

1 of 1974 as if Payment in Lieu of Taxes (14–
2 1114–0–1–806) were an account designated as
3 Appropriated Entitlements and Mandatories for
4 Fiscal Year 1997 in the joint explanatory state-
5 ment of the committee of conference accom-
6 panying Conference Report 105–217.

7 (B) *EFFECTIVE DATE.*—This paragraph
8 shall remain in effect for the fiscal years to
9 which the entitlement in section 6906 of title 31,
10 United States Code (as amended by paragraph
11 (1)), applies.

12 **SEC. 602. TRANSFER TO ABANDONED MINE RECLAMATION**
13 **FUND.**

14 Subparagraph (C) of section 402(i)(1) of the Surface
15 Mining Control and Reclamation Act of 1977 (30 U.S.C.
16 1232(i)(1)) is amended by striking “and \$9,000,000 on Oc-
17 tober 1, 2009” and inserting “\$9,000,000 on October 1,
18 2009, and \$9,000,000 on October 1, 2010”.

19 **TITLE VII—DISASTER RELIEF**
20 **Subtitle A—Heartland and**
21 **Hurricane Ike Disaster Relief**

22 **SEC. 701. SHORT TITLE.**

23 This subtitle may be cited as the “Heartland Disaster
24 Tax Relief Act of 2008”.

1 **SEC. 702. TEMPORARY TAX RELIEF FOR AREAS DAMAGED**
2 **BY 2008 MIDWESTERN SEVERE STORMS, TOR-**
3 **NADOS, AND FLOODING.**

4 (a) *IN GENERAL.*—Subject to the modifications de-
5 scribed in this section, the following provisions of or relat-
6 ing to the Internal Revenue Code of 1986 shall apply to
7 any Midwestern disaster area in addition to the areas to
8 which such provisions otherwise apply:

9 (1) *GO ZONE BENEFITS.*—

10 (A) *Section 1400N (relating to tax benefits)*
11 *other than subsections (b), (d), (e), (i), (j), (m),*
12 *and (o) thereof.*

13 (B) *Section 1400O (relating to education*
14 *tax benefits).*

15 (C) *Section 1400P (relating to housing tax*
16 *benefits).*

17 (D) *Section 1400Q (relating to special rules*
18 *for use of retirement funds).*

19 (E) *Section 1400R(a) (relating to employee*
20 *retention credit for employers).*

21 (F) *Section 1400S (relating to additional*
22 *tax relief) other than subsection (d) thereof.*

23 (G) *Section 1400T (relating to special rules*
24 *for mortgage revenue bonds).*

25 (2) *OTHER BENEFITS INCLUDED IN KATRINA*
26 *EMERGENCY TAX RELIEF ACT OF 2005.*—Sections 302,

1 303, 304, 401, and 405 of the *Katrina Emergency*
2 *Tax Relief Act of 2005.*

3 **(b) MIDWESTERN DISASTER AREA.—**

4 **(1) IN GENERAL.—***For purposes of this section*
5 *and for applying the substitutions described in sub-*
6 *sections (d) and (e), the term “Midwestern disaster*
7 *area” means an area—*

8 **(A)** *with respect to which a major disaster*
9 *has been declared by the President on or after*
10 *May 20, 2008, and before August 1, 2008, under*
11 *section 401 of the Robert T. Stafford Disaster*
12 *Relief and Emergency Assistance Act by reason*
13 *of severe storms, tornados, or flooding occurring*
14 *in any of the States of Arkansas, Illinois, Indi-*
15 *ana, Iowa, Kansas, Michigan, Minnesota, Mis-*
16 *souri, Nebraska, and Wisconsin, and*

17 **(B)** *determined by the President to warrant*
18 *individual or individual and public assistance*
19 *from the Federal Government under such Act*
20 *with respect to damages attributable to such se-*
21 *vere storms, tornados, or flooding.*

22 **(2) CERTAIN BENEFITS AVAILABLE TO AREAS EL-**
23 **IGIBLE ONLY FOR PUBLIC ASSISTANCE.—***For purposes*
24 *of applying this section to benefits under the following*

1 *provisions, paragraph (1) shall be applied without re-*
2 *gard to subparagraph (B):*

3 (A) *Sections 1400Q, 1400S(b), and*
4 *1400S(d) of the Internal Revenue Code of 1986.*

5 (B) *Sections 302, 401, and 405 of the*
6 *Katrina Emergency Tax Relief Act of 2005.*

7 (c) *REFERENCES.—*

8 (1) *AREA.—Any reference in such provisions to*
9 *the Hurricane Katrina disaster area or the Gulf Op-*
10 *portunity Zone shall be treated as a reference to any*
11 *Midwestern disaster area and any reference to the*
12 *Hurricane Katrina disaster area or the Gulf Oppor-*
13 *tunity Zone within a State shall be treated as a ref-*
14 *erence to all Midwestern disaster areas within the*
15 *State.*

16 (2) *ITEMS ATTRIBUTABLE TO DISASTER.—Any*
17 *reference in such provisions to any loss, damage, or*
18 *other item attributable to Hurricane Katrina shall be*
19 *treated as a reference to any loss, damage, or other*
20 *item attributable to the severe storms, tornados, or*
21 *flooding giving rise to any Presidential declaration*
22 *described in subsection (b)(1)(A).*

23 (3) *APPLICABLE DISASTER DATE.—For purposes*
24 *of applying the substitutions described in subsections*
25 *(d) and (e), the term “applicable disaster date”*

1 *means, with respect to any Midwestern disaster area,*
2 *the date on which the severe storms, tornados, or*
3 *flooding giving rise to the Presidential declaration de-*
4 *scribed in subsection (b)(1)(A) occurred.*

5 *(d) MODIFICATIONS TO 1986 CODE.—The following*
6 *provisions of the Internal Revenue Code of 1986 shall be*
7 *applied with the following modifications:*

8 *(1) TAX-EXEMPT BOND FINANCING.—Section*
9 *1400N(a)—*

10 *(A) by substituting “qualified Midwestern*
11 *disaster area bond” for “qualified Gulf Oppor-*
12 *tunity Zone Bond” each place it appears, except*
13 *that in determining whether a bond is a quali-*
14 *fied Midwestern disaster area bond—*

15 *(i) paragraph (2)(A)(i) shall be ap-*
16 *plied by only treating costs as qualified*
17 *project costs if—*

18 *(I) in the case of a project involv-*
19 *ing a private business use (as defined*
20 *in section 141(b)(6)), either the person*
21 *using the property suffered a loss in a*
22 *trade or business attributable to the se-*
23 *vere storms, tornados, or flooding giv-*
24 *ing rise to any Presidential declara-*
25 *tion described in subsection (b)(1)(A)*

