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(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to provide tax relief for major disasters declared in any of calendar years 2012 through 2015, to make certain tax relief provisions permanent, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. NEAL introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide tax relief for major disasters declared in any of calendar years 2012 through 2015, to make certain tax relief provisions permanent, 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. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Give Assistance and Help to Americans impacted by Nat-
6 ural Disasters Act” or the “Give A HAND Act”.

1 (b) TABLE OF CONTENTS.—The table of contents for
2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TAX RELIEF RELATING TO DISASTERS IN 2012, 2013,
2014, AND 2015

- Sec. 101. Expensing of qualified disaster expenses.
Sec. 102. Increased limitation on charitable contributions for disaster relief.
Sec. 103. Losses attributable to disasters in 2012, 2013, 2014, and 2015.
Sec. 104. Net operating losses attributable to disasters in 2012, 2013, 2014,
and 2015.
Sec. 105. Waiver of certain mortgage revenue bond requirements following
2012, 2013, 2014, and 2015 disasters.
Sec. 106. Increased expensing and bonus depreciation for qualified disaster as-
sistance property following 2012, 2013, 2014, and 2015 disas-
ters.
Sec. 107. Increase in new markets tax credit for investments in community de-
velopment entities serving 2012, 2013, 2014, and 2015 dis-
aster areas.
Sec. 108. Special rules for use of retirement funds in connection with federally
declared disasters in 2012, 2013, 2014, and 2015.
Sec. 109. Additional exemption for housing qualified disaster displaced individ-
uals.
Sec. 110. Exclusions of certain cancellations of indebtedness by reason of 2012,
2013, 2014, and 2015 disasters.
Sec. 111. Special rule for determining earned income of individuals affected by
federally declared disasters.
Sec. 112. Increase in rehabilitation credit for buildings in 2012, 2013, 2014,
and 2015 disaster areas.
Sec. 113. Advanced refundings of certain tax-exempt bonds.
Sec. 114. Qualified disaster area recovery bonds.
Sec. 115. Additional low-income housing credit allocations.
Sec. 116. Facilitation of transfer of water leasing and water by mutual ditch
or irrigation companies in disaster areas.

TITLE II—OTHER DISASTER TAX RELIEF PROVISIONS

- Sec. 201. Exclusion for disaster mitigation payments received from State and
local governments.
Sec. 202. Natural disaster funds.

TITLE III—PERMANENT TAX DISASTER RELIEF PROVISIONS

- Sec. 301. Increase property replacement period to 5 years.
Sec. 302. Wage credit for specified disaster-damaged businesses.
Sec. 303. Disaster-related medical expenses.
Sec. 304. Expensing of qualified disaster expenses.
Sec. 305. Losses attributable to disasters.
Sec. 306. Net operating losses attributable to disasters.
Sec. 307. Special rules for use of retirement funds in connection with federally
declared disasters.
Sec. 308. Additional exemption for housing qualified disaster displaced individ-
uals.

- Sec. 309. Exclusions of certain cancellations of indebtedness by reason of disasters.
- Sec. 310. Special rule for determining earned income of individuals affected by federally declared disasters.
- Sec. 311. Qualified disaster area recovery bonds.
- Sec. 312. Additional low-income housing credit allocations.
- Sec. 313. Suspension of limitation on charitable contributions for disaster relief efforts.
- Sec. 314. Increase in New Markets Tax Credit allocations.
- Sec. 315. Increase in rehabilitation credit for buildings in disaster areas.
- Sec. 316. Waiver of certain mortgage revenue bond requirements following disasters.
- Sec. 317. Advanced refundings of certain tax-exempt bonds.
- Sec. 318. Facilitation of transfer of water leasing and water by mutual ditch or irrigation companies in disaster areas.
- Sec. 319. Exclusion of employer provided housing for individual affected by disaster.
- Sec. 320. Increased expensing and bonus depreciation for qualified disaster assistance property.
- Sec. 321. Increase in standard mileage rate for charitable use of vehicle.
- Sec. 322. Work opportunity tax credit for employees in disaster area.
- Sec. 323. Expensing for environmental remediation costs in disaster areas.
- Sec. 324. Taxpayer filing assistance.

TITLE IV—RELIEF RELATING TO PUERTO RICO AND UNITED STATES VIRGIN ISLANDS

- Sec. 401. Application of disaster-related tax relief to possessions of United States.
- Sec. 402. Application to Puerto Rico and Virgin Islands of deduction for income attributable to domestic production activities.
- Sec. 403. Full rum cover over.
- Sec. 404. Puerto Rico residents eligible for earned income tax credit.
- Sec. 405. Equitable treatment for residents of Puerto Rico with respect to the refundable portion of the child tax credit.
- Sec. 406. Technical assistance and administrative relief.

TITLE V—MEDICARE RELIEF

- Sec. 501. Medicare enrollment filing deadline relief.

1 **TITLE I—TAX RELIEF RELATING**
 2 **TO DISASTERS IN 2012, 2013,**
 3 **2014, AND 2015**

4 **SEC. 101. EXPENSING OF QUALIFIED DISASTER EXPENSES.**

- 5 (a) IN GENERAL.—Part VI of subchapter B of chap-
 6 ter 1 of the Internal Revenue Code of 1986 is amended
 7 by inserting after section 198 the following:

1 **“SEC. 198A. EXPENSING OF QUALIFIED DISASTER EX-**
2 **PENSES.**

3 “(a) IN GENERAL.—A taxpayer may elect to treat
4 any qualified disaster expenses which are paid or incurred
5 by the taxpayer as an expense which is not chargeable to
6 capital account. Any expense which is so treated shall be
7 allowed as a deduction for the taxable year in which it
8 is paid or incurred.

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

12 “(1) which is paid or incurred in connection
13 with a trade or business or with business-related
14 property,

15 “(2) which is—

16 “(A) for the abatement or control of haz-
17 arduous substances that were released on ac-
18 count of a federally declared disaster occurring
19 during the period beginning—

20 “(i) after December 31, 2007, and be-
21 fore January 1, 2010, or

22 “(ii) after December 31, 2011, and
23 before January 1, 2016,

24 “(B) for the removal of debris from, or the
25 demolition of structures on, real property which
26 is business-related property damaged or de-

1 stroyed as a result of a federally declared dis-
2 aster occurring during any such period, or

3 “(C) for the repair of business-related
4 property damaged as a result of a federally de-
5 clared disaster occurring during any such pe-
6 riod, and

7 “(3) which is otherwise chargeable to capital ac-
8 count.

9 “(c) OTHER DEFINITIONS.—For purposes of this
10 section—

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

13 “(A) held by the taxpayer for use in a
14 trade or business or for the production of in-
15 come, or

16 “(B) described in section 1221(a)(1) in the
17 hands of the taxpayer.

18 “(2) FEDERALLY DECLARED DISASTER.—The
19 term ‘federally declared disaster’ has the meaning
20 given such term by section 165(i)(5)(A).

21 “(d) DEDUCTION RECAPTURED AS ORDINARY IN-
22 COME ON SALE, ETC.—Solely for purposes of section
23 1245, in the case of property to which a qualified disaster
24 expense would have been capitalized but for this section—

1 designating subparagraphs (F) and (G) as subparagraphs
2 (G) and (H), respectively, and by inserting after subpara-
3 graph (E) the following new subparagraph:

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

6 “(i) IN GENERAL.—Any qualified dis-
7 aster contribution shall be allowed to the
8 extent that the aggregate of such contribu-
9 tions does not exceed the excess of 80 per-
10 cent of the taxpayer’s contribution base
11 over the amount of all other charitable
12 contributions allowable under this para-
13 graph.

14 “(ii) CARRYOVER.—If the aggregate
15 amount of contributions described in clause
16 (i) exceeds the limitation under clause (i),
17 such excess shall be treated (in a manner
18 consistent with the rules of subsection
19 (d)(1)) as a charitable contribution to
20 which clause (i) applies in each of the 5
21 succeeding years in order of time.

22 “(iii) COORDINATION WITH OTHER
23 SUBPARAGRAPHS.—For purposes of apply-
24 ing this subsection and subsection (d)(1),
25 contributions described in clause (i) shall

1 not be treated as described in subpara-
2 graph (A) and such subparagraph shall be
3 applied without regard to such contribu-
4 tions.

5 “(iv) QUALIFIED DISASTER CON-
6 TRIBUTIONS.—For purposes of this sub-
7 paragraph, the term ‘qualified disaster
8 contribution’ means any charitable con-
9 tribution if—

10 “(I) such contribution is for re-
11 lief efforts related to a federally de-
12 clared disaster (as defined in section
13 165(h)(3)(C)(i)),

14 “(II) such contribution is made
15 during the period beginning on the
16 applicable disaster date with respect
17 to the disaster described in subclause
18 (I) and ending on December 31,
19 2015, and

20 “(III) such contribution is made
21 in cash to an organization described
22 in subparagraph (A) (other than an
23 organization described in section
24 509(a)(3)).

1 Such term shall not include a contribution
2 if the contribution is for establishment of
3 a new, or maintenance in an existing,
4 donor advised fund (as defined in section
5 4966(d)(2)).

6 “(v) APPLICABLE DISASTER DATE.—
7 For purposes of clause (iv)(II), the term
8 ‘applicable disaster date’ means, with re-
9 spect to any federally declared disaster de-
10 scribed in clause (iv)(I), the date on which
11 the disaster giving rise to the Presidential
12 declaration described in section
13 165(i)(5)(A) occurred.

14 “(vi) SUBSTANTIATION REQUIRE-
15 MENT.—This paragraph shall not apply to
16 any qualified disaster contribution unless
17 the taxpayer obtains from such organiza-
18 tion to which the contribution was made a
19 contemporaneous written acknowledgment
20 (within the meaning of subsection (f)(8))
21 that such contribution was used (or is to
22 be used) for a purpose described in clause
23 (iv)(III).”.

24 (b) CORPORATIONS.—

1 (1) IN GENERAL.—Paragraph (2) of section
2 170(b) of the Internal Revenue Code of 1986 is
3 amended by redesignating subparagraph (D) as sub-
4 paragraph (E) and by inserting after subparagraph
5 (C) the following new subparagraph:

6 “(D) QUALIFIED DISASTER CONTRIBU-
7 TIONS.—

8 “(i) IN GENERAL.—Any qualified dis-
9 aster contribution shall be allowed to the
10 extent that the aggregate of such contribu-
11 tions does not exceed the excess of 20 per-
12 cent of the taxpayer’s taxable income over
13 the amount of charitable contributions al-
14 lowed under subparagraph (A).

15 “(ii) CARRYOVER.—If the aggregate
16 amount of contributions described in clause
17 (i) exceeds the limitation under clause (i),
18 such excess shall be treated (in a manner
19 consistent with the rules of subsection
20 (d)(1)) as a charitable contribution to
21 which clause (i) applies in each of the 5
22 succeeding years in order of time.

23 “(iii) QUALIFIED DISASTER CON-
24 TRIBUTION.—The term ‘qualified disaster

1 contribution' has the meaning given such
2 term under paragraph (2)(F)(iv).

3 “(iv) SUBSTANTIATION REQUIRE-
4 MENT.—This paragraph shall not apply to
5 any qualified disaster contribution unless
6 the taxpayer obtains from such organiza-
7 tion to which the contribution was made a
8 contemporaneous written acknowledgment
9 (within the meaning of subsection (f)(8))
10 that such contribution was used (or is to
11 be used) for a purpose described in para-
12 graph (1)(F)(iv)(III).”.

13 (2) CONFORMING AMENDMENT.—Subparagraph
14 (A) of section 170(b)(2) of such Code is amended by
15 striking “subparagraph (B) and (C) apply” and in-
16 serting “subparagraphs (B), (C) and (D) apply”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to disasters arising in taxable years
19 ending after December 31, 2011.

20 **SEC. 103. LOSSES ATTRIBUTABLE TO DISASTERS IN 2012,**
21 **2013, 2014, AND 2015.**

22 (a) IN GENERAL.—Section 165(h) of the Internal
23 Revenue Code of 1986 is amended by redesignating para-
24 graphs (3) and (4) as paragraphs (4) and (5), respectively,
25 and by inserting after paragraph (2) the following:

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

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

7 “(i) such net disaster loss, and

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

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

17 “(i) the personal casualty losses—

18 “(I) attributable to a federally
19 declared disaster occurring during the
20 period beginning after December 31,
21 2007, and before January 1, 2010, or
22 during the period beginning after De-
23 cember 31, 2011, and before January
24 1, 2016, and

1 “(II) occurring in a disaster
2 area, over

3 “(ii) personal casualty gains.

