

4 “(ii) used for public infrastructure lo-  
5 cated within such zone—

6 “(I) which is provided for in the  
7 long-range infrastructure plans for  
8 such zone approved by the multi-juris-  
9 dictional regional planning organiza-  
10 tion which created and designated  
11 such zone, or

12 “(II) which is consistent with any  
13 other long-range plans and is certified  
14 by the chief executive of, and the local  
15 governments represented by, such or-  
16 ganization as appropriate and clearly  
17 beneficial to the public.

18 “(B) QUALIFIED REGIONAL INFRASTRUC-  
19 TURE IMPROVEMENT ZONE.—

20 “(i) IN GENERAL.—The term ‘quali-  
21 fied regional infrastructure improvement  
22 zone’ means any zone—

23 “(I) created and designated by a  
24 multi-jurisdictional regional planning  
25 organization empowered under Fed-

1           eral, State or local laws to perform  
2           such planning, through the filing of a  
3           certificate of designation with the Sec-  
4           retary or the Secretary’s designee and  
5           with the Attorney General of each  
6           State in which the proposed zone is to  
7           be located,

8                   “(II) located only within the  
9           boundaries of the political subdivisions  
10          represented by such organization, and

11                   “(III) administered by an incor-  
12          porated or unincorporated association  
13          designated by the such organization,  
14          the members of which are businesses  
15          and individuals—

16                   “(aa) located within the pro-  
17          posed zone or political subdivi-  
18          sions the boundaries of which in-  
19          clude all or any portion of the  
20          proposed zone, and

21                   “(bb) who voluntarily join  
22          such association.

23                   “(ii) ZONE ESTABLISHMENT IN AB-  
24          SENCE OF MULTI-JURISDICTIONAL RE-  
25          GIONAL PLANNING ORGANIZATION.—In the

1 absence of a multi-jurisdictional regional  
2 planning organization, such term means  
3 any zone created and designated by any  
4 local government or consortia of local gov-  
5 ernments certifying to the Secretary or the  
6 Secretary’s designee that such zone meets  
7 the criteria to be a qualified regional infra-  
8 structure improvement zone in that the  
9 projects within the zone are—

10 “(I) under the auspices of a local  
11 governmental agency,

12 “(II) pursuant to a plan of that  
13 agency,

14 “(III) managed by the agency’s  
15 fiscal agent to ensure the implementa-  
16 tion complies with all Federal, State  
17 and local laws, and

18 “(IV) subject to public review  
19 through at least 2 public hearings.

20 “(C) MULTI-JURISDICTIONAL REGIONAL  
21 PLANNING ORGANIZATION.—

22 “(i) IN GENERAL.—The term ‘multi-  
23 jurisdictional regional planning organiza-  
24 tion’ means any regional planning organi-  
25 zation which—

1 “(I) is governed by a policy board  
2 of local government officials from  
3 units of general local government with  
4 additional representation of other  
5 State, local, business, and community  
6 leaders,

7 “(II) represents all or part of a  
8 metropolitan statistical area or  
9 micropolitan statistical area,

10 “(III) is authorized under Fed-  
11 eral, State, or local law to carry out  
12 planning activities.

13 “(ii) ORGANIZATIONS SPECIFICALLY  
14 INCLUDED.—Such term shall include—

15 “(I) any metropolitan planning  
16 organization (as defined by section  
17 134(b) of title 23, United States  
18 Code, or section 5303(b) of title 49,  
19 United States Code),

20 “(II) any multi-service regional  
21 organization with State and locally de-  
22 fined boundaries that is accountable  
23 to a unit of general local government,  
24 administers more than one Federal,  
25 State, or local program, performs

1 planning functions, and provides pro-  
2 fessional technical assistance to the  
3 public and the local governments to  
4 which it is accountable,

5 “(III) any organization of local  
6 elected officials and representatives  
7 that cooperates with the State within  
8 which it is located to plan networks,  
9 and advise officials on planning, in  
10 rural areas that are not represented  
11 by a metropolitan planning organiza-  
12 tion and have a population of at least  
13 5,000,

14 “(IV) any economic development  
15 district (as defined in section 3 of the  
16 Public Works and Economic Develop-  
17 ment Act of 1965 (42 U.S.C. 3122),  
18 and

19 “(V) any local development dis-  
20 trict (as defined in section 15101(2)  
21 of title 40, United States Code).

22 “(D) INFRASTRUCTURE.—The term ‘infra-  
23 structure’ means publicly owned and operated  
24 assets, including—

1 “(i) any highways, roadway, bridges,  
2 public transit systems, or intermodal trans-  
3 portation,

4 “(ii) any wastewater, drinking water,  
5 or storm water treatment facility (or facil-  
6 ity related to such a facility), and

7 “(iii) any green infrastructure relating  
8 to any facility described in clause (ii).

9 “(3) TERMINATION.—No election with respect  
10 to any contribution may be made under this sub-  
11 section for any taxable year beginning more than 5  
12 years after the date of the enactment of this sub-  
13 section.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Section 162(b) of the Internal Revenue  
16 Code is amended by striking “No deduction” and in-  
17 serting “Except as provided under subsection (p), no  
18 deduction”.

19 (2) Section 263(a)(1) of such Code is amended  
20 by striking “or” at the end of subparagraph (K), by  
21 striking the period at the end of subparagraph (L)  
22 and inserting “, or”, and by adding at the end the  
23 following new subparagraph:



1                   “(M) expenditures for which a deduction is  
2                   allowed by reason of an election under section  
3                   162(p).”.

4                   (3) Section 170(c) of such Code is amended by  
5                   adding at the end the following new paragraph:

6                   “(6) Except as provided in section  
7                   162(p)(1)(C), a qualified regional infrastructure im-  
8                   provement zone (as defined in subsection 162(p)) for  
9                   a purpose described in section 162(p)(2)(A)(ii).”.

10                  (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to contributions made after the  
12 date of the enactment of this Act.

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