1 *or is a person designated for purposes*
2 *of this section by the Governor of the*
3 *State in which the project is located as*
4 *a person carrying on a trade or busi-*
5 *ness replacing a trade or business with*
6 *respect to which another person suf-*
7 *fered such a loss, and*

8 *(II) in the case of a project relat-*
9 *ing to public utility property, the*
10 *project involves repair or reconstruc-*
11 *tion of public utility property dam-*
12 *aged by such severe storms, tornados,*
13 *or flooding, and*

14 *(ii) paragraph (2)(A)(ii) shall be ap-*
15 *plied by treating an issue as a qualified*
16 *mortgage issue only if 95 percent or more of*
17 *the net proceeds (as defined in section*
18 *150(a)(3)) of the issue are to be used to pro-*
19 *vide financing for mortgagors who suffered*
20 *damages to their principal residences at-*
21 *tributable to such severe storms, tornados,*
22 *or flooding.*

23 *(B) by substituting “any State in which a*
24 *Midwestern disaster area is located” for “the*

1 *State of Alabama, Louisiana, or Mississippi*” in
2 paragraph (2)(B),

3 (C) by substituting “designated for purposes
4 of this section (on the basis of providing assist-
5 ance to areas in the order in which such assist-
6 ance is most needed)” for “designated for pur-
7 poses of this section” in paragraph (2)(C),

8 (D) by substituting “January 1, 2013” for
9 “January 1, 2011” in paragraph (2)(D),

10 (E) in paragraph (3)(A)—

11 (i) by substituting “\$1,000” for
12 “\$2,500”, and

13 (ii) by substituting “before the earliest
14 applicable disaster date for Midwestern dis-
15 aster areas within the State” for “before
16 August 28, 2005”,

17 (F) by substituting “qualified Midwestern
18 disaster area repair or construction” for “quali-
19 fied GO Zone repair or construction” each place
20 it appears,

21 (G) by substituting “after the date of the en-
22 actment of the Heartland Disaster Tax Relief
23 Act of 2008 and before January 1, 2013” for
24 “after the date of the enactment of this para-

1 *graph and before January 1, 2011*” in para-
2 *graph (7)(C), and*

3 *(H) by disregarding paragraph (8) thereof.*

4 (2) *LOW-INCOME HOUSING CREDIT.—Section*
5 *1400N(c)—*

6 *(A) only with respect to calendar years*
7 *2008, 2009, and 2010,*

8 *(B) by substituting “Disaster Recovery As-*
9 *stance housing amount” for “Gulf Opportunity*
10 *housing amount” each place it appears,*

11 *(C) in paragraph (1)(B)—*

12 *(i) by substituting “\$8.00” for*
13 *“\$18.00”, and*

14 *(ii) by substituting “before the earliest*
15 *applicable disaster date for Midwestern dis-*
16 *aster areas within the State” for “before*
17 *August 28, 2005”, and*

18 *(D) determined without regard to para-*
19 *graphs (2), (3), (4), (5), and (6) thereof.*

20 (3) *EXPENSING FOR CERTAIN DEMOLITION AND*
21 *CLEAN-UP COSTS.—Section 1400N(f)—*

22 *(A) by substituting “qualified Disaster Re-*
23 *covery Assistance clean-up cost” for “qualified*
24 *Gulf Opportunity Zone clean-up cost” each place*
25 *it appears,*

1 (B) by substituting “beginning on the ap-
2 plicable disaster date and ending on December
3 31, 2010” for “beginning on August 28, 2005,
4 and ending on December 31, 2007” in para-
5 graph (2), and

6 (C) by treating costs as qualified Disaster
7 Recovery Assistance clean-up costs only if the re-
8 moval of debris or demolition of any structure
9 was necessary due to damage attributable to the
10 severe storms, tornados, or flooding giving rise to
11 any Presidential declaration described in sub-
12 section (b)(1)(A).

13 (4) *EXTENSION OF EXPENSING FOR ENVIRON-*
14 *MENTAL REMEDIATION COSTS.—Section 1400N(g)—*

15 (A) by substituting “the applicable disaster
16 date” for “August 28, 2005” each place it ap-
17 pears,

18 (B) by substituting “January 1, 2011” for
19 “January 1, 2008” in paragraph (1),

20 (C) by substituting “December 31, 2010” for
21 “December 31, 2007” in paragraph (1), and

22 (D) by treating a site as a qualified con-
23 taminated site only if the release (or threat of re-
24 lease) or disposal of a hazardous substance at the
25 site was attributable to the severe storms, tor-

1 *nados, or flooding giving rise to any Presidential*
2 *declaration described in subsection (b)(1)(A).*

3 *(5) INCREASE IN REHABILITATION CREDIT.—Sec-*
4 *tion 1400N(h), as amended by this Act—*

5 *(A) by substituting “the applicable disaster*
6 *date” for “August 28, 2005”,*

7 *(B) by substituting “December 31, 2011”*
8 *for “December 31, 2009” in paragraph (1), and*

9 *(C) by only applying such subsection to*
10 *qualified rehabilitation expenditures with respect*
11 *to any building or structure which was damaged*
12 *or destroyed as a result of the severe storms, tor-*
13 *nados, or flooding giving rise to any Presidential*
14 *declaration described in subsection (b)(1)(A).*

15 *(6) TREATMENT OF NET OPERATING LOSSES AT-*
16 *TRIBUTABLE TO DISASTER LOSSES.—Section*
17 *1400N(k)—*

18 *(A) by substituting “qualified Disaster Re-*
19 *covery Assistance loss” for “qualified Gulf Op-*
20 *portunity Zone loss” each place it appears,*

21 *(B) by substituting “after the day before the*
22 *applicable disaster date, and before January 1,*
23 *2011” for “after August 27, 2005, and before*
24 *January 1, 2008” each place it appears,*

1 (C) by substituting “the applicable disaster
2 date” for “August 28, 2005” in paragraph
3 (2)(B)(ii)(I),

4 (D) by substituting “qualified Disaster Re-
5 covery Assistance property” for “qualified Gulf
6 Opportunity Zone property” in paragraph
7 (2)(B)(iv), and

8 (E) by substituting “qualified Disaster Re-
9 covery Assistance casualty loss” for “qualified
10 Gulf Opportunity Zone casualty loss” each place
11 it appears.