4 “(C) FEDERALLY DECLARED DISASTER.—

5 For purposes of this paragraph—

6 “(i) FEDERALLY DECLARED DIS-
7 ASTER.—The term ‘federally declared dis-
8 aster’ has the meaning given such term by
9 subsection (i)(5)(A).

10 “(ii) DISASTER AREA.—The term ‘dis-
11 aster area’ has the meaning given such
12 term by subsection (i)(5)(B).”.

13 (b) CONFORMING AMENDMENT.—Paragraph (4) of
14 section 165(h) of such Code, as so redesignated, is amend-
15 ed by striking “paragraph (2)” and inserting “paragraphs
16 (2) and (3)”.

17 (c) LOSS ALLOWED WHETHER OR NOT INDIVIDUAL
18 ITEMIZED DEDUCTIONS.—Section 62(a) of the Internal
19 Revenue Code of 1986 is amended by inserting after para-
20 graph (21) the following new paragraph:

21 “(22) DISASTER CASUALTY LOSSES.—Any net
22 disaster loss (as defined in section 165(h)(3)(B)).”.

23 (d) TECHNICAL AMENDMENT.—Subparagraph (A) of
24 section 165(i)(5) of the Internal Revenue Code of 1986
25 is amended by inserting “major” after “means any”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to disasters declared in taxable
3 years beginning after December 31, 2011.

4 (f) USE OF AMENDED INCOME TAX RETURNS TO
5 TAKE INTO ACCOUNT RECEIPT OF CERTAIN CASUALTY
6 LOSS GRANTS BY DISALLOWING PREVIOUSLY TAKEN
7 CASUALTY LOSS DEDUCTIONS.—

8 (1) IN GENERAL.—Notwithstanding any other
9 provision of the Internal Revenue Code of 1986, if
10 a taxpayer—

11 (A) claims a deduction for any taxable year
12 with respect to a casualty loss to a principal
13 residence (within the meaning of section 121 of
14 such Code) resulting from any federally de-
15 clared disaster (as defined in section
16 165(h)(3)(C) of such Code) occurring during
17 the period beginning after December 31, 2011,
18 and before January 1, 2016, and

19 (B) in a subsequent taxable year receives
20 a grant under any Federal or State program as
21 reimbursement for such loss,

22 such taxpayer may elect to file an amended income
23 tax return for the taxable year in which such deduc-
24 tion was allowed (and for any taxable year to which
25 such deduction is carried) and reduce (but not below

1 zero) the amount of such deduction by the amount
2 of such reimbursement.

3 (2) TIME OF FILING AMENDED RETURN.—

4 Paragraph (1) shall apply with respect to any grant
5 only if any amended income tax returns with respect
6 to such grant are filed not later than the later of—

7 (A) the due date for filing the tax return
8 for the taxable year in which the taxpayer re-
9 ceives such grant, or

10 (B) the date which is 1 year after the date
11 of the enactment of this Act.

12 (3) WAIVER OF PENALTIES AND INTEREST.—

13 Any underpayment of tax resulting from the reduc-
14 tion under paragraph (1) of the amount otherwise
15 allowable as a deduction shall not be subject to any
16 penalty or interest under such Code if such tax is
17 paid not later than 1 year after the filing of the
18 amended return to which such reduction relates.

19 **SEC. 104. NET OPERATING LOSSES ATTRIBUTABLE TO DIS-**
20 **ASTERS IN 2012, 2013, 2014, AND 2015.**

21 (a) IN GENERAL.—Section 172(b)(1) of the Internal
22 Revenue Code of 1986 is amended by adding at the end
23 the following:

24 “(G) CERTAIN LOSSES ATTRIBUTABLE
25 FEDERALLY DECLARED DISASTERS.—In the

1 case of a taxpayer who has a qualified disaster
2 loss (as defined in subsection (i)), such loss
3 shall be a net operating loss carryback to each
4 of the 5 taxable years preceding the taxable
5 year of such loss.”.

6 (b) RULES RELATING TO QUALIFIED DISASTER
7 LOSSES.—Section 172 of the Internal Revenue Code of
8 1986 is amended by redesignating subsection (i) a sub-
9 section (j) and by inserting after subsection (h) the fol-
10 lowing:

11 “(i) RULES RELATING TO QUALIFIED DISASTER
12 LOSSES.—For purposes of this section—

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

15 “(A) the sum of—

16 “(i) the losses allowable under section
17 165 for the taxable year—

18 “(I) attributable to a federally
19 declared disaster (as defined in sec-
20 tion 165(i)(5)(A)) occurring during
21 the period beginning after December
22 31, 2007, and before January 1,
23 2010, or during the period beginning
24 after December 31, 2011, and before
25 January 1, 2016, and

1 “(II) occurring in a disaster area
2 (as defined in section 165(i)(5)(B)),
3 and

4 “(ii) the deduction for the taxable
5 year for qualified disaster expenses which
6 is allowable under section 198A(a) or
7 which would be so allowable if not other-
8 wise treated as an expense, or

9 “(B) the net operating loss for such tax-
10 able year.

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

16 “(3) ELECTION.—Any taxpayer entitled to a 5-
17 year carryback under subsection (b)(1)(G) from any
18 loss year may elect to have the carryback period
19 with respect to such loss year determined without re-
20 gard to subsection (b)(1)(G). Such election shall be
21 made in such manner as may be prescribed by the
22 Secretary and shall be made by the due date (includ-
23 ing extensions of time) for filing the taxpayer’s re-
24 turn for the taxable year of the net operating loss.

1 Such election, once made for any taxable year, shall
2 be irrevocable for such taxable year.

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

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to losses arising in taxable years
8 beginning after December 31, 2011, in connection with
9 disasters declared after such date.

10 **SEC. 105. WAIVER OF CERTAIN MORTGAGE REVENUE BOND**
11 **REQUIREMENTS FOLLOWING 2012, 2013, 2014,**
12 **AND 2015 DISASTERS.**

13 (a) IN GENERAL.—Paragraph (13) of section 143(k)
14 of the Internal Revenue Code of 1986 is amended—

15 (1) in clause (i), by striking “before January 1,
16 2010” and inserting “during the period beginning
17 after December 31, 2007, and before January 1,
18 2010, or during the period beginning after Decem-
19 ber 31, 2011, and before January 1, 2016”, and

20 (2) in clause (ii), by striking “before such date”
21 and inserting “during either such period”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to disasters occurring after Decem-
24 ber 31, 2011.

1 **SEC. 106. INCREASED EXPENSING AND BONUS DEPRECIATION FOR QUALIFIED DISASTER ASSISTANCE**
2 **PROPERTY FOLLOWING 2012, 2013, 2014, AND**
3 **2015 DISASTERS.**
4

5 (a) **IN GENERAL.**—Subclause (I) of section
6 168(n)(2)(A)(ii) of the Internal Revenue Code of 1986 is
7 amended by striking “before January 1, 2010” and insert-
8 ing “during the period beginning after December 31,
9 2007, and before January 1, 2010, or during the period
10 beginning after December 31, 2011, and before January
11 1, 2016”.

12 (b) **REMOVAL OF EXCLUSION.**—Section
13 168(n)(2)(B)(i) of such Code is amended by inserting
14 “and” at the end of subclause (I), by striking “, and”
15 at the end of subclause (II) and inserting a period, and
16 by striking subclause (III).

17 (c) **EFFECTIVE DATE.**—The amendments made by
18 this section shall apply to property placed in service after
19 December 31, 2011, with respect to disasters declared
20 after such date.

1 **SEC. 107. INCREASE IN NEW MARKETS TAX CREDIT FOR IN-**
2 **VESTMENTS IN COMMUNITY DEVELOPMENT**
3 **ENTITIES SERVING 2012, 2013, 2014, AND 2015**
4 **DISASTER AREAS.**

5 (a) IN GENERAL.—Subsection (f) of section 45D of
6 the Internal Revenue Code of 1986 is amended by adding
7 at the end the following new paragraph:

8 “(4) INCREASED SPECIAL ALLOCATION FOR
9 COMMUNITY DEVELOPMENT ENTITIES SERVING DIS-
10 ASTER AREAS WITH RESPECT TO DISASTERS OCCUR-
11 RING IN ANY OF CALENDAR YEARS 2012 THROUGH
12 2015.—

13 “(A) IN GENERAL.—In the case of each
14 calendar year which begins after 2012 and be-
15 fore 2017, the new markets tax credit limitation
16 shall be increased by an amount equal to
17 \$500,000,000, to be allocated among qualified
18 community development entities to make quali-
19 fied low-income community investments within
20 any covered federally declared disaster area.

21 “(B) ALLOCATION OF INCREASE.—The
22 amount of the increase in limitation under sub-
23 paragraph (A) shall be allocated by the Sec-
24 retary under paragraph (2) to qualified commu-
25 nity development entities and shall give priority
26 to such entities with a record of having success-

1 fully provided capital or technical assistance to
2 businesses or communities within any covered
3 federally declared disaster area or areas for
4 which the allocation is requested.

5 “(C) APPLICATION OF CARRYFORWARD.—
6 Paragraph (3) shall be applied separately with
7 respect to the amount of any increase under
8 subparagraph (A).

9 “(D) COVERED FEDERALLY DECLARED
10 DISASTER AREA.—For purposes of this para-
11 graph, the term ‘covered federally declared dis-
12 aster area’ means any disaster area resulting
13 from any federally declared disaster occurring
14 after December 31, 2011, and before January
15 1, 2016. For purposes of the preceding sen-
16 tence, the terms ‘federally declared disaster’
17 and ‘disaster area’ have the meanings given
18 such terms in section 165(i)(5).”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to calendar years beginning after
21 2012.

1 **SEC. 108. SPECIAL RULES FOR USE OF RETIREMENT FUNDS**
2 **IN CONNECTION WITH FEDERALLY DE-**
3 **CLARED DISASTERS IN 2012, 2013, 2014, AND**
4 **2015.**

5 (a) TAX-FAVORED WITHDRAWALS FROM RETIRE-
6 MENT PLANS.—

7 (1) IN GENERAL.—Paragraph (2) of section
8 72(t) of the Internal Revenue Code of 1986 is
9 amended by adding at the end the following new
10 subparagraph:

11 “(H) DISTRIBUTIONS FROM RETIREMENT
12 PLANS IN CONNECTION WITH FEDERALLY DE-
13 CLARED DISASTERS DURING IN ANY CALENDAR
14 YEARS AFTER 2011.—Any qualified disaster re-
15 covery distribution.”.

16 (2) QUALIFIED DISASTER RECOVERY DISTRIBU-
17 TION.—Section 72(t) of such Code is amended by
18 adding at the end the following new paragraph:

19 “(11) QUALIFIED DISASTER RECOVERY DIS-
20 TRIBUTION.—For purposes of paragraph (2)(H)—

21 “(A) IN GENERAL.—Except as provided in
22 subparagraph (B), the term ‘qualified disaster
23 recovery distribution’ means, with respect to
24 any federally declared disaster occurring in any
25 calendar year beginning after 2011 and before
26 January 1, 2016, any distribution from an eli-

1 gible retirement plan made on or after the ap-
2 plicable disaster date and before the date that
3 is 1 year after the applicable disaster date, to
4 an individual whose principal place of abode on
5 the applicable disaster date, is located in the
6 disaster area and who has sustained an eco-
7 nomic loss by reason of such federally declared
8 disaster.

9 “(B) DOLLAR LIMITATION.—

10 “(i) IN GENERAL.—For purposes of
11 this subsection, the aggregate amount of
12 distributions received by an individual with
13 respect to any federally declared disaster
14 occurring during in any calendar year be-
15 ginning after 2011 shall not exceed
16 \$100,000.

17 “(ii) TREATMENT OF PLAN DISTRIBUTI-
18 ONS.—If a distribution to an individual
19 would (without regard to clause (i)) be a
20 qualified disaster recovery distribution, a
21 plan shall not be treated as violating any
22 requirement of this title merely because
23 the plan treats such distribution as a
24 qualified disaster recovery distribution, un-
25 less the aggregate amount of such distribu-

1 tions from all plans maintained by the em-
2 ployer (and any member of any controlled
3 group which includes the employer) to such
4 individual with respect to any federally de-
5 clared disaster occurring in any calendar
6 year beginning after 2011 exceeds
7 \$100,000.

8 “(iii) CONTROLLED GROUP.—For pur-
9 poses of clause (ii), the term ‘controlled
10 group’ means any group treated as a single
11 employer under subsection (b), (c), (m), or
12 (o) of section 414.