12 (7) CREDIT TO HOLDERS OF TAX CREDIT
13 BONDS.—Section 1400N(l)—

14 (A) by substituting “Midwestern tax credit
15 bond” for “Gulf tax credit bond” each place it
16 appears,

17 (B) by substituting “any State in which a
18 Midwestern disaster area is located or any in-
19 strumentality of the State” for “the State of Ala-
20 bama, Louisiana, or Mississippi” in paragraph
21 (4)(A)(i),

22 (C) by substituting “after December 31,
23 2008 and before January 1, 2010” for “after De-
24 cember 31, 2005, and before January 1, 2007”,

1 (D) by substituting “shall not exceed
2 \$100,000,000 for any State with an aggregate
3 population located in all Midwestern disaster
4 areas within the State of at least 2,000,000,
5 \$50,000,000 for any State with an aggregate
6 population located in all Midwestern disaster
7 areas within the State of at least 1,000,000 but
8 less than 2,000,000, and zero for any other State.
9 The population of a State within any area shall
10 be determined on the basis of the most recent cen-
11 sus estimate of resident population released by
12 the Bureau of Census before the earliest applica-
13 ble disaster date for Midwestern disaster areas
14 within the State.” for “shall not exceed” and all
15 that follows in paragraph (4)(C), and

16 (E) by substituting “the earliest applicable
17 disaster date for Midwestern disaster areas with-
18 in the State” for “August 28, 2005” in para-
19 graph (5)(A).

20 (8) *EDUCATION TAX BENEFITS*.—Section 1400O,
21 by substituting “2008 or 2009” for “2005 or 2006”.

22 (9) *HOUSING TAX BENEFITS*.—Section 1400P, by
23 substituting “the applicable disaster date” for “Au-
24 gust 28, 2005” in subsection (c)(1).

1 (10) *SPECIAL RULES FOR USE OF RETIREMENT*
2 *FUNDS.—Section 1400Q—*

3 (A) *by substituting “qualified Disaster Re-*
4 *covery Assistance distribution” for “qualified*
5 *hurricane distribution” each place it appears,*

6 (B) *by substituting “on or after the applica-*
7 *ble disaster date and before January 1, 2010” for*
8 *“on or after August 25, 2005, and before Janu-*
9 *ary 1, 2007” in subsection (a)(4)(A)(i),*

10 (C) *by substituting “the applicable disaster*
11 *date” for “August 28, 2005” in subsections*
12 *(a)(4)(A)(i) and (c)(3)(B),*

13 (D) *by disregarding clauses (ii) and (iii) of*
14 *subsection (a)(4)(A) thereof,*

15 (E) *by substituting “qualified storm dam-*
16 *age distribution” for “qualified Katrina dis-*
17 *tribution” each place it appears,*

18 (F) *by substituting “after the date which is*
19 *6 months before the applicable disaster date and*
20 *before the date which is the day after the appli-*
21 *cable disaster date” for “after February 28,*
22 *2005, and before August 29, 2005” in subsection*
23 *(b)(2)(B)(ii),*

24 (G) *by substituting “the Midwestern dis-*
25 *aster area, but not so purchased or constructed*

1 *on account of severe storms, tornados, or flooding*
2 *giving rise to the designation of the area as a*
3 *disaster area” for “the Hurricane Katrina dis-*
4 *aster area, but not so purchased or constructed*
5 *on account of Hurricane Katrina” in subsection*
6 *(b)(2)(B)(iii),*

7 *(H) by substituting “beginning on the ap-*
8 *plicable disaster date and ending on the date*
9 *which is 5 months after the date of the enactment*
10 *of the Heartland Disaster Tax Relief Act of*
11 *2008” for “beginning on August 25, 2005, and*
12 *ending on February 28, 2006” in subsection*
13 *(b)(3)(A),*

14 *(I) by substituting “qualified storm damage*
15 *individual” for “qualified Hurricane Katrina*
16 *individual” each place it appears,*

17 *(J) by substituting “December 31, 2009” for*
18 *“December 31, 2006” in subsection (c)(2)(A),*

19 *(K) by disregarding subparagraphs (C) and*
20 *(D) of subsection (c)(3) thereof,*

21 *(L) by substituting “beginning on the date*
22 *of the enactment of the Heartland Disaster Tax*
23 *Relief Act of 2008 and ending on December 31,*
24 *2009” for “beginning on September 24, 2005,*

1 *and ending on December 31, 2006*” in subsection
2 (c)(4)(A)(i),

3 (M) by substituting “the applicable disaster
4 date” for “August 25, 2005” in subsection
5 (c)(4)(A)(ii), and

6 (N) by substituting “January 1, 2010” for
7 “January 1, 2007” in subsection (d)(2)(A)(ii).

8 (11) *EMPLOYEE RETENTION CREDIT FOR EM-*
9 *PLOYERS AFFECTED BY SEVERE STORMS, TORNADOS,*
10 *AND FLOODING.—Section 1400R(a)—*

11 (A) by substituting “the applicable disaster
12 date” for “August 28, 2005” each place it ap-
13 pears,

14 (B) by substituting “January 1, 2009” for
15 “January 1, 2006” both places it appears, and

16 (C) only with respect to eligible employers
17 who employed an average of not more than 200
18 employees on business days during the taxable
19 year before the applicable disaster date.

20 (12) *TEMPORARY SUSPENSION OF LIMITATIONS*
21 *ON CHARITABLE CONTRIBUTIONS.—Section 1400S(a),*
22 *by substituting the following paragraph for para-*
23 *graph (4) thereof:*

24 “(4) *QUALIFIED CONTRIBUTIONS.—*

1 “(A) *IN GENERAL.*—For purposes of this
2 subsection, the term ‘qualified contribution’
3 means any charitable contribution (as defined in
4 section 170(c)) if—

5 “(i) such contribution—

6 “(I) is paid during the period be-
7 ginning on the earliest applicable dis-
8 aster date for all States and ending on
9 December 31, 2008, in cash to an orga-
10 nization described in section
11 170(b)(1)(A), and

12 “(II) is made for relief efforts in
13 1 or more Midwestern disaster areas,

14 “(ii) the taxpayer obtains from such
15 organization contemporaneous written ac-
16 knowledgment (within the meaning of sec-
17 tion 170(f)(8)) that such contribution was
18 used (or is to be used) for relief efforts in
19 1 or more Midwestern disaster areas, and

20 “(iii) the taxpayer has elected the ap-
21 plication of this subsection with respect to
22 such contribution.

23 “(B) *EXCEPTION.*—Such term shall not in-
24 clude a contribution by a donor if the contribu-
25 tion is—

1 “(i) to an organization described in
2 section 509(a)(3), or

3 “(ii) for establishment of a new, or
4 maintenance of an existing, donor advised
5 fund (as defined in section 4966(d)(2)).

6 “(C) APPLICATION OF ELECTION TO PART-
7 NERSHIPS AND S CORPORATIONS.—In the case of
8 a partnership or S corporation, the election
9 under subparagraph (A)(iii) shall be made sepa-
10 rately by each partner or shareholder.”.

11 (13) SUSPENSION OF CERTAIN LIMITATIONS ON
12 PERSONAL CASUALTY LOSSES.—Section 1400S(b)(1),
13 by substituting “the applicable disaster date” for
14 “August 25, 2005”.

15 (14) SPECIAL RULE FOR DETERMINING EARNED
16 INCOME.—Section 1400S(d)—

17 (A) by treating an individual as a qualified
18 individual if such individual’s principal place of
19 abode on the applicable disaster date was located
20 in a Midwestern disaster area,

21 (B) by treating the applicable disaster date
22 with respect to any such individual as the appli-
23 cable date for purposes of such subsection, and

24 (C) by treating an area as described in
25 paragraph (2)(B)(ii) thereof if the area is a

1 *Midwestern disaster area only by reason of sub-*
2 *section (b)(2) of this section (relating to areas el-*
3 *igible only for public assistance).*

4 (15) *ADJUSTMENTS REGARDING TAXPAYER AND*
5 *DEPENDENCY STATUS.—Section 1400S(e), by sub-*
6 *stituting “2008 or 2009” for “2005 or 2006”.*

7 (e) *MODIFICATIONS TO KATRINA EMERGENCY TAX RE-*
8 *LIEF ACT OF 2005.—The following provisions of the*
9 *Katrina Emergency Tax Relief Act of 2005 shall be applied*
10 *with the following modifications:*

11 (1) *ADDITIONAL EXEMPTION FOR HOUSING DIS-*
12 *PLACED INDIVIDUAL.—Section 302—*

13 (A) *by substituting “2008 or 2009” for*
14 *“2005 or 2006” in subsection (a) thereof,*

15 (B) *by substituting “Midwestern displaced*
16 *individual” for “Hurricane Katrina displaced*
17 *individual” each place it appears, and*

18 (C) *by treating an area as a core disaster*
19 *area for purposes of applying subsection (c)*
20 *thereof if the area is a Midwestern disaster area*
21 *without regard to subsection (b)(2) of this section*
22 *(relating to areas eligible only for public assist-*
23 *ance).*

24 (2) *INCREASE IN STANDARD MILEAGE RATE.—*
25 *Section 303, by substituting “beginning on the appli-*

1 *cable disaster date and ending on December 31, 2008”*
2 *for “beginning on August 25, 2005, and ending on*
3 *December 31, 2006”.*

4 (3) *MILEAGE REIMBURSEMENTS FOR CHARITABLE VOLUNTEERS.—Section 304—*

6 (A) *by substituting “beginning on the applicable disaster date and ending on December*
7 *31, 2008” for “beginning on August 25, 2005,*
8 *and ending on December 31, 2006” in subsection*
9 *(a), and*

11 (B) *by substituting “the applicable disaster*
12 *date” for “August 25, 2005” in subsection (a).*

13 (4) *EXCLUSION OF CERTAIN CANCELLATION OF*
14 *INDEBTEDNESS INCOME.—Section 401—*

15 (A) *by treating an individual whose principal place of abode on the applicable disaster*
16 *date was in a Midwestern disaster area (determined without regard to subsection (b)(2) of this*
17 *section) as an individual described in subsection*
18 *(b)(1) thereof, and by treating an individual*
19 *whose principal place of abode on the applicable*
20 *disaster date was in a Midwestern disaster area*
21 *solely by reason of subsection (b)(2) of this section*
22 *as an individual described in subsection*
23 *(b)(2) thereof,*

1 (B) by substituting “the applicable disaster
2 date” for “August 28, 2005” both places it ap-
3 pears, and

4 (C) by substituting “January 1, 2010” for
5 “January 1, 2007” in subsection (e).

6 (5) *EXTENSION OF REPLACEMENT PERIOD FOR*
7 *NONRECOGNITION OF GAIN.*—Section 405, by sub-
8 stituting “on or after the applicable disaster date” for
9 “on or after August 25, 2005”.

10 **SEC. 703. REPORTING REQUIREMENTS RELATING TO DIS-**
11 **ASTER RELIEF CONTRIBUTIONS.**

12 (a) *IN GENERAL.*—Section 6033(b) (relating to returns
13 of certain organizations described in section 501(c)(3)) is
14 amended by striking “and” at the end of paragraph (13),
15 by redesignating paragraph (14) as paragraph (15), and
16 by adding after paragraph (13) the following new para-
17 graph:

18 “(14) such information as the Secretary may re-
19 quire with respect to disaster relief activities, includ-
20 ing the amount and use of qualified contributions to
21 which section 1400S(a) applies, and”.

22 (b) *EFFECTIVE DATE.*—The amendments made by this
23 section shall apply to returns the due date for which (deter-
24 mined without regard to any extension) occurs after Decem-
25 ber 31, 2008.

1 **SEC. 704. TEMPORARY TAX-EXEMPT BOND FINANCING AND**
2 **LOW-INCOME HOUSING TAX RELIEF FOR**
3 **AREAS DAMAGED BY HURRICANE IKE.**

4 (a) *TAX-EXEMPT BOND FINANCING.*—Section
5 1400N(a) of the Internal Revenue Code of 1986 shall apply
6 to any Hurricane Ike disaster area in addition to any other
7 area referenced in such section, but with the following modi-
8 fications:

9 (1) *By substituting “qualified Hurricane Ike*
10 *disaster area bond” for “qualified Gulf Opportunity*
11 *Zone Bond” each place it appears, except that in de-*
12 *termining whether a bond is a qualified Hurricane*
13 *Ike disaster area bond—*

14 (A) *paragraph (2)(A)(i) shall be applied by*
15 *only treating costs as qualified project costs if—*

16 (i) *in the case of a project involving a*
17 *private business use (as defined in section*
18 *141(b)(6)), either the person using the prop-*
19 *erty suffered a loss in a trade or business*
20 *attributable to Hurricane Ike or is a person*
21 *designated for purposes of this section by*
22 *the Governor of the State in which the*
23 *project is located as a person carrying on a*
24 *trade or business replacing a trade or busi-*
25 *ness with respect to which another person*
26 *suffered such a loss, and*

1 (ii) in the case of a project relating to
2 public utility property, the project involves
3 repair or reconstruction of public utility
4 property damaged by Hurricane Ike, and

5 (B) paragraph (2)(A)(ii) shall be applied
6 by treating an issue as a qualified mortgage
7 issue only if 95 percent or more of the net pro-
8 ceeds (as defined in section 150(a)(3)) of the
9 issue are to be used to provide financing for
10 mortgagors who suffered damages to their prin-
11 cipal residences attributable to Hurricane Ike.

12 (2) By substituting “any State in which any
13 Hurricane Ike disaster area is located” for “the State
14 of Alabama, Louisiana, or Mississippi” in paragraph
15 (2)(B).

16 (3) By substituting “designated for purposes of
17 this section (on the basis of providing assistance to
18 areas in the order in which such assistance is most
19 needed)” for “designated for purposes of this section”
20 in paragraph (2)(C).

21 (4) By substituting “January 1, 2013” for “Jan-
22 uary 1, 2011” in paragraph (2)(D).