13 “(C) AMOUNT DISTRIBUTED MAY BE RE-
14 PAID.—

15 “(i) IN GENERAL.—Any individual
16 who receives a qualified disaster recovery
17 distribution may, at any time during the 3-
18 year period beginning on the day after the
19 date on which such distribution was re-
20 ceived, make one or more contributions in
21 an aggregate amount not to exceed the
22 amount of such distribution to an eligible
23 retirement plan of which such individual is
24 a beneficiary and to which a rollover con-
25 tribution of such distribution could be

1 made under section 402(c), 403(a)(4),
2 403(b)(8), 408(d)(3), or 457(e)(16), as the
3 case may be.

4 “(ii) TREATMENT OF REPAYMENTS OF
5 DISTRIBUTIONS FROM ELIGIBLE RETIRE-
6 MENT PLANS OTHER THAN IRAS.—For
7 purposes of this title, if a contribution is
8 made pursuant to clause (i) with respect to
9 a qualified disaster recovery distribution
10 from an eligible retirement plan other than
11 an individual retirement plan, then the tax-
12 payer shall, to the extent of the amount of
13 the contribution, be treated as having re-
14 ceived the qualified disaster recovery dis-
15 tribution in an eligible rollover distribution
16 (as defined in section 402(c)(4)) and as
17 having transferred the amount to the eligi-
18 ble retirement plan in a direct trustee to
19 trustee transfer within 60 days of the dis-
20 tribution.

21 “(iii) TREATMENT OF REPAYMENTS
22 FOR DISTRIBUTIONS FROM IRAS.—For
23 purposes of this title, if a contribution is
24 made pursuant to clause (i) with respect to
25 a qualified disaster recovery distribution

1 from an individual retirement plan (as de-
2 fined by section 7701(a)(37)), then, to the
3 extent of the amount of the contribution,
4 the qualified disaster recovery distribution
5 shall be treated as a distribution described
6 in section 408(d)(3) and as having been
7 transferred to the eligible retirement plan
8 in a direct trustee to trustee transfer with-
9 in 60 days of the distribution.

10 “(D) INCOME INCLUSION SPREAD OVER 3-
11 YEAR PERIOD.—

12 “(i) IN GENERAL.—In the case of any
13 qualified disaster recovery distribution, un-
14 less the taxpayer elects not to have this
15 paragraph apply for any taxable year, any
16 amount required to be included in gross in-
17 come for such taxable year shall be so in-
18 cluded ratably over the 3-taxable-year pe-
19 riod beginning with such taxable year.

20 “(ii) SPECIAL RULE.—For purposes of
21 clause (i), rules similar to the rules of sub-
22 paragraph (E) of section 408A(d)(3) shall
23 apply.

24 “(E) OTHER DEFINITIONS.—

1 “(i) FEDERALLY DECLARED DIS-
2 ASTER; DISASTER AREA.—The terms ‘fed-
3 erally declared disaster’ and ‘disaster area’
4 have the meanings given such terms under
5 section 165(i)(5).

6 “(ii) APPLICABLE DISASTER DATE.—
7 The term ‘applicable disaster date’ means,
8 with respect to any federally declared dis-
9 aster, the date on which such federally de-
10 clared disaster occurs.

11 “(iii) ELIGIBLE RETIREMENT PLAN.—
12 The term ‘eligible retirement plan’ shall
13 have the meaning given such term by sec-
14 tion 402(c)(8)(B).

15 “(F) SPECIAL RULES.—

16 “(i) EXEMPTION OF DISTRIBUTIONS
17 FROM TRUSTEE TO TRUSTEE TRANSFER
18 AND WITHHOLDING RULES.—For purposes
19 of sections 401(a)(31), 402(f), and 3405,
20 qualified disaster recovery distributions
21 shall not be treated as eligible rollover dis-
22 tributions.

23 “(ii) QUALIFIED DISASTER RECOVERY
24 DISTRIBUTIONS TREATED AS MEETING
25 PLAN DISTRIBUTION REQUIREMENTS.—

1 For purposes of this title, a qualified dis-
2 aster recovery distribution shall be treated
3 as meeting the requirements of sections
4 401(k)(2)(B)(i), 403(b)(7)(A)(ii),
5 403(b)(11), and 457(d)(1)(A).”.

6 (3) EFFECTIVE DATE.—The amendments made
7 by this subsection shall apply to distributions with
8 respect to disaster declared after December 31,
9 2011.

10 (b) LOANS FROM QUALIFIED PLANS.—

11 (1) IN GENERAL.—Subsection (p) of section 72
12 of the Internal Revenue Code of 1986 is amended by
13 adding at the end the following new paragraph:

14 “(6) INCREASE IN LIMIT ON LOANS NOT TREAT-
15 ED AS DISTRIBUTIONS WITH RESPECT TO DISASTERS
16 IN ANY CALENDAR YEAR AFTER 2011.—

17 “(A) IN GENERAL.—In the case of any
18 loan from a qualified employer plan to a quali-
19 fied individual made during the applicable pe-
20 riod—

21 “(i) clause (i) of paragraph (2)(A)
22 shall be applied by substituting ‘\$100,000’
23 for ‘\$50,000’, and

24 “(ii) clause (ii) of such paragraph
25 shall be applied by substituting ‘the

1 present value of the nonforfeitable accrued
2 benefit of the employee under the plan’ for
3 ‘one-half of the present value of the non-
4 forfeitable accrued benefit of the employee
5 under the plan’.

6 “(B) DELAY OF REPAYMENT.—In the case
7 of a qualified individual with an outstanding
8 loan on or after the applicable disaster date
9 from a qualified employer plan—

10 “(i) if the due date pursuant to sub-
11 paragraph (B) or (C) of paragraph (2) for
12 any repayment with respect to such loan
13 occurs during the 1-year period beginning
14 on the applicable disaster date, such due
15 date shall be delayed for 1 year,

16 “(ii) any subsequent repayments with
17 respect to any such loan shall be appro-
18 priately adjusted to reflect the delay in the
19 due date under clause (i) and any interest
20 accruing during such delay, and

21 “(iii) in determining the 5-year period
22 and the term of a loan under subpara-
23 graph (B) or (C) of paragraph (2), the pe-
24 riod described in clause (i) shall be dis-
25 regarded.

1 “(C) DEFINITIONS.—For purposes of this
2 paragraph—

3 “(i) QUALIFIED INDIVIDUAL.—The
4 term ‘qualified individual’ means, with re-
5 spect to any federally declared disaster oc-
6 ccurring during in any calendar year begin-
7 ning after 2011, an individual whose prin-
8 cipal place of abode on the applicable dis-
9 aster date is located in the disaster area
10 and who has sustained an economic loss by
11 reason of such federally declared disaster.

12 “(ii) APPLICABLE PERIOD.—The ap-
13 plicable period is the period beginning on
14 the applicable disaster date and ending on
15 December 31, 2016.

16 “(iii) FEDERALLY DECLARED DIS-
17 ASTER; DISASTER AREA.—The terms ‘fed-
18 erally declared disaster’ and ‘disaster area’
19 have the meanings given such terms under
20 section 165(i)(5).

21 “(iv) APPLICABLE DISASTER DATE.—
22 The term ‘applicable disaster date’ means,
23 with respect to any federally declared dis-
24 aster, the date on which such federally de-
25 clared disaster occurs.”.

1 (2) EFFECTIVE DATE.—The amendment made
2 by this subsection shall apply to loans made with re-
3 spect to disaster declared after December 31, 2011.

4 (c) PROVISIONS RELATING TO PLAN AMEND-
5 MENTS.—

6 (1) IN GENERAL.—If this subsection applies to
7 any amendment to any plan or annuity contract,
8 such plan or contract shall be treated as being oper-
9 ated in accordance with the terms of the plan during
10 the period described in paragraph (2)(B)(i).

11 (2) AMENDMENTS TO WHICH SUBSECTION AP-
12 PLIES.—

13 (A) IN GENERAL.—This subsection shall
14 apply to any amendment to any plan or annuity
15 contract which is made—

16 (i) pursuant to any provision of, or
17 amendment made by, this section, or pur-
18 suant to any regulation issued by the Sec-
19 retary or the Secretary of Labor under any
20 provision of, or amendment made by, this
21 section, and

22 (ii) on or before the last day of the
23 first plan year beginning on or after Janu-
24 ary 1, 2016, or such later date as the Sec-
25 retary may prescribe.

1 In the case of a governmental plan (as defined
2 in section 414(d)), clause (ii) shall be applied
3 by substituting the date which is 2 years after
4 the date otherwise applied under clause (ii).

5 (B) CONDITIONS.—This subsection shall
6 not apply to any amendment unless—

7 (i) during the period—

8 (I) beginning on the date that
9 the provisions of, and amendments
10 made by, this section or the regulation
11 described in subparagraph (A)(i)
12 takes effect (or in the case of a plan
13 or contract amendment not required
14 by the provisions of, or amendments
15 made by, this section or such regula-
16 tion, the effective date specified by the
17 plan), and

18 (II) ending on the date described
19 in subparagraph (A)(ii) (or, if earlier,
20 the date the plan or contract amend-
21 ment is adopted),

22 the plan or contract is operated as if such
23 plan or contract amendment were in effect,
24 and

1 (ii) such plan or contract amendment
2 applies retroactively for such period.

3 **SEC. 109. ADDITIONAL EXEMPTION FOR HOUSING QUALI-**
4 **FIED DISASTER DISPLACED INDIVIDUALS.**

5 (a) IN GENERAL.—Section 151 of the Internal Rev-
6 enue Code of 1986 is amended by adding at the end the
7 following new subsection:

8 “(f) ADDITIONAL EXEMPTION FOR CERTAIN DIS-
9 ASTER-DISPLACED INDIVIDUALS.—

10 “(1) IN GENERAL.—In the case of any taxable
11 year beginning in any calendar year beginning after
12 2011, there shall be allowed an exemption of \$500
13 for each qualified disaster-displaced individual with
14 respect to the taxpayer for the taxable year.

15 “(2) LIMITATIONS.—

16 “(A) DOLLAR LIMITATION.—The exemp-
17 tion under paragraph (1) shall not exceed
18 \$2,000, reduced by the amount of the exemp-
19 tion under this subsection for all prior taxable
20 years.

21 “(B) INDIVIDUALS TAKEN INTO ACCOUNT
22 ONLY ONCE.—An individual shall not be taken
23 into account under paragraph (1) if such indi-
24 vidual was taken into account under this sub-

1 section by the taxpayer for any prior taxable
2 year.

3 “(C) IDENTIFYING INFORMATION RE-
4 QUIRED.—An individual shall not be taken into
5 account under paragraph (1) for a taxable year
6 unless the taxpayer identification number of
7 such individual is included on the return of the
8 taxpayer for such taxable year.

9 “(3) QUALIFIED DISASTER-DISPLACED INDI-
10 VIDUAL.—

11 “(A) IN GENERAL.—For purposes of this
12 subsection, the term ‘qualified disaster-dis-
13 placed individual’ means, with respect to any
14 taxpayer for any taxable year, any qualified in-
15 dividual if such individual is provided housing
16 free of charge by the taxpayer in the principal
17 residence of the taxpayer for a period of 60
18 consecutive days which ends in such taxable
19 year. Such term shall not include the spouse or
20 any dependent of the taxpayer.

21 “(B) QUALIFIED INDIVIDUAL.—The term
22 ‘qualified individual’ means any individual
23 who—

24 “(i) on the date of a federally declared
25 disaster occurring in calendar years begin-

1 ning after 2011 and before 2016 main-
2 tained such individual's principal place of
3 abode in the disaster area declared with re-
4 spect to such disaster, and

5 “(ii) was displaced from such prin-
6 cipal place of abode by reason of the feder-
7 ally declared disaster.

8 For purposes of the preceding sentence, the
9 terms ‘federally declared disaster’ and ‘disaster
10 area’ have the meanings given such terms in
11 section 165(i)(5).

12 “(4) COMPENSATION FOR HOUSING.—No de-
13 duction shall be allowed under this subsection if the
14 taxpayer receives any rent or other amount (from
15 any source) in connection with the providing of such
16 housing.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to taxable years beginning after
19 December 31, 2011.

20 **SEC. 110. EXCLUSIONS OF CERTAIN CANCELLATIONS OF IN-**
21 **DEBTEDNESS BY REASON OF 2012, 2013, 2014,**
22 **AND 2015 DISASTERS.**

23 (a) IN GENERAL.—Section 108 of the Internal Rev-
24 enue Code of 1986 is amended by adding at the end the
25 following new subsection:

1 “(j) DISCHARGE OF INDEBTEDNESS FOR INDIVID-
2 UALS AFFECTED BY DISASTERS IN ANY CALENDAR YEAR
3 AFTER 2011.—

4 “(1) IN GENERAL.—Except as provided in para-
5 graph (2), gross income shall not include any
6 amount which (but for this subsection) would be in-
7 cludible in gross income by reason of any discharge
8 (in whole or in part) of indebtedness of a natural
9 person described in paragraph (3) by an applicable
10 entity (as defined in section 6050P(c)(1)) during the
11 applicable period.