23 (5) By substituting the following for subpara-
24 graph (A) of paragraph (3):

1 “(A) *AGGREGATE AMOUNT DESIGNATED.*—
2 *The maximum aggregate face amount of bonds*
3 *which may be designated under this subsection*
4 *with respect to any State shall not exceed the*
5 *product of \$2,000 multiplied by the portion of*
6 *the State population which is in—*

7 “(i) *in the case of Texas, the counties*
8 *of Brazoria, Chambers, Galveston, Jefferson,*
9 *and Orange, and*

10 “(ii) *in the case of Louisiana, the par-*
11 *ishes of Calcasieu and Cameron,*
12 *(as determined on the basis of the most recent*
13 *census estimate of resident population released*
14 *by the Bureau of Census before September 13,*
15 *2008).”.*

16 (6) *By substituting “qualified Hurricane Ike*
17 *disaster area repair or construction” for “qualified*
18 *GO Zone repair or construction” each place it ap-*
19 *pears.*

20 (7) *By substituting “after the date of the enact-*
21 *ment of the Heartland Disaster Tax Relief Act of*
22 *2008 and before January 1, 2013” for “after the date*
23 *of the enactment of this paragraph and before Janu-*
24 *ary 1, 2011” in paragraph (7)(C).*

25 (8) *By disregarding paragraph (8) thereof.*

1 (9) *By substituting “any Hurricane Ike disaster*
2 *area” for “the Gulf Opportunity Zone” each place it*
3 *appears.*

4 (b) *LOW-INCOME HOUSING CREDIT.—Section*
5 *1400N(c) of the Internal Revenue Code of 1986 shall apply*
6 *to any Hurricane Ike disaster area in addition to any other*
7 *area referenced in such section, but with the following modi-*
8 *fications:*

9 (1) *Only with respect to calendar years 2008,*
10 *2009, and 2010.*

11 (2) *By substituting “any Hurricane Ike disaster*
12 *area” for “the Gulf Opportunity Zone” each place it*
13 *appears.*

14 (3) *By substituting “Hurricane Ike Recovery As-*
15 *sistance housing amount” for “Gulf Opportunity*
16 *housing amount” each place it appears.*

17 (4) *By substituting the following for subpara-*
18 *graph (B) of paragraph (1):*

19 “(B) *HURRICANE IKE HOUSING AMOUNT.—*
20 *For purposes of subparagraph (A), the term*
21 *‘Hurricane Ike housing amount’ means, for any*
22 *calendar year, the amount equal to the product*
23 *of \$16.00 multiplied by the portion of the State*
24 *population which is in—*

1 “(i) in the case of Texas, the counties
2 of Brazoria, Chambers, Galveston, Jefferson,
3 and Orange, and

4 “(ii) in the case of Louisiana, the par-
5 ishes of Calcasieu and Cameron,
6 (as determined on the basis of the most recent
7 census estimate of resident population released
8 by the Bureau of Census before September 13,
9 2008).”.

10 (5) Determined without regard to paragraphs
11 (2), (3), (4), (5), and (6) thereof.

12 (c) HURRICANE IKE DISASTER AREA.—For purposes
13 of this section and for applying the substitutions described
14 in subsections (a) and (b), the term “Hurricane Ike disaster
15 area” means an area in the State of Texas or Louisiana—

16 (1) with respect to which a major disaster has
17 been declared by the President on September 13, 2008,
18 under section 401 of the Robert T. Stafford Disaster
19 Relief and Emergency Assistance Act by reason of
20 Hurricane Ike, and

21 (2) determined by the President to warrant indi-
22 vidual or individual and public assistance from the
23 Federal Government under such Act with respect to
24 damages attributable to Hurricane Ike.

1 ***Subtitle B—National Disaster***
2 ***Relief***

3 **SEC. 706. LOSSES ATTRIBUTABLE TO FEDERALLY DE-**
4 **CLARED DISASTERS.**

5 (a) *WAIVER OF ADJUSTED GROSS INCOME LIMITA-*
6 *TION.—*

7 (1) *IN GENERAL.—*Subsection (h) of section 165
8 *is amended by redesignating paragraphs (3) and (4)*
9 *as paragraphs (4) and (5), respectively, and by in-*
10 *serting after paragraph (2) the following new para-*
11 *graph:*

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

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

18 “(i) *such net disaster loss, and*

19 “(ii) *so much of the excess referred to*
20 *in the matter preceding clause (i) of para-*
21 *graph (2)(A) (reduced by the amount in*
22 *clause (i) of this subparagraph) as exceeds*
23 *10 percent of the adjusted gross income of*
24 *the individual.*

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

4 “(i) *the personal casualty losses—*

5 “(I) *attributable to a federally de-*
6 *clared disaster occurring before Janu-*
7 *ary 1, 2010, and*

8 “(II) *occurring in a disaster area,*
9 *over*

10 “(ii) *personal casualty gains.*

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

13 “(i) *FEDERALLY DECLARED DIS-*
14 *ASTER.*—*The term ‘federally declared dis-*
15 *aster’ means any disaster subsequently de-*
16 *termined by the President of the United*
17 *States to warrant assistance by the Federal*
18 *Government under the Robert T. Stafford*
19 *Disaster Relief and Emergency Assistance*
20 *Act.*

21 “(ii) *DISASTER AREA.*—*The term ‘dis-*
22 *aster area’ means the area so determined to*
23 *warrant such assistance.”.*

24 (2) *CONFORMING AMENDMENTS.*—

1 (A) Section 165(h)(4)(B) (as so redesignated) is amended by striking “paragraph (2)”
2 and inserting “paragraphs (2) and (3)”.

3 (B) Section 165(i)(1) is amended by striking “loss” and all that follows through “Act”
4 and inserting “loss occurring in a disaster area
5 (as defined by clause (ii) of subsection (h)(3)(C))
6 and attributable to a federally declared disaster
7 (as defined by clause (i) of such subsection)”.

8 (C) Section 165(i)(4) is amended by striking “Presidentially declared disaster (as defined
9 by section 1033(h)(3))” and inserting “federally
10 declared disaster (as defined by subsection
11 (h)(3)(C)(i))”.

12 (D)(i) So much of subsection (h) of section
13 1033 as precedes subparagraph (A) of paragraph
14 (1) thereof is amended to read as follows:

15 “(h) SPECIAL RULES FOR PROPERTY DAMAGED BY
16 FEDERALLY DECLARED DISASTERS.—

17 “(1) PRINCIPAL RESIDENCES.—If the taxpayer’s
18 principal residence or any of its contents is located
19 in a disaster area and is compulsorily or involun-
20 tarily converted as a result of a federally declared dis-
21 aster—”.

1 (ii) Paragraph (2) of section 1033(h) is
2 amended by striking “investment” and all that
3 follows through “disaster” and inserting “invest-
4 ment located in a disaster area and compulsorily
5 or involuntarily converted as a result of a feder-
6 ally declared disaster”.