12 “(2) EXCEPTIONS FOR BUSINESS INDEBTED-
13 NESS.—Paragraph (1) shall not apply to any indebt-
14 edness incurred in connection with a trade or busi-
15 ness.

16 “(3) PERSONS DESCRIBED.—A natural person
17 is described in this paragraph if the principal place
18 of abode of such person on the applicable disaster
19 date was located in the disaster area with respect to
20 any federally declared disaster occurring during any
21 calendar year beginning after 2011 and before 2016.

22 “(4) APPLICABLE PERIOD.—For purposes of
23 this subsection, the term ‘applicable period’ means
24 the period beginning on the applicable disaster date

1 and ending on the date which is 14 months after
2 such date.

3 “(5) OTHER DEFINITIONS.—For purposes of
4 this subsection—

5 “(A) FEDERALLY DECLARED DISASTER;
6 DISASTER AREA.—The terms ‘federally declared
7 disaster’ and ‘disaster area’ have the meanings
8 given such terms under section 165(i)(5).

9 “(B) APPLICABLE DISASTER DATE.—The
10 term ‘applicable disaster date’ means, with re-
11 spect to any federally declared disaster, the
12 date on which such federally declared disaster
13 occurs.”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to discharges made on or after De-
16 cember 31, 2011.

17 **SEC. 111. SPECIAL RULE FOR DETERMINING EARNED IN-**
18 **COME OF INDIVIDUALS AFFECTED BY FEDER-**
19 **ALLY DECLARED DISASTERS.**

20 (a) IN GENERAL.—Section 32 of the Internal Rev-
21 enue Code of 1986 is amended by adding at the end the
22 following new subsection:

23 “(n) SPECIAL RULE FOR DETERMINING EARNED IN-
24 COME OF TAXPAYERS AFFECTED BY FEDERALLY DE-
25 CLARED DISASTERS.—

1 “(1) IN GENERAL.—In the case of a qualified
2 individual with respect to any federally declared dis-
3 aster occurring during any calendar year beginning
4 after 2011, if the earned income of the taxpayer for
5 the taxable year which includes the applicable dis-
6 aster date is less than the earned income of the tax-
7 payer for the preceding taxable year, the credit al-
8 lowed under this section and section 24(d) may, at
9 the election of the taxpayer, be determined by sub-
10 stituting—

11 “(A) such earned income for the preceding
12 taxable year, for

13 “(B) such earned income for the taxable
14 year which includes the applicable date.

15 “(2) QUALIFIED INDIVIDUAL.—For purposes of
16 this subsection, the term ‘qualified individual’
17 means, with respect to any federally declared dis-
18 aster occurring during in any calendar year begin-
19 ning after 2011 and before 2016, any individual
20 whose principal place of abode on the applicable dis-
21 aster date, was located—

22 “(A) in any portion of a disaster area de-
23 termined by the President to warrant individual
24 or individual and public assistance under the
25 Robert T. Stafford Disaster Relief and Emer-

1 agency Assistance Act by reason of the federally
2 declared disaster, or

3 “(B) in any portion of the disaster area
4 not described in subparagraph (A) and such in-
5 dividual was displaced from such principal place
6 of abode by reason of the federally declared dis-
7 aster.

8 “(3) OTHER DEFINITIONS.—For purposes of
9 this paragraph—

10 “(A) FEDERALLY DECLARED DISASTER;
11 DISASTER AREA.—The terms ‘federally declared
12 disaster’ and ‘disaster area’ have the meanings
13 given such terms under section 165(i)(5).

14 “(B) APPLICABLE DISASTER DATE.—The
15 term ‘applicable disaster date’ means, with re-
16 spect to any federally declared disaster, the
17 date on which such federally declared disaster
18 occurs.

19 “(4) SPECIAL RULES.—

20 “(A) APPLICATION TO JOINT RETURNS.—
21 For purposes of paragraph (1), in the case of
22 a joint return for a taxable year which includes
23 the disaster date—

24 “(i) such paragraph shall apply if ei-
25 ther spouse is a qualified individual, and

1 “(ii) the earned income of the tax-
2 payer for the preceding taxable year shall
3 be the sum of the earned income of each
4 spouse for such preceding taxable year.

5 “(B) UNIFORM APPLICATION OF ELEC-
6 TION.—Any election made under paragraph (1)
7 shall apply with respect to both section 24(d)
8 and this section.

9 “(C) ERRORS TREATED AS MATHEMATICAL
10 ERROR.—For purposes of section 6213, an in-
11 correct use on a return of earned income pursu-
12 ant to paragraph (1) shall be treated as a
13 mathematical or clerical error.

14 “(D) NO EFFECT ON DETERMINATION OF
15 GROSS INCOME, ETC.—Except as otherwise pro-
16 vided in this subsection, this title shall be ap-
17 plied without regard to any substitution under
18 paragraph (1).”.

19 (b) CHILD TAX CREDIT.—Section 24(d) of the Inter-
20 nal Revenue Code of 1986 is amended by inserting after
21 paragraph (2) the following new paragraph:

22 “(3) SPECIAL RULE FOR DETERMINING
23 EARNED INCOME OF TAXPAYERS AFFECTED BY FED-
24 ERALLY DECLARED DISASTERS.—For election by
25 qualified individuals with respect to certain federally

1 declared disasters to substitute earned income from
2 the preceding taxable year, see section 32(n).”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2011.

6 **SEC. 112. INCREASE IN REHABILITATION CREDIT FOR**
7 **BUILDINGS IN 2012, 2013, 2014, AND 2015 DIS-**
8 **ASTER AREAS.**

9 (a) IN GENERAL.—Section 47 of the Internal Rev-
10 enue Code of 1986 is amended by adding at the end the
11 following new subsection:

12 “(e) SPECIAL RULE FOR EXPENDITURES MADE IN
13 CONNECTION WITH CERTAIN DISASTERS.—

14 “(1) IN GENERAL.—In the case of qualified re-
15 habilitation expenditures paid or incurred during the
16 applicable period with respect to any qualified reha-
17 bilitated building or certified historic structure lo-
18 cated in a disaster area with respect to any federally
19 declared disaster occurring in, subsection (a) shall
20 be applied—

21 “(A) by substituting ‘13 percent’ for ‘10
22 percent’ in paragraph (1) thereof, and

23 “(B) by substituting ‘26 percent’ for ‘20
24 percent’ in paragraph (2) thereof.

1 “(2) DEFINITIONS.—For purposes of this sub-
2 section—

3 “(A) FEDERALLY DECLARED DISASTER;
4 DISASTER AREA.—The terms ‘federally declared
5 disaster’ and ‘disaster area’ have the meanings
6 given such terms under section 165(i)(5).

7 “(B) APPLICABLE PERIOD.—The term ‘ap-
8 plicable period’ means the period beginning on
9 the applicable disaster date and ending on De-
10 cember 31, 2015.

11 “(C) APPLICABLE DISASTER DATE.—The
12 term ‘applicable disaster date’ means, with re-
13 spect to any federally declared disaster, the
14 date on which such federally declared disaster
15 occurs.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to amounts paid or incurred after
18 December 31, 2011.

19 **SEC. 113. ADVANCED REFUNDINGS OF CERTAIN TAX-EX-**
20 **EMPT BONDS.**

21 (a) IN GENERAL.—Section 149(d) of the Internal
22 Revenue Code of 1986 is amended by redesignating para-
23 graph (7) as paragraph (8) and by inserting after para-
24 graph (6) the following new paragraph:

1 “(7) SPECIAL RULE WITH RESPECT TO CER-
2 TAIN NATURAL DISASTERS.—

3 “(A) IN GENERAL.—With respect to a
4 bond described in subparagraph (C), one addi-
5 tional advance refunding after the date of the
6 enactment of this paragraph and before Janu-
7 ary 1, 2018, shall be allowed under the rules of
8 this subsection if—

9 “(i) the Governor of the State des-
10 ignates the advance refunding bond for
11 purposes of this subsection, and

12 “(ii) the requirements of subpara-
13 graph (E) are met.

14 “(B) CERTAIN PRIVATE ACTIVITY
15 BONDS.—With respect to a bond described in
16 subparagraph (C) which is an exempt facility
17 bond described in paragraph (1) or (2) of sec-
18 tion 142(a), one advance refunding after the
19 date of the enactment of this paragraph and be-
20 fore January 1, 2018, shall be allowed under
21 the applicable rules of this subsection (notwith-
22 standing paragraph (2) thereof) if the require-
23 ments of clauses (i) and (ii) of subparagraph
24 (A) are met.

1 “(C) BONDS DESCRIBED.—A bond is de-
2 scribed in this paragraph if, with respect to any
3 federally declared disaster, such bond—

4 “(i) was outstanding on the applicable
5 disaster date, and

6 “(ii) is issued by an applicable State
7 or a political subdivision thereof.

8 “(D) AGGREGATE LIMIT.—The maximum
9 aggregate face amount of bonds which may be
10 designated under this subsection by the Gov-
11 ernor of a State shall not exceed
12 \$4,500,000,000.

13 “(E) ADDITIONAL REQUIREMENTS.—The
14 requirements of this subparagraph are met with
15 respect to any advance refunding of a bond de-
16 scribed in subparagraph (C) if—

17 “(i) no advance refundings of such
18 bond would be allowed under this title on
19 or after the applicable disaster date,

20 “(ii) the advance refunding bond is
21 the only other outstanding bond with re-
22 spect to the refunded bond, and

23 “(iii) the requirements of section 148
24 are met with respect to all bonds issued
25 under this paragraph.

1 “(F) DEFINITIONS.—For purposes of this
2 subsection—

3 “(i) FEDERALLY DECLARED DIS-
4 ASTER; DISASTER AREA.—The terms ‘fed-
5 erally declared disaster’ and ‘disaster area’
6 have the meanings given such terms under
7 section 165(i)(5).

8 “(ii) APPLICABLE DISASTER DATE.—
9 The term ‘applicable disaster date’ means,
10 with respect to any federally declared dis-
11 aster, the date on which such federally de-
12 clared disaster occurs.

13 “(iii) APPLICABLE STATE.—The term
14 ‘applicable State’ means, with respect to
15 any federally declared disaster, any State
16 in which a portion of the disaster area is
17 located.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to bonds issued after the date of
20 the enactment of this Act.

21 **SEC. 114. QUALIFIED DISASTER AREA RECOVERY BONDS.**

22 (a) IN GENERAL.—Subpart A of part IV of sub-
23 chapter B of chapter 1 of the Internal Revenue Code of
24 1986 is amended by inserting after section 146 the fol-
25 lowing new section:

1 **“SEC. 146A. QUALIFIED DISASTER AREA RECOVERY BONDS.**

2 “(a) IN GENERAL.—For purposes of this title, any
3 qualified disaster area recovery bond shall—

4 “(1) be treated as an exempt facility bond, and

5 “(2) not be subject to section 146.

6 “(b) QUALIFIED DISASTER AREA RECOVERY
7 BOND.—For purposes of this section, the term ‘qualified
8 disaster area recovery bond’ means any bond issued as
9 part of an issue if—

10 “(1) 95 percent or more of the net proceeds of
11 such issue are to be used for qualified project costs,

12 “(2) such bond is issued by a State or any po-
13 litical subdivision thereof any part of which is in a
14 qualified disaster area,

15 “(3) the Governor of the issuing State des-
16 ignates such bond for purposes of this section, and

17 “(4) such bond is issued after the date of the
18 enactment of this section and before January 1,
19 2017.

20 “(c) LIMITATION ON AMOUNT OF BONDS.—

21 “(1) IN GENERAL.—The maximum aggregate
22 face amount of bonds which may be designated
23 under this section by any State shall not exceed
24 \$10,000,000,000.

1 “(2) MOVABLE PROPERTY.—No bonds shall be
2 issued which are to be used for movable fixtures and
3 equipment.

4 “(3) TREATMENT OF CURRENT REFUNDING
5 BONDS.—Paragraph (1) shall not apply to any bond
6 (or series of bonds) issued to refund a qualified dis-
7 aster area recovery bond, if—

8 “(A) the average maturity date of the issue
9 of which the refunding bond is a part is not
10 later than the average maturity date of the
11 bonds to be refunded by such issue,

12 “(B) the amount of the refunding bond
13 does not exceed the outstanding amount of the
14 refunded bond, and

15 “(C) the net proceeds of the refunding
16 bond are used to redeem the refunded bond not
17 later than 90 days after the date of the
18 issuance of the refunding bond.

19 For purposes of subparagraph (A), average maturity
20 shall be determined in accordance with section
21 147(b)(2)(A).

22 “(d) QUALIFIED PROJECT COSTS.—For purposes of
23 this section, the term ‘qualified project costs’ means the
24 cost of acquisition, construction, reconstruction, and ren-
25 ovation of—

1 “(1) residential rental property (as defined in
2 section 142(d)),

3 “(2) nonresidential real property (including
4 fixed improvements associated with such property),

5 “(3) a facility described in paragraph (2) or (3)
6 of section 142(a), or

7 “(4) public utility property (as defined in sec-
8 tion 168(i)(10)),

9 which is located in a qualified disaster area and was dam-
10 aged or destroyed by reason of a federally declared dis-
11 aster.

12 “(e) SPECIAL RULES.—In applying this title to any
13 qualified disaster area recovery bond, the following modi-
14 fications shall apply:

15 “(1) Section 147(d) (relating to acquisition of
16 existing property not permitted) shall be applied by
17 substituting ‘50 percent’ for ‘15 percent’ each place
18 it appears.

19 “(2) Section 148(f)(4)(C) (relating to exception
20 from rebate for certain proceeds to be used to fi-
21 nance construction expenditures) shall apply to the
22 available construction proceeds of bonds issued
23 under this section. For purposes of the preceding
24 sentence, the following spending requirements shall

1 apply in lieu of the requirements in clause (ii) of
2 such section:

3 “(A) 40 percent of such available construc-
4 tion proceeds are spent for the governmental
5 purposes of the issue within the 2-year period
6 beginning on the date the bonds are issued.

7 “(B) 60 percent of such proceeds are spent
8 for such purposes within the 3-year period be-
9 ginning on such date.

10 “(C) 80 percent of such proceeds are spent
11 for such purposes within the 4-year period be-
12 ginning on such date.

13 “(D) 100 percent of such proceeds are
14 spent for such purposes within the 5-year pe-
15 riod beginning on such date.

16 “(3) Repayments of principal on financing pro-
17 vided by the issue—

18 “(A) may not be used to provide financing,
19 and

20 “(B) must be used not later than the close
21 of the first semiannual period beginning after
22 the date of the repayment to redeem bonds
23 which are part of such issue.

24 The requirement of subparagraph (B) shall be treat-
25 ed as met with respect to amounts received within

1 5 years after the date of issuance of the issue (or,
2 in the case of a refunding bond, the date of issuance
3 of the original bond) if such amounts are used by
4 the close of such 5 years to redeem bonds which are
5 part of such issue.

6 “(4) Section 57(a)(5) shall not apply.

7 “(f) SEPARATE ISSUE TREATMENT OF PORTIONS OF
8 AN ISSUE.—This section shall not apply to the portion of
9 an issue which (if issued as a separate issue) would be
10 treated as a qualified bond or as a bond that is not a
11 private activity bond (determined without regard to para-
12 graph (1)), if the issuer elects to so treat such portion.

13 “(g) QUALIFIED DISASTER AREA; FEDERALLY DE-
14 CLARED DISASTER.—

15 “(1) QUALIFIED DISASTER AREA.—The term
16 ‘qualified disaster area’ means any area determined
17 to warrant individual or individual and public assist-
18 ance from the Federal Government under the Robert
19 T. Stafford Disaster Relief and Emergency Assist-
20 ance Act by reason of a federally declared disaster
21 occurring during the period beginning after Decem-
22 ber 31, 2011, and before January 1, 2016.

23 “(2) FEDERALLY DECLARED DISASTER.—The
24 term ‘federally declared disaster’ has the meaning
25 given to such term under section 165(i)(5).”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for subpart A of part IV of subchapter B of chapter 1
3 of such Code is amended by inserting after the item relat-
4 ing to section 146 the following new item:

“Sec. 146A. Qualified disaster area recovery bonds.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to obligations issued after Decem-
7 ber 31, 2015.

8 **SEC. 115. ADDITIONAL LOW-INCOME HOUSING CREDIT AL-**
9 **LOCATIONS.**

10 (a) IN GENERAL.—Paragraph (3) of section 42(h) of
11 the Internal Revenue Code of 1986 (relating to limitation
12 on aggregate credit allowable with respect to projects lo-
13 cated in a State) is amended by adding at the end the
14 following new subparagraph:

15 “(J) INCREASE IN STATE HOUSING CREDIT
16 FOR STATES DAMAGED BY NATURAL DISAS-
17 TERS.—

18 “(i) IN GENERAL.—In the case of cal-
19 endar year 2016, the State housing credit
20 ceiling of each State any portion of which
21 includes any portion of a qualifying dis-
22 aster area shall be increased by so much of
23 the aggregate housing credit dollar amount
24 as does not exceed the applicable limitation
25 allocated by the State housing credit agen-

1 cy of such State for such calendar year to
2 buildings located in qualifying disaster
3 areas.

4 “(ii) APPLICABLE LIMITATION.—For
5 purposes of clause (i), the applicable limi-
6 tation is the greater of—

7 “(I) \$8 multiplied by the popu-
8 lation of the qualifying disaster areas
9 in such State, or

10 “(II) 50 percent of the State
11 housing credit ceiling (determined
12 without regard to this subparagraph)
13 for 2015.

14 “(iii) APPLICABLE PERCENTAGE.—
15 For purposes of this section, the applicable
16 percentage with respect to any building to
17 which amounts allocated under clause (i)
18 shall be determined under subsection
19 (b)(2), except that subparagraph (A)
20 thereof shall be applied by substituting
21 ‘January 1, 2016’ for ‘January 1, 2015’.

22 “(iv) ALLOCATIONS TREATED AS
23 MADE FIRST FROM ADDITIONAL ALLOCA-
24 TION AMOUNT FOR PURPOSES OF DETER-
25 MINING CARRYOVER.—For purposes of de-

1 termining the unused State housing credit
2 ceiling under subparagraph (C) for any
3 calendar year, any increase in the State
4 housing credit ceiling under clause (i) shall
5 be treated as an amount described in
6 clause (ii) of such subparagraph.

7 “(v) QUALIFYING DISASTER AREA.—
8 For purposes of this subparagraph, the
9 term ‘qualifying federally declared disaster
10 area’ means—

11 “(I) each county which is deter-
12 mined to warrant individual or indi-
13 vidual and public assistance from the
14 Federal Government under a quali-
15 fying natural disaster declaration de-
16 scribed in clause (vi)(I), and

17 “(II) each county not described
18 in subclause (I) which is included in
19 the geographical area covered by a
20 qualifying natural disaster declaration
21 described in subclause (II) or (III) of
22 clause (vi).

23 “(vi) QUALIFYING NATURAL DISASTER
24 DECLARATION.—For purposes of clause

1 (v), the term ‘qualifying natural disaster
2 declaration’ means—

3 “(I) a federally declared disaster
4 (as defined in section 165(i)(5)) oc-
5 ccurring during the period beginning
6 after December 31, 2011, and before
7 January 1, 2016,

8 “(II) a natural disaster declared
9 by the Secretary of Agriculture in
10 2011 due to damaging weather and
11 other conditions relating to Hurricane
12 Irene or Tropical Storm Lee under
13 section 321(a) of the Consolidated
14 Farm and Rural Development Act (7
15 U.S.C. 1961(a)), or

16 “(III) a major disaster or emer-
17 gency designated by the President in
18 2011 due to damaging weather and
19 other conditions relating to Hurricane
20 Irene or Tropical Storm Lee under
21 the Robert T. Stafford Disaster Relief
22 and Emergency Assistance Act (42
23 U.S.C. 5121 et seq.).”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall take effect on the date of the enactment
3 of this Act.

4 **SEC. 116. FACILITATION OF TRANSFER OF WATER LEASING**
5 **AND WATER BY MUTUAL DITCH OR IRRIGA-**
6 **TION COMPANIES IN DISASTER AREAS.**

7 (a) IN GENERAL.—Paragraph (12) of section 501(c)
8 of the Internal Revenue Code of 1986 is amended by add-
9 ing at the end the following new subparagraph:

10 “(I) TREATMENT OF MUTUAL DITCH OR
11 IRRIGATION COMPANIES IN CERTAIN DISASTER
12 AREAS.—

13 “(i) IN GENERAL.—In the case of a
14 qualified mutual ditch or irrigation com-
15 pany or like organization, subparagraph
16 (A) shall be applied without taking into ac-
17 count any income received or accrued dur-
18 ing the applicable period—

19 “(I) from the sale, lease, or ex-
20 change of fee or other interests in real
21 property, including interests in water,

22 “(II) from the sale or exchange
23 of stock in a mutual ditch or irriga-
24 tion company or like organization or

1 contract rights for the delivery or use
2 of water,

3 “(III) from the investment of
4 proceeds from sales, leases, or ex-
5 changes under subclauses (I) and (II),
6 or

7 “(IV) from the United States, or
8 a State or local government, resulting
9 from the federally declared disaster,
10 except that any income received under sub-
11 clause (I), (II), (III), or (IV) which is dis-
12 tributed or expended for expenses (other
13 than for operations, maintenance, and cap-
14 ital improvements) of the qualified mutual
15 ditch or irrigation company or like organi-
16 zation shall be treated as nonmember in-
17 come in the year in which it is distributed
18 or expended.

19 “(ii) QUALIFIED MUTUAL DITCH OR
20 IRRIGATION COMPANY OR LIKE ORGANIZA-
21 TION.—For purposes of this paragraph—

22 “(I) IN GENERAL.—The term
23 ‘qualified mutual ditch or irrigation
24 company or like organization’ means
25 any mutual ditch or irrigation com-

1 pany or like organization that di-
2 verted, delivered, transported, stored,
3 or used its water for agricultural irri-
4 gation purposes on its own or through
5 its shareholders in a qualified disaster
6 area during any of calendar years
7 2012 through 2015.

8 “(II) QUALIFIED ASSET.—The
9 term ‘qualified asset’ means any real
10 property or tangible personal property
11 used in the mutual ditch or irrigation
12 company’s (or like organization’s) sys-
13 tem.

14 “(III) MULTIPLE AREAS.—Under
15 regulations, if the qualified assets of
16 any mutual ditch or irrigation com-
17 pany or like organization are located
18 in more than 1 qualified disaster area,
19 all such areas shall be treated as 1
20 area and if more than 1 federally de-
21 clared disaster is involved, the date on
22 which the last of such disasters oc-
23 curred shall be the date used for pur-
24 poses of this paragraph.

1 “(iii) APPLICABLE PERIOD.—For pur-
2 poses of this paragraph, the term ‘applica-
3 ble period’ means the taxable year in which
4 the federally declared disaster occurred
5 and the 5 following taxable years.

6 “(iv) OTHER DEFINITIONS.—

7 “(I) QUALIFIED DISASTER
8 AREA.—The term ‘qualified disaster
9 area’ means any area determined to
10 warrant individual or individual and
11 public assistance from the Federal
12 Government under the Robert T.
13 Stafford Disaster Relief and Emer-
14 gency Assistance Act by reason of a
15 federally declared disaster occurring
16 during the period beginning on Janu-
17 ary 1, 2012, and ending on December
18 31, 2015.

19 “(II) FEDERALLY DECLARED
20 DISASTER.—The term ‘federally de-
21 clared disaster’ has the meaning given
22 to such term under section
23 165(i)(5).”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to taxable years ending after
3 December 31, 2011.

4 **TITLE II—OTHER DISASTER TAX**
5 **RELIEF PROVISIONS**

6 **SEC. 201. EXCLUSION FOR DISASTER MITIGATION PAY-**
7 **MENTS RECEIVED FROM STATE AND LOCAL**
8 **GOVERNMENTS.**

9 (a) IN GENERAL.—Paragraph (2) of section 139(g)
10 of the Internal Revenue Code of 1986 is amended by in-
11 serting “, or any other amount which is paid by a State
12 or local government or agency or instrumentality thereof,”
13 after “(as in effect on such date)”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to payments received after the date
16 of the enactment of this Act.

17 **SEC. 202. NATURAL DISASTER FUNDS.**

18 (a) NATURAL DISASTER FUND.—Subpart C of part
19 II of subchapter E of chapter 1 of the Internal Revenue
20 Code of 1986 is amended by inserting after section 468B
21 the following new section:

22 **“SEC. 468C. SPECIAL RULES FOR NATURAL DISASTER**
23 **FUNDS.**

24 “(a) IN GENERAL.—If a qualified taxpayer elects the
25 application of this section, there shall be allowed as a de-

1 duction for any taxable year the amount of payments
2 made by the taxpayer to a natural disaster fund during
3 such taxable year.