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

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

13 (iv) Section 139(c)(2) is amended to read as
14 follows:

15 “(2) *federally declared disaster (as defined by*
16 *section 165(h)(3)(C)(i)),”.*

17 (v) Subclause (II) of section
18 172(b)(1)(F)(ii) is amended by striking “Presi-
19 dentially declared disasters (as defined in section
20 1033(h)(3))” and inserting “federally declared
21 disasters (as defined by subsection (h)(3)(C)(i))”.

22 (vi) Subclause (III) of section
23 172(b)(1)(F)(ii) is amended by striking “Presi-
24 dentially declared disasters” and inserting “fed-
25 erally declared disasters”.

1 (vii) Subsection (a) of section 7508A is
2 amended by striking “Presidentially declared
3 disaster (as defined in section 1033(h)(3))” and
4 inserting “federally declared disaster (as defined
5 by section 165(h)(3)(C)(i))”.

6 (b) INCREASE IN STANDARD DEDUCTION BY DISASTER
7 CASUALTY LOSS.—

8 (1) IN GENERAL.—Paragraph (1) of section
9 63(c), as amended by the Housing Assistance Tax Act
10 of 2008, is amended by striking “and” at the end of
11 subparagraph (B), by striking the period at the end
12 of subparagraph (C) and inserting “, and”, and by
13 adding at the end the following new subparagraph:

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

15 (2) DISASTER LOSS DEDUCTION.—Subsection (c)
16 of section 63, as amended by the Housing Assistance
17 Tax Act of 2008, is amended by adding at the end
18 the following new paragraph:

19 “(8) DISASTER LOSS DEDUCTION.—For the pur-
20 poses of paragraph (1), the term ‘disaster loss deduc-
21 tion’ means the net disaster loss (as defined in section
22 165(h)(3)(B)).”.

23 (3) ALLOWANCE IN COMPUTING ALTERNATIVE
24 MINIMUM TAXABLE INCOME.—Subparagraph (E) of
25 section 56(b)(1) is amended by adding at the end the

1 following new sentence: “The preceding sentence shall
2 not apply to so much of the standard deduction as is
3 determined under section 63(c)(1)(D).”.

4 (c) INCREASE IN LIMITATION ON INDIVIDUAL LOSS
5 PER CASUALTY.—Paragraph (1) of section 165(h) is
6 amended by striking “\$100” and inserting “\$500 (\$100 for
7 taxable years beginning after December 31, 2009)”.

8 (d) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as provided by para-
10 graph (2), the amendments made by this section shall
11 apply to disasters declared in taxable years beginning
12 after December 31, 2007.

13 (2) INCREASE IN LIMITATION ON INDIVIDUAL
14 LOSS PER CASUALTY.—The amendment made by sub-
15 section (c) shall apply to taxable years beginning
16 after December 31, 2008.

17 **SEC. 707. EXPENSING OF QUALIFIED DISASTER EXPENSES.**

18 (a) IN GENERAL.—Part VI of subchapter B of chapter
19 1 is amended by inserting after section 198 the following
20 new section:

21 **“SEC. 198A. EXPENSING OF QUALIFIED DISASTER EX-
22 PENSES.**

23 “(a) IN GENERAL.—A taxpayer may elect to treat any
24 qualified disaster expenses which are paid or incurred by
25 the taxpayer as an expense which is not chargeable to cap-

1 *ital account. Any expense which is so treated shall be al-*
2 *lowed as a deduction for the taxable year in which it is*
3 *paid or incurred.*

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

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

10 “(2) *which is—*

11 “(A) *for the abatement or control of haz-*
12 *ardous substances that were released on account*
13 *of a federally declared disaster occurring before*
14 *January 1, 2010,*

15 “(B) *for the removal of debris from, or the*
16 *demolition of structures on, real property which*
17 *is business-related property damaged or de-*
18 *stroyed as a result of a federally declared dis-*
19 *aster occurring before such date, or*

20 “(C) *for the repair of business-related prop-*
21 *erty damaged as a result of a federally declared*
22 *disaster occurring before such date, and*

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

1 “(c) *OTHER DEFINITIONS.*—For purposes of this sec-
2 *tion*—

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

5 “(A) *held by the taxpayer for use in a trade*
6 *or business or for the production of income, or*

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

9 “(2) *FEDERALLY DECLARED DISASTER.*—The
10 *term ‘federally declared disaster’* has the meaning
11 *given such term by section 165(h)(3)(C)(i).*

12 “(d) *DEDUCTION RECAPTURED AS ORDINARY INCOME*
13 *ON SALE, ETC.*—Solely for purposes of section 1245, in the
14 *case of property to which a qualified disaster expense would*
15 *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 depre-*
18 *ciation, and*

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

23 “(e) *COORDINATION WITH OTHER PROVISIONS.*—Sec-
24 *tions 198, 280B, and 468 shall not apply to amounts which*
25 *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 for*
 5 *part VI of subchapter B of chapter 1 is amended by insert-*
 6 *ing after the item relating to section 198 the following new*
 7 *item:*

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

8 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 9 *section shall apply to amounts paid or incurred after De-*
 10 *cember 31, 2007 in connection with disaster declared after*
 11 *such date.*

12 **SEC. 708. NET OPERATING LOSSES ATTRIBUTABLE TO FED-**
 13 **ERALLY DECLARED DISASTERS.**

14 (a) *IN GENERAL.*—*Paragraph (1) of section 172(b) is*
 15 *amended by adding at the end the following new subpara-*
 16 *graph:*

17 “(J) *CERTAIN LOSSES ATTRIBUTABLE FED-*
 18 *ERALLY DECLARED DISASTERS.*—*In the case of a*
 19 *taxpayer who has a qualified disaster loss (as de-*
 20 *finied in subsection (j)), such loss shall be a net*
 21 *operating loss carryback to each of the 5 taxable*
 22 *years preceding the taxable 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 sub-
2 section (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 disaster*
6 *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 de-*
11 *clared disaster (as defined in section*
12 *165(h)(3)(C)(i)) occurring before Janu-*
13 *ary 1, 2010, and*

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

17 “(ii) *the deduction for the taxable year*
18 *for qualified disaster expenses which is al-*
19 *lowable under section 198A(a) or which*
20 *would be so allowable if not otherwise treat-*
21 *ed as an expense, or*

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

24 “(2) *COORDINATION WITH SUBSECTION (b)(2).—*
25 *For purposes of applying subsection (b)(2), a quali-*

1 *fied disaster loss for any taxable year shall be treated*
2 *in a manner similar to the manner in which a speci-*
3 *fied liability loss is treated.*

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

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

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

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

1 paragraph (1) shall be applied by increasing the
2 amount determined under subparagraph (A)(i)(I)
3 thereof by the sum of the carrybacks and carryovers
4 of such loss.”.