4 “(b) NATURAL DISASTER FUND.—The term ‘natural
5 disaster fund’ means a fund meeting the following require-
6 ments:

7 “(1) DESIGNATION.—The taxpayer des-
8 ignates—

9 “(A) the fund as a natural disaster fund in
10 the manner prescribed by the Secretary, and

11 “(B) the line or lines of business to which
12 the fund applies.

13 “(2) SEGREGATION.—The assets of the fund
14 are segregated from other assets of the taxpayer.

15 “(3) INVESTMENTS.—

16 “(A) The assets of the fund are main-
17 tained in one or more qualified accounts and
18 are invested only in—

19 “(i) deposits with banks whose depos-
20 its are insured subject to applicable limits
21 by the Federal Deposit Insurance Corpora-
22 tion, or

23 “(ii) in stock or other securities in
24 which the fund would be permitted to in-
25 vest if it were a capital construction fund

1 subject to the investment limitations of
2 paragraphs (2) and (3) of section
3 7518(b)(2).

4 “(B) All investment earnings (including
5 gains and losses) from investments of the fund
6 become part of the fund.

7 “(4) CONTRIBUTIONS TO THE FUND.—The
8 fund does not accept any deposits (or other
9 amounts) other than cash payments with respect to
10 which a deduction is allowable under subsection (a)
11 and earnings (including gains and losses) from fund
12 investments.

13 “(5) PURPOSE.—The fund is established and
14 maintained for the purposes of covering costs, ex-
15 penses, and losses (including business interruption
16 losses) resulting from a Federally declared natural
17 disaster to the extent such costs are not covered by
18 insurance.

19 “(6) MAXIMUM BALANCE.—The balance of the
20 fund does not exceed the lesser of—

21 “(A) the sum of—

22 “(i) 150 percent of the maximum de-
23 ductible, and

1 “(ii) 100 percent of the maximum co-
2 insurance (to the extent not taken into ac-
3 count in clause (i)),

4 that, in the case of a Federally declared natural
5 disaster resulting in losses, the taxpayer could
6 be expected to pay with respect to property and
7 business interruption insurance maintained by
8 the taxpayer for the line of business to which
9 the fund applies and that would cover losses re-
10 sulting from a Federally declared natural dis-
11 aster, and

12 “(B) the maximum loss under any insur-
13 ance coverage that the taxpayer could reason-
14 ably expect to occur for the line of business in
15 the case of a severe natural disaster.

16 “(7) FINANCIAL STATEMENTS.—The fund or
17 the balance of the fund is recorded in the taxpayer’s
18 financial statements in accordance with generally ac-
19 cepted accounting principles and not as a current
20 asset and the footnotes to the taxpayer’s financial
21 statements include a short description of the fund
22 and its purposes.

23 “(8) INSURANCE.—The taxpayer property in-
24 surance maintained by the qualified taxpayer applies
25 to 75 percent or more of the property used—

1 “(A) in the qualified taxpayer’s line of
2 business to which the fund relates, and

3 “(B) in the United States.

4 “(c) QUALIFIED TAXPAYER.—For purposes of this
5 section, the term ‘qualified taxpayer’ means any taxpayer
6 that—

7 “(1) actively conducts a trade or business, and

8 “(2) maintains property insurance with respect
9 to such trade or business that insures against losses
10 in natural disasters.

11 “(d) FAILURE TO MEET REQUIREMENTS.—If a fund
12 that was a natural disaster fund ceases to meet any of
13 the requirements of subsection (b) or a taxpayer who has
14 a natural disaster fund ceases to meet the requirement
15 of subsection (c), the entire balance of the fund shall be
16 deemed distributed in a nonqualified distribution at the
17 time the fund ceases to meet such requirements.

18 “(e) TAXATION OF FUND.—

19 “(1) IN GENERAL.—The earnings (including
20 gains and losses) from the investment and reinvest-
21 ment of amounts held in the fund shall not be taken
22 into account in determining the gross income of the
23 taxpayer that owns the fund.

1 “(2) NOT A SEPARATE TAXPAYER.—A natural
2 disaster fund shall not be considered a separate tax-
3 payer for purposes of this subtitle.

4 “(f) TAXATION OF DISTRIBUTIONS FROM THE
5 FUND.—

6 “(1) QUALIFIED DISTRIBUTIONS.—For pur-
7 poses of this chapter, qualified distributions shall be
8 treated in the same manner as proceeds from prop-
9 erty or business interruption insurance.

10 “(2) NONQUALIFIED DISTRIBUTIONS.—

11 “(A) IN GENERAL.—In the case of any
12 taxable year for which there is a nonqualified
13 distribution—

14 “(i) such nonqualified distributions
15 shall be excluded from the gross income of
16 the taxpayer, and

17 “(ii) the tax imposed by this chapter
18 (determined without regard to this sub-
19 section) shall be increased by the product
20 of the amount of such nonqualified dis-
21 tribution and the highest rate of tax speci-
22 fied in section 1 (section 11 in the case of
23 a corporation).

24 “(B) TAX BENEFIT RULE; COORDINATION
25 WITH DEDUCTION FOR NET OPERATING

1 LOSSES.—Rules similar to the rules of subpara-
2 graphs (B) and (C) of section 7518(g)(6) shall
3 apply for purposes of this paragraph.

4 “(3) ADDITIONAL TAX.—The tax imposed by
5 this chapter for any taxable year on any taxpayer
6 that a owns natural disaster fund shall be increased
7 by the greater of—

8 “(A) 20 percent of the amount of any non-
9 qualified distributions from the fund in the tax-
10 able year, and

11 “(B) an amount equal to interest, at the
12 underpayment rate established under section
13 6621, on the nonqualified distribution from the
14 time the amount is added to the fund to the
15 time the amount is distributed.

16 “(4) INTEREST CALCULATION.—For purposes
17 of calculating interest under paragraph (3)(B)—

18 “(A) all investment earnings (including
19 gains or losses) in taxable year shall be treated
20 as added to the fund on the last day of the tax-
21 able year, and

22 “(B) amounts distributed from the fund
23 shall be treated as distributed on a first-in,
24 first-out basis.

25 “(g) DEFINITIONS.—For purposes of this section—

1 “(1) FEDERALLY DECLARED NATURAL DIS-
2 ASTER.—The term ‘Federally declared natural dis-
3 aster’ means a natural disaster that is determined
4 by Presidential declaration under the Robert T.
5 Stafford Disaster Relief and Emergency Assistance
6 Act to warrant individual or individual and public
7 assistance under such Act.

8 “(2) NONQUALIFIED DISTRIBUTION.—The term
9 ‘nonqualified distribution’ means a distribution from
10 a natural disaster fund other than a qualified dis-
11 tribution.

12 “(3) QUALIFIED ACCOUNT.—The term ‘quali-
13 fied account’ means an account with a bank (as de-
14 fined in section 581) or a brokerage account but
15 only if the investments of such accounts are limited
16 to those permitted by subsection (b)(3) and no in-
17 vestments are made in a related person (as defined
18 in section 465(b)(3)(C)) to the taxpayer.

19 “(4) QUALIFIED DISTRIBUTION.—

20 “(A) IN GENERAL.—The term ‘qualified
21 distribution’ means with respect to natural dis-
22 aster fund an amount equal to the excess of—

23 “(i) costs, expenses, and losses (in-
24 cluding losses of a type reimbursable by
25 proceeds of business interruption insur-

1 ance) incurred by the taxpayer as a result
2 of the Federally declared natural disaster
3 with respect to the line or lines of business
4 for which the fund was designated, over

5 “**(ii)** the proceeds of property and
6 business interruption insurance paid for
7 the benefit of the taxpayer with respect to
8 costs, expenses, and losses described in
9 clause (i).

10 “**(B) LIMITATION.**—A distribution from a
11 natural disaster fund shall not be treated as a
12 qualified distribution if such distribution is allo-
13 cated to a Federally declared natural disaster
14 occurring more than 3 years before the date of
15 such distribution.

16 “**(h) SPECIAL RULES.**—For purposes of this sec-
17 tion—

18 “**(1) NO DOUBLE COUNTING.**—Any portion of
19 any deductible or coinsurance taken into account
20 under subsection (b)(6) in determining the max-
21 imum balance for a natural disaster fund shall not
22 be taken into account in determining the maximum
23 balance for another natural disaster fund.

24 “**(2) EXCESS BALANCE.**—

1 “(A) IN GENERAL.—If the balance of a
2 natural disaster fund exceeds the maximum bal-
3 ance permitted by subsection (b)(6) by reason
4 of investment earnings or a reduction in the
5 maximum balance, the account shall not cease
6 to be a natural disaster fund as the result of
7 exceeding such limit if the excess is distributed
8 within 120 days of the date that such excess
9 first occurred.

10 “(B) TREATMENT OF DISTRIBUTIONS OF
11 EXCESS BALANCE.—In the case of any distribu-
12 tion of the excess balance of a natural disaster
13 fund within 120 days of the date that such ex-
14 cess first occurred—

15 “(i) paragraphs (2) and (3) of sub-
16 section (f) shall not apply to the distribu-
17 tion of such excess if distributed within
18 such period, and

19 “(ii) the amount of such distribution
20 shall be included in the gross income of the
21 taxpayer in the year such distribution was
22 made.

23 “(C) ANTI-ABUSE RULE.—Subparagraph
24 (B) shall not apply in the case of any reduction
25 in the maximum balance resulting from any ac-

1 tion of the taxpayer the primary purpose of
2 which was to reduce the maximum balance to
3 enable a distribution that would not be subject
4 to the maximum tax rate calculation or the ad-
5 ditional tax.

6 “(3) CERTAIN ASSET ACQUISITIONS.—The
7 transfer of a natural disaster fund (or the portion of
8 a natural disaster fund) from one person to another
9 person shall not constitute a nonqualified distribu-
10 tion if—

11 “(A) such transfer is part of a trans-
12 action—

13 “(i) to which section 381 applies,

14 “(ii) the transferee acquires substan-
15 tially all of the assets of the transferor
16 used in the line or lines of business for
17 which the fund was designated,

18 “(iii) the transferee acquires substan-
19 tially all of the assets of the transferor
20 used in one, but not all, of the lines of
21 business for which the fund was des-
22 ignated, or

23 “(iv) the transferee acquires substan-
24 tially all of the transferor’s assets located
25 in a geographical area and used in a line

1 of business for which the fund was des-
2 ignated, and

3 “(B) the transferee elects to treat the ac-
4 quired natural disaster fund (or portion there-
5 of) as a natural disaster fund for the line of
6 business for which the transferor had previously
7 designated the fund and as a continuation of
8 the fund (or pro rata portion thereof) for pur-
9 poses of determining the additional tax imposed
10 by subsection (f)(4).

11 “(i) REGULATIONS.—The Secretary shall prescribe
12 such regulations as may be necessary or appropriate to
13 carry out the provisions of this section.”.

14 (b) CLERICAL AMENDMENT.—The table of sections
15 for subpart C of part II of subchapter E of chapter 1 of
16 the Internal Revenue Code of 1986 is amended by insert-
17 ing after the item relating to section 468B the following
18 new item:

“Sec. 468C. Special rules for natural disaster funds.”.

19 (c) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to taxable years beginning after
21 December 31, 2014.

1 **TITLE III—PERMANENT TAX**
2 **DISASTER RELIEF PROVISIONS**

3 **SEC. 301. INCREASE PROPERTY REPLACEMENT PERIOD TO**
4 **5 YEARS.**

5 (a) IN GENERAL.—Section 1033(a)(2) of the Internal
6 Revenue Code of 1986 is amended by adding at the end
7 the following:

8 “(F) FEDERALLY DECLARED DISASTER.—

9 “(i) IN GENERAL.—In the case of con-
10 verted property that is located in the dis-
11 aster area of a federally declared disaster
12 occurring during a calendar year beginning
13 after 2011 and that is damaged or de-
14 stroyed by the federally declared disaster,
15 subparagraph (B)(i) shall be applied by
16 substituting ‘5 years’ for ‘2 years’.

17 “(ii) FEDERALLY DECLARED DIS-
18 ASTER AND DISASTER AREA.—For pur-
19 poses of clause (i), the terms ‘federally de-
20 clared disaster’ and ‘disaster area’ have
21 the meanings given such terms under sec-
22 tion 165(i)(5).”.

23 (b) CONFORMING AMENDMENT.—Section
24 1033(h)(1)(B) of the Internal Revenue Code of 1986 is
25 amended by striking “4 years” and inserting “5 years”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to disasters declared after Decem-
3 ber 31, 2015.