5 (d) *CONFORMING AMENDMENTS.*—

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

10 (2) Paragraph (1) of section 172(i) is amended
11 by adding at the end the following new flush sentence:
12 “Such term shall not include any qualified disaster
13 loss (as defined in subsection (j)).”.

14 (e) *EFFECTIVE DATE.*—The amendments made by this
15 section shall apply to losses arising in taxable years begin-
16 ning after December 31, 2007, in connection with disasters
17 declared after such date.

18 **SEC. 709. WAIVER OF CERTAIN MORTGAGE REVENUE BOND**
19 **REQUIREMENTS FOLLOWING FEDERALLY DE-**
20 **CLARED DISASTERS.**

21 (a) *IN GENERAL.*—Subsection (k) of section 143 is
22 amended by adding at the end the following new paragraph:

23 “(12) *SPECIAL RULES FOR RESIDENCES DE-*
24 *STROYED IN FEDERALLY DECLARED DISASTERS.*—

1 “(A) *PRINCIPAL RESIDENCE DESTROYED.*—
2 *At the election of the taxpayer, if the principal*
3 *residence (within the meaning of section 121) of*
4 *such taxpayer is—*

5 “(i) *rendered unsafe for use as a resi-*
6 *dence by reason of a federally declared dis-*
7 *aster occurring before January 1, 2010, or*

8 “(ii) *demolished or relocated by reason*
9 *of an order of the government of a State or*
10 *political subdivision thereof on account of a*
11 *federally declared disaster occurring before*
12 *such date,*

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

18 “(B) *PRINCIPAL RESIDENCE DAMAGED.*—

19 “(i) *IN GENERAL.*—*At the election of*
20 *the taxpayer, if the principal residence*
21 *(within the meaning of section 121) of such*
22 *taxpayer was damaged as the result of a*
23 *federally declared disaster occurring before*
24 *January 1, 2010, any owner-financing pro-*
25 *vided in connection with the repair or re-*

1 *construction of such residence shall be treat-*
2 *ed as a qualified rehabilitation loan.*

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

6 “(I) *the cost of such repair or re-*
7 *construction, or*

8 “(II) *\$150,000.*

9 “(C) *FEDERALLY DECLARED DISASTER.—*
10 *For purposes of this paragraph, the term ‘feder-*
11 *ally declared disaster’ has the meaning given*
12 *such term by section 165(h)(3)(C)(i).*

13 “(D) *ELECTION; DENIAL OF DOUBLE BEN-*
14 *EFIT.—*

15 “(i) *ELECTION.—An election under*
16 *this paragraph may not be revoked except*
17 *with the consent of the Secretary.*

18 “(ii) *DENIAL OF DOUBLE BENEFIT.—If*
19 *a taxpayer elects the application of this*
20 *paragraph, paragraph (11) shall not apply*
21 *with respect to the purchase or financing of*
22 *any residence by such taxpayer.”.*

23 “(b) *EFFECTIVE DATE.—The amendment made by sub-*
24 *section (a) shall apply to disasters occurring after December*
25 *31, 2007.*

1 **SEC. 710. SPECIAL DEPRECIATION ALLOWANCE FOR QUALI-**
2 **FIED DISASTER PROPERTY.**

3 (a) *IN GENERAL.*—Section 168, as amended by this
4 Act, is amended by adding at the end the following new
5 subsection:

6 “(n) *SPECIAL ALLOWANCE FOR QUALIFIED DISASTER*
7 *ASSISTANCE PROPERTY.*—

8 “(1) *IN GENERAL.*—In the case of any qualified
9 disaster assistance property—

10 “(A) the depreciation deduction provided by
11 section 167(a) for the taxable year in which such
12 property is placed in service shall include an al-
13 lowance equal to 50 percent of the adjusted basis
14 of the qualified disaster assistance property, and

15 “(B) the adjusted basis of the qualified dis-
16 aster assistance property shall be reduced by the
17 amount of such deduction before computing the
18 amount otherwise allowable as a depreciation de-
19 duction under this chapter for such taxable year
20 and any subsequent taxable year.

21 “(2) *QUALIFIED DISASTER ASSISTANCE PROP-*
22 *ERTY.*—For purposes of this subsection—

23 “(A) *IN GENERAL.*—The term ‘qualified dis-
24 aster assistance property’ means any property—

25 “(i)(I) which is described in subsection
26 (k)(2)(A)(i), or

1 “(II) which is nonresidential real
2 property or residential rental property,

3 “(ii) substantially all of the use of
4 which is—

5 “(I) in a disaster area with re-
6 spect to a federally declared disaster
7 occurring before January 1, 2010, and

8 “(II) in the active conduct of a
9 trade or business by the taxpayer in
10 such disaster area,

11 “(iii) which—

12 “(I) rehabilitates property dam-
13 aged, or replaces property destroyed or
14 condemned, as a result of such feder-
15 ally declared disaster, except that, for
16 purposes of this clause, property shall
17 be treated as replacing property de-
18 stroyed or condemned if, as part of an
19 integrated plan, such property replaces
20 property which is included in a con-
21 tinuous area which includes real prop-
22 erty destroyed or condemned, and

23 “(II) is similar in nature to, and
24 located in the same county as, the

1 *property being rehabilitated or re-*
2 *placed,*

3 *“(iv) the original use of which in such*
4 *disaster area commences with an eligible*
5 *taxpayer on or after the applicable disaster*
6 *date,*

7 *“(v) which is acquired by such eligible*
8 *taxpayer by purchase (as defined in section*
9 *179(d)) on or after the applicable disaster*
10 *date, but only if no written binding con-*
11 *tract for the acquisition was in effect before*
12 *such date, and*

13 *“(vi) which is placed in service by such*
14 *eligible taxpayer on or before the date which*
15 *is the last day of the third calendar year*
16 *following the applicable disaster date (the*
17 *fourth calendar year in the case of nonresi-*
18 *dential real property and residential rental*
19 *property).*

20 *“(B) EXCEPTIONS.—*

21 *“(i) OTHER BONUS DEPRECIATION*
22 *PROPERTY.—The term ‘qualified disaster*
23 *assistance property’ shall not include—*

1 “(I) any property to which sub-
2 section (k) (determined without regard
3 to paragraph (4)), (l), or (m) applies,

4 “(II) any property to which sec-
5 tion 1400N(d) applies, and

6 “(III) any property described in
7 section 1400N(p)(3).

8 “(ii) *ALTERNATIVE DEPRECIATION*
9 *PROPERTY.*—The term ‘qualified disaster
10 assistance property’ shall not include any
11 property to which the alternative deprecia-
12 tion system under subsection (g) applies, de-
13 termined without regard to paragraph (7)
14 of subsection (g) (relating to election to have
15 system apply).

16 “(iii) *TAX-EXEMPT BOND FINANCED*
17 *PROPERTY.*—Such term shall not include
18 any property any portion of which is fi-
19 nanced with the proceeds of any obligation
20 the interest on which is exempt from tax
21 under section 103.

22 “(iv) *QUALIFIED REVITALIZATION*
23 *BUILDINGS.*—Such term shall not include
24 any qualified revitalization building with
25 respect to which the taxpayer has elected the

1 *application of paragraph (1) or (2) of sec-*
2 *tion 1400I(a).*

3 “(v) *ELECTION OUT.*—*If a taxpayer*
4 *makes an election under this clause with re-*
5 *spect to any class of property for any tax-*
6 *able year, this subsection shall not apply to*
7 *all property in such class placed in service*
8 *during such taxable year.*

9 “(C) *SPECIAL RULES.*—*For purposes of this*
10 *subsection, rules similar to the rules of subpara-*
11 *graph (E) of subsection (k)(2) shall apply, except*
12 *that such subparagraph shall be applied—*

13 “(i) *by substituting ‘the applicable dis-*
14 *aster date’ for ‘December 31, 2007’ each*
15 *place it appears therein,*

16 “(ii) *without regard to ‘and before*
17 *January 1, 2009’ in clause (i) thereof, and*

18 “(iii) *by substituting ‘qualified dis-*
19 *aster assistance property’ for ‘qualified*
20 *property’ in clause (iv) thereof.*

21 “(D) *ALLOWANCE AGAINST ALTERNATIVE*
22 *MINIMUM TAX.*—*For purposes of this subsection,*
23 *rules similar to the rules of subsection (k)(2)(G)*
24 *shall apply.*

1 “(3) *OTHER DEFINITIONS.*—For purposes of this
2 subsection—

3 “(A) *APPLICABLE DISASTER DATE.*—The
4 term ‘applicable disaster date’ means, with re-
5 spect to any federally declared disaster, the date
6 on which such federally declared disaster occurs.

7 “(B) *FEDERALLY DECLARED DISASTER.*—
8 The term ‘federally declared disaster’ has the
9 meaning given such term under section
10 165(h)(3)(C)(i).

11 “(C) *DISASTER AREA.*—The term ‘disaster
12 area’ has the meaning given such term under
13 section 165(h)(3)(C)(ii).

14 “(D) *ELIGIBLE TAXPAYER.*—The term ‘eli-
15 gible taxpayer’ means a taxpayer who has suf-
16 fered an economic loss attributable to a federally
17 declared disaster.

18 “(4) *RECAPTURE.*—For purposes of this sub-
19 section, rules similar to the rules under section
20 179(d)(10) shall apply with respect to any qualified
21 disaster assistance property which ceases to be quali-
22 fied disaster assistance property.”

23 “(b) *EFFECTIVE DATE.*—The amendment made by this
24 section shall apply to property placed in service after De-

1 cember 31, 2007, with respect to disasters declared after such
2 date.

3 **SEC. 711. INCREASED EXPENSING FOR QUALIFIED DIS-**
4 **ASTER ASSISTANCE PROPERTY.**

5 (a) *IN GENERAL.*—Section 179 is amended by adding
6 at the end the following new subsection:

7 “(e) *SPECIAL RULES FOR QUALIFIED DISASTER AS-*
8 *SISTANCE PROPERTY.*—

9 “(1) *IN GENERAL.*—For purposes of this sec-
10 tion—

11 “(A) the dollar amount in effect under sub-
12 section (b)(1) for the taxable year shall be in-
13 creased by the lesser of—

14 “(i) \$100,000, or

15 “(ii) the cost of qualified section 179
16 disaster assistance property placed in serv-
17 ice during the taxable year, and

18 “(B) the dollar amount in effect under sub-
19 section (b)(2) for the taxable year shall be in-
20 creased by the lesser of—

21 “(i) \$600,000, or

22 “(ii) the cost of qualified section 179
23 disaster assistance property placed in serv-
24 ice during the taxable year.

1 “(2) *QUALIFIED SECTION 179 DISASTER ASSIST-*
2 *ANCE PROPERTY.*—*For purposes of this subsection, the*
3 *term ‘qualified section 179 disaster assistance prop-*
4 *erty’ means section 179 property (as defined in sub-*
5 *section (d)) which is qualified disaster assistance*
6 *property (as defined in section 168(n)(2)).*

7 “(3) *COORDINATION WITH EMPOWERMENT ZONES*
8 *AND RENEWAL COMMUNITIES.*—*For purposes of sec-*
9 *tions 1397A and 1400J, qualified section 179 disaster*
10 *assistance property shall not be treated as qualified*
11 *zone property or qualified renewal property, unless*
12 *the taxpayer elects not to take such qualified section*
13 *179 disaster assistance property into account for pur-*
14 *poses of this subsection.*

15 “(4) *RECAPTURE.*—*For purposes of this sub-*
16 *section, rules similar to the rules under subsection*
17 *(d)(10) shall apply with respect to any qualified sec-*
18 *tion 179 disaster assistance property which ceases to*
19 *be qualified section 179 disaster assistance property.”.*

20 “(b) *EFFECTIVE DATE.*—*The amendment made by this*
21 *section shall apply to property placed in service after De-*
22 *cember 31, 2007, with respect to disasters declared after such*
23 *date.*

1 **SEC. 712. COORDINATION WITH HEARTLAND DISASTER RE-**
 2 **LIEF.**

3 *The amendments made by this subtitle, other than the*
 4 *amendments made by sections 706(a)(2), 710, and 711,*
 5 *shall not apply to any disaster described in section*
 6 *702(c)(1)(A), or to any expenditure or loss resulting from*
 7 *such disaster.*

8 **TITLE VIII—SPENDING REDUC-**
 9 **TIONS AND APPROPRIATE**
 10 **REVENUE RAISERS FOR NEW**
 11 **TAX RELIEF POLICY**

12 **SEC. 801. NONQUALIFIED DEFERRED COMPENSATION FROM**
 13 **CERTAIN TAX INDIFFERENT PARTIES.**

14 *(a) IN GENERAL.—Subpart B of part II of subchapter*
 15 *E of chapter 1 is amended by inserting after section 457*
 16 *the following new section:*

17 **“SEC. 457A. NONQUALIFIED DEFERRED COMPENSATION**
 18 **FROM CERTAIN TAX INDIFFERENT PARTIES.**

19 *“(a) IN GENERAL.—Any compensation which is de-*
 20 *ferred under a nonqualified deferred compensation plan of*
 21 *a nonqualified entity shall be includible in gross income*
 22 *when there is no substantial risk of forfeiture of the rights*
 23 *to such compensation.*

24 *“(b) NONQUALIFIED ENTITY.—For purposes of this*
 25 *section, the term ‘nonqualified entity’ means—*