4 **SEC. 302. WAGE CREDIT FOR SPECIFIED DISASTER-DAM-**
5 **AGED BUSINESSES.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 is amended by adding at the end the following new
9 section:

10 **“SEC. 45S. WAGE CREDIT FOR SPECIFIED DISASTER-DAM-**
11 **AGED BUSINESSES.**

12 “(a) GENERAL RULE.—For purposes of section 38,
13 in the case of an eligible employer, the specified disaster-
14 damaged business wage credit for any taxable year is an
15 amount equal to 40 percent of the qualified wages for such
16 year.

17 “(b) QUALIFIED WAGES DEFINED.—For purposes of
18 this section—

19 “(1) IN GENERAL.—The term ‘qualified wages’
20 means, with respect to any covered employee, wages
21 paid or incurred by the eligible employer to the em-
22 ployee who is not able to work at the disaster-dam-
23 aged business of the employer during an inoper-
24 ability period because of a federally declared dis-

1 aster. Such term shall not include amounts paid or
2 incurred for overtime compensation.

3 “(2) LIMITATIONS.—

4 “(A) LIMITATION ON WAGES TAKEN INTO
5 ACCOUNT.—The amount of the qualified wages
6 with respect to any individual which may be
7 taken into account with respect to a federally
8 declared disaster shall not exceed \$6,000.

9 “(B) INOPERABILITY PERIOD.—The inop-
10 erability period with respect to a federally de-
11 clared disaster is the period beginning with the
12 first day the trade or business is rendered inop-
13 erable due to damage from the federally de-
14 clared disaster and ending on the earlier of—

15 “(i) the last day on which the trade or
16 business is inoperable, or

17 “(ii) 16 weeks after the first day of
18 such disaster.

19 “(c) DEFINITIONS.—For purposes of this section—

20 “(1) ELIGIBLE EMPLOYER.—

21 “(A) IN GENERAL.—The term ‘eligible em-
22 ployer’ means, with respect to any taxable year,
23 any employer which—

1 “(i) employed an average of less than
2 200 employees on business days during
3 such taxable year, and

4 “(ii) has a disaster-damaged business.

5 “(B) DISASTER-DAMAGED BUSINESS.—The
6 term ‘disaster-damaged business’ means a place
7 of business within a disaster area which is ren-
8 dered inoperable due to damage from the feder-
9 ally declared disaster.

10 “(C) CONTROLLED GROUPS.—For pur-
11 poses of this section, all persons treated as a
12 single employer under subsection (b), (c), (m),
13 or (o) of section 414 shall be treated as a single
14 employer.

15 “(2) COVERED EMPLOYEE.—The term ‘covered
16 employee’ means, with respect to an eligible em-
17 ployer, an individual—

18 “(A) whose principal place of employment
19 is in a disaster area with respect to a federally
20 declared disaster, and

21 “(B) who has been employed by the em-
22 ployer for more than 30 days before the first
23 day of the federally declared disaster.

24 “(3) FEDERALLY DECLARED DISASTER AND
25 DISASTER AREA.—For purposes of clause (i), the

1 terms ‘federally declared disaster’ and ‘disaster area’
2 have the meanings given such terms under section
3 165(i)(5).”.

4 (b) ALLOWANCE AS GENERAL BUSINESS CREDIT.—
5 Section 38(b) of the Internal Revenue Code of 1986 is
6 amended by striking “plus” at the end of paragraph (35),
7 by striking the period at the end of paragraph (36) and
8 inserting “, plus”, and by adding at the end the following:
9 “(37) the specified disaster-damaged business
10 wage credit determined under section 45S(a).”.

11 (c) DENIAL OF DOUBLE BENEFIT.—Subsection (a)
12 of section 280C of the Internal Revenue Code of 1986 is
13 amended by inserting “45S(a),” after “45P(a)”.

14 (d) CLERICAL AMENDMENT.—The table of contents
15 for subpart D of part IV of subchapter A of chapter 1
16 of the Internal Revenue Code of 1986 is amended by add-
17 ing at the end the following new item:

“Sec. 45S. Wage credit for specified disaster-damaged businesses.”.

18 (e) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2015.

21 **SEC. 303. DISASTER-RELATED MEDICAL EXPENSES.**

22 (a) IN GENERAL.—Section 213 of the Internal Rev-
23 enue Code of 1986 is amended by adding at the end the
24 following new subsection:

25 “(g) DISASTER-RELATED MEDICAL EXPENSES.—

1 “(1) IN GENERAL.—In the case of expenses di-
2 rectly related to an injury caused by a federally de-
3 clared disaster occurring during the taxable year or
4 the preceding taxable year, there shall be allowed a
5 separate deduction under this section, which shall be
6 determined under this section (without regard to
7 this subsection), except that—

8 “(A) subsection (a) shall be applied by
9 substituting ‘zero percent’ for ‘10 percent’, and

10 “(B) subsection (f) shall be applied by sub-
11 stituting ‘zero percent’ for ‘7.5 percent’.

12 “(2) COORDINATION.—Any expense taken into
13 account under paragraph (1) shall not be treated as
14 an expense taken into account under this section
15 (without regard to this section).

16 “(3) FEDERALLY DECLARED DISASTER.—For
17 purposes of this subsection, the term ‘federally de-
18 clared disaster’ shall have the meaning given such
19 term under section 165(i)(5).”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall apply with respect to disasters occur-
22 ring after the date of the enactment of this Act.

23 **SEC. 304. EXPENSING OF QUALIFIED DISASTER EXPENSES.**

24 (a) IN GENERAL.—Section 198A(b)(2)(A)(ii) of the
25 Internal Revenue Code of 1986, as added by section 101

1 of this Act, is amended by striking “and before January
2 1, 2016,”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to amounts paid or incurred after
5 December 31, 2015.

6 **SEC. 305. LOSSES ATTRIBUTABLE TO DISASTERS.**

7 (a) IN GENERAL.—Section 165(h)(3)(B)(i)(I) of the
8 Internal Revenue Code of 1986, as amended by section
9 103 of this Act, is amended by striking “the period begin-
10 ning after December 31, 2011, and before January 1,
11 2016,” and inserting “any period beginning after Decem-
12 ber 31, 2011,”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall apply to disasters declared in taxable
15 years beginning after December 31, 2015.

16 **SEC. 306. NET OPERATING LOSSES ATTRIBUTABLE TO DIS-**
17 **ASTERS.**

18 (a) IN GENERAL.—Section 172(i)(1)(A)(i)(I) of the
19 Internal Revenue Code of 1986 is amended by striking
20 “and before January 1, 2016,”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to disasters declared in taxable
23 years beginning after December 31, 2015.

1 **SEC. 307. SPECIAL RULES FOR USE OF RETIREMENT FUNDS**
2 **IN CONNECTION WITH FEDERALLY DE-**
3 **CLARED DISASTERS.**

4 (a) **WITHDRAWALS.**—Section 72(t)(11)(A) of the In-
5 ternal Revenue Code of 1986, as amended by section 108
6 of this Act, is amended by striking “2011 and before Jan-
7 uary 1, 2016,” and inserting “2011,”.

8 (b) **LOANS.**—Section 72(p)(6)(C)(ii) of such Code is
9 amended by striking “and ending on December 31, 2016”.

10 (c) **EFFECTIVE DATE.**—The amendments made by
11 this section shall apply to distributions with respect to dis-
12 aster declared after December 31, 2015.

13 **SEC. 308. ADDITIONAL EXEMPTION FOR HOUSING QUALI-**
14 **FIED DISASTER DISPLACED INDIVIDUALS.**

15 (a) **IN GENERAL.**—Section 151(f)(3)(B)(i) of the In-
16 ternal Revenue Code of 1986, as amended by section 109
17 of this Act, is amended by striking “and before 2016”.

18 (b) **EFFECTIVE DATE.**—The amendment made by
19 this section shall apply to taxable years beginning after
20 December 31, 2015.

21 **SEC. 309. EXCLUSIONS OF CERTAIN CANCELLATIONS OF IN-**
22 **DEBTEDNESS BY REASON OF DISASTERS.**

23 (a) **IN GENERAL.**—Section 108(j)(3) of the Internal
24 Revenue Code of 1986, as amended by section 110 of this
25 Act, is amended by striking “and before 2016”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to discharges made on or after De-
3 cember 31, 2015.

4 **SEC. 310. SPECIAL RULE FOR DETERMINING EARNED IN-**
5 **COME OF INDIVIDUALS AFFECTED BY FEDER-**
6 **ALLY DECLARED DISASTERS.**

7 (a) IN GENERAL.—Section 32(n)(2) of the Internal
8 Revenue Code of 1986, as amended by section 111 of this
9 Act, is amended by striking “and before 2016”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to taxable years beginning after
12 December 31, 2015.

13 **SEC. 311. QUALIFIED DISASTER AREA RECOVERY BONDS.**

14 (a) IN GENERAL.—Section 146A(b)(4) of the Inter-
15 nal Revenue Code of 1986, as amended by section 114
16 of this Act, is further amended by striking “and before
17 January 1, 2017”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to obligations issued after Decem-
20 ber 31, 2015.

21 **SEC. 312. ADDITIONAL LOW-INCOME HOUSING CREDIT AL-**
22 **LOCATIONS.**

23 (a) IN GENERAL.—Section 42(h)(3)(J) of the Inter-
24 nal Revenue Code of 1986, as amended by section 115
25 of this Act, is amended—

1 (1) in clause (i) by striking “In the case of cal-
2 endar year 2016,” and inserting “In the case of a
3 calendar year beginning after 2015,”,

4 (2) in clause (ii)(II) by striking “2015” and in-
5 serting “the preceding calendar year”, and

6 (3) in clause (iii) by striking “January 1,
7 2016” and inserting “January 1 of the calendar
8 year in which the taxable year ends”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall take effect on the date of the enactment
11 of this Act.

12 **SEC. 313. SUSPENSION OF LIMITATION ON CHARITABLE**
13 **CONTRIBUTIONS FOR DISASTER RELIEF EF-**
14 **FORTS.**

15 (a) IN GENERAL.—Section 170 of the Internal Rev-
16 enue Code of 1986 is amended by redesignating subsection
17 (p) as subsection (q) and by inserting after subsection (o)
18 the following new subsection:

19 “(p) SUSPENSION OF LIMITATION ON CHARITABLE
20 CONTRIBUTIONS FOR DISASTER RELIEF EFFORTS.—

21 “(1) IN GENERAL.—Except as otherwise pro-
22 vided in paragraph (2), subsection (b) shall not
23 apply to qualified contributions and such contribu-
24 tions shall not be taken into account for purposes of

1 applying subsections (b) and (d) to other contribu-
2 tions.

3 “(2) TREATMENT OF EXCESS CONTRIBU-
4 TIONS.—

5 “(A) INDIVIDUALS.—

6 “(i) LIMITATION.—Any qualified con-
7 tribution shall be allowed only to the ex-
8 tent that the aggregate of such contribu-
9 tions does not exceed the excess of the tax-
10 payer’s contribution base over the amount
11 of all other charitable contributions allowed
12 under subsection (b)(1).

13 “(ii) CARRYOVER.—If the aggregate
14 amount of qualified contributions made in
15 the contribution year (within the meaning
16 of subsection (d)(1)) exceeds the limitation
17 of clause (i), such excess shall be added to
18 the excess described in the portion of sub-
19 paragraph (A) of such subsection which
20 precedes clause (i) thereof for purposes of
21 applying such subsection.

22 “(B) CORPORATIONS.—

23 “(i) LIMITATION.—Any qualified con-
24 tribution shall be allowed only to the ex-
25 tent that the aggregate of such contribu-

1 tions does not exceed the excess of the tax-
2 payer's taxable income (as determined
3 under subsection (b)(2) over the amount of
4 all other charitable contributions allowed
5 under such subsection.

6 “(ii) CARRYOVER.—Rules similar to
7 the rules of subparagraph (A)(ii) shall
8 apply for purposes of this subparagraph.

9 “(3) EXCEPTION TO OVERALL LIMITATION ON
10 ITEMIZED DEDUCTIONS.—So much of any deduction
11 allowed under this section as does not exceed the
12 qualified contributions paid during the taxable year
13 shall not be treated as an itemized deduction for
14 purposes of section 68 of such Code.

15 “(4) QUALIFIED CONTRIBUTIONS.—

16 “(A) IN GENERAL.—For purposes of this
17 subsection, the term ‘qualified contribution’
18 means any charitable contribution if—

19 “(i) such contribution—

20 “(I) is paid during the 120 day
21 period beginning on the date a Feder-
22 ally declared disaster first occurred, in
23 cash to an organization described in
24 subsection (b)(1)(A), and

1 “(II) is made for relief efforts in
2 the disaster area with respect to
3 which such declaration relates,

4 “(ii) the taxpayer obtains from such
5 organization contemporaneous written ac-
6 knowledgment that such contribution was
7 used (or is to be used) for relief efforts de-
8 scribed in clause (i)(II), and

9 “(iii) the taxpayer has elected the ap-
10 plication of this subsection with respect to
11 such contribution.

12 “(B) EXCEPTION.—Such term shall not in-
13 clude a contribution by a donor if the contribu-
14 tion is—

15 “(i) to an organization described in
16 section 509(a)(3) of the Internal Revenue
17 Code of 1986, or

18 “(ii) for the establishment of a new,
19 or maintenance of an existing, donor ad-
20 vised fund (as defined in section
21 4966(d)(2) of such Code).

22 “(C) APPLICATION TO PARTNERSHIPS AND
23 S CORPORATIONS.—In the case of a partnership
24 or S corporation, the election under subpara-

1 graph (A)(iii) shall be made separately by each
2 partner or shareholder.”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2015.

6 **SEC. 314. INCREASE IN NEW MARKETS TAX CREDIT ALLO-**
7 **CATIONS.**

8 (a) EXTENSION.—Section 45D(f)(4) of the Internal
9 Revenue Code of 1986, as amended by the preceding pro-
10 visions of this Act, is amended—

11 (1) by striking “and before 2017”, in subpara-
12 graph (A), and

13 (2) by striking “, and before January 1, 2016”
14 in subparagraph (D).

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to disasters occurring after Decem-
17 ber 31, 2015.

18 **SEC. 315. INCREASE IN REHABILITATION CREDIT FOR**
19 **BUILDINGS IN DISASTER AREAS.**

20 (a) IN GENERAL.—Section 47(e)(2)(B) of the Inter-
21 nal Revenue Code of 1986, as added by this Act, is amend-
22 ed by striking “and ending on December 31, 2015” and
23 inserting “and ending on the date that is 6 years after
24 such applicable disaster date”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to periods beginning after Decem-
3 ber 31, 2015.

4 **SEC. 316. WAIVER OF CERTAIN MORTGAGE REVENUE BOND**
5 **REQUIREMENTS FOLLOWING DISASTERS.**

6 (a) IN GENERAL.—Section 143(k)(13) of the Inter-
7 nal Revenue Code of 1986, as amended by this Act, is
8 amended by striking “, and before January 1, 2016”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 this section shall apply to disasters occurring after Decem-
11 ber 31, 2015.

12 **SEC. 317. ADVANCED REFUNDINGS OF CERTAIN TAX-EX-**
13 **EMPT BONDS.**

14 (a) IN GENERAL.—Section 149(d)(7)(A) of the Inter-
15 nal Revenue Code of 1986, as added by this Act, is amend-
16 ed by striking “and before January 1, 2018,”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to bonds issued December 31,
19 2017.

20 **SEC. 318. FACILITATION OF TRANSFER OF WATER LEASING**
21 **AND WATER BY MUTUAL DITCH OR IRRIGA-**
22 **TION COMPANIES IN DISASTER AREAS.**

23 (a) IN GENERAL.—Section 501(c)(12)(I) of the In-
24 ternal Revenue Code of 1986, as added by this Act, is
25 amended—

1 (1) by striking “through 2015” in clause (ii)(I),
2 and

3 (2) by striking “, and ending on December 31,
4 2015” in clause (iv)(I).

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall apply disasters occurring after December
7 31, 2015.

8 **SEC. 319. EXCLUSION OF EMPLOYER PROVIDED HOUSING**
9 **FOR INDIVIDUAL AFFECTED BY DISASTER.**

10 (a) IN GENERAL.—Part III of subchapter B of chap-
11 ter 1 of the Internal Revenue Code of 1986 is amended
12 by inserting before section 140 the following new section:

13 **“SEC. 139G. EMPLOYER-PROVIDED HOUSING FOR INDI-**
14 **VIDUAL AFFECTED BY DISASTER.**

15 “(a) IN GENERAL.—Gross income of a qualified em-
16 ployee shall not include the value of any lodging furnished
17 in-kind to such employee (and such employee’s spouse or
18 any of such employee’s dependents) by or on behalf of a
19 qualified employer for any month during the taxable year.

20 “(b) LIMITATION.—The amount which may be ex-
21 cluded under this section for any month for which lodging
22 is furnished during the taxable year shall not exceed \$600.

23 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
24 poses of this section—

1 “(1) QUALIFIED EMPLOYEE.—The term ‘quali-
2 fied employee’ means, with respect to any month, an
3 individual—

4 “(A) who had a principal residence (as de-
5 fined in section 121) in a disaster area, and

6 “(B) who performs substantially all em-
7 ployment services—

8 “(i) in such area, and

9 “(ii) for the qualified employer which
10 furnishes lodging to such individual.

11 “(2) QUALIFIED EMPLOYER.—For purposes of
12 this section, the term ‘qualified employer’ means any
13 employer with a trade or business located in the dis-
14 aster area.

15 “(3) DISASTER AREA; FEDERALLY DECLARED
16 DISASTER.—The terms ‘disaster area’ and ‘Federally
17 declared disaster area’ shall have the respective
18 meanings given such terms in section 165(i).

19 “(4) CERTAIN RULES TO APPLY.—For purposes
20 of this section, rules similar to the rules of sections
21 51(i)(1) and 52 shall apply.

22 “(5) APPLICATION OF SECTION.—This section
23 shall apply to lodging furnished to an individual dur-
24 ing the 6-month period beginning on the date the

1 Federally declared disaster first occurred with re-
2 spect to such disaster area.”.

3 (b) CLERICAL AMENDMENT.—The table of sections
4 for part III of subchapter B of chapter 1 of such Code
5 is amended by inserting before section 140 the following
6 new item:

“Sec. 139G. Employer-provided housing for individual affected by disaster.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2016.

10 **SEC. 320. INCREASED EXPENSING AND BONUS DEPRECIATION FOR QUALIFIED DISASTER ASSISTANCE**
11 **PROPERTY.**
12

13 (a) IN GENERAL.—Subclause (I) of section
14 168(n)(2)(A)(ii) of the Internal Revenue Code of 1986,
15 as amended by this Act, is amended by striking “or during
16 the period beginning after December 31, 2011, and before
17 January 1, 2016” and inserting “or after December 31,
18 2011”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to property placed in service after
21 December 31, 2016, with respect to disasters declared
22 after such date.

1 **SEC. 321. INCREASE IN STANDARD MILEAGE RATE FOR**
2 **CHARITABLE USE OF VEHICLE.**

3 (a) IN GENERAL.—Section 170(i) of the Internal
4 Revenue Code of 1986 is amended by adding at the end
5 the following: “For use of a vehicle described in subsection
6 (f)(12)(E)(i) for provision of relief related to a Federally
7 declared disaster during the 1-year period beginning on
8 the date the Federally declared disaster first occurred, the
9 standard mileage rate shall be 70 percent of the standard
10 mileage rate in effect under section 162(a) at the time
11 of such use. Any increase under the preceding sentence
12 shall be rounded to the next highest cent.”.

13 **SEC. 322. WORK OPPORTUNITY TAX CREDIT FOR EMPLOY-**
14 **EES IN DISASTER AREA.**

15 (a) IN GENERAL.—Section 51(d)(1) of the Internal
16 Revenue Code of 1986 is amended by striking “or” at the
17 end of subparagraph (I), by striking the period at the end
18 of subparagraph (J) and inserting “, or”, and by adding
19 at the end the following new subparagraph:

20 “(K) a disaster area employee.”.

21 (b) DISASTER AREA EMPLOYEE.—Section 51(d) of
22 such Code is amended by adding at the end the following
23 new paragraph:

24 “(16) DISASTER AREA EMPLOYEE.—

25 “(A) IN GENERAL.—The term ‘disaster
26 area employee’ means any individual who—

1 “(i) as of the date the Federally de-
2 clared disaster first occurred had a prin-
3 cipal place of abode in a disaster area and
4 is hired during the 4-year period beginning
5 on such date for a position the principal
6 place of employment of which is located
7 such disaster area, or

8 “(ii) as of such date had a principal
9 place of abode in the disaster area, which
10 is displaced from such abode by reason of
11 such disaster, and who is hired during the
12 120-day period beginning on such date.

13 “(B) SPECIAL RULES FOR DETERMINING
14 CREDIT.—For purposes of determining the
15 credit under this section with respect to a dis-
16 aster area employee—

17 “(i) subsection (c)(4) shall not apply,
18 and

19 “(ii) subsection (i)(2) shall not apply
20 with respect to the first hire of such em-
21 ployee as a disaster area employee, unless
22 such employee was an employee of the em-
23 ployer on the date the Federally declared
24 disaster first occurred.

1 “(C) DISASTER AREA; FEDERALLY DE-
2 CLARED DISASTER.—The terms ‘disaster area’
3 and ‘Federally declared disaster area’ shall have
4 the respective meanings given such terms in
5 section 165(i).”.

6 **SEC. 323. EXPENSING FOR ENVIRONMENTAL REMEDIATION**
7 **COSTS IN DISASTER AREAS.**

8 (a) IN GENERAL.—Section 198 of the Internal Rev-
9 enue Code of 1986 is amended by adding at the end the
10 following new subsection:

11 “(i) SPECIAL RULES FOR REMEDIATION COSTS IN
12 DISASTER AREAS.—With respect to any qualified environ-
13 mental remediation expenditure paid or incurred on or
14 after the date of the enactment of this subsection in con-
15 nection with a qualified contaminated site located in a dis-
16 aster area—

17 “(1) in the case of any such expenditures paid
18 or incurred during the 120-day period beginning on
19 the date the Federally declared disaster first oc-
20 curred with respect to such disaster area, subsection
21 (h) shall not apply, and

22 “(2) this section shall be applied, except as pro-
23 vided in subsection (d)(2), by treating petroleum
24 products (as defined in section 4612(a)(3)) as a haz-
25 ardous substance.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to disasters occurring after Decem-
3 ber 31, 2015.

4 **SEC. 324. TAXPAYER FILING ASSISTANCE.**

5 (a) IN GENERAL.—Section 7508A of the Internal
6 Revenue Code of 1986 is amended by adding at the end
7 the following new subsection:

8 “(d) STATE-DECLARED DISASTERS OR EMER-
9 GENCIES.—

10 “(1) IN GENERAL.—In the case of a taxpayer
11 determined by the Governor of a State (or in the
12 case of the District of Columbia, the Mayor) to be
13 affected by a state of emergency or disaster declared
14 by such Governor (or Mayor), the Secretary may,
15 pursuant to a request by such Governor (or Mayor)
16 made under this subsection, specify a period de-
17 scribed in subsection (a) with respect to such tax-
18 payer.

19 “(2) STATE.—For purposes of this subsection,
20 the term ‘State’ includes the District of Columbia,
21 the Commonwealth of Puerto Rico, the Virgin Is-
22 lands, Guam, American Samoa, and the Common-
23 wealth of the Northern Mariana Islands”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to declarations made after Decem-
3 ber 31, 2015.

4 **TITLE IV—RELIEF RELATING TO**
5 **PUERTO RICO AND UNITED**
6 **STATES VIRGIN ISLANDS**

7 **SEC. 401. APPLICATION OF DISASTER-RELATED TAX RE-**
8 **LIEF TO POSSESSIONS OF UNITED STATES.**

9 (a) PAYMENTS TO UNITED STATES VIRGIN ISLANDS
10 AND PUERTO RICO.—

11 (1) PROVISIONS OF THIS ACT.—

12 (A) UNITED STATES VIRGIN ISLANDS.—

13 The Secretary of the Treasury shall periodically
14 (but not less frequently than annually) pay to
15 the United States Virgin Islands amounts equal
16 to the sum of loss in revenues to the United
17 States Virgin Islands by reason of the applica-
18 tion of the provisions of this Act and amend-
19 ments made by this Act.

20 Such amounts shall be determined by the Secretary
21 of the Treasury based on information provided by
22 the government of the United States Virgin Islands.

23 (B) PUERTO RICO.—The Secretary of the
24 Treasury shall pay to Puerto Rico amounts es-
25 timated by the Secretary of the Treasury as

1 being equal to the aggregate benefits that would
2 have been provided to residents of Puerto Rico
3 by reason of the provisions of this Act if a mir-
4 ror code tax system had been in effect in Puer-
5 to Rico. The preceding sentence shall not apply
6 unless the government of Puerto Rico has a
7 plan, which has been approved by the Secretary
8 of the Treasury, under which Puerto Rico will
9 promptly distribute such payments to its resi-
10 dents.

11 (2) EARNED INCOME CREDIT.—Section 32 of
12 the Internal Revenue Code of 1986, as amended by
13 this Act, is amended by adding at the end the fol-
14 lowing:

15 “(o) TREATMENT OF POSSESSIONS.—

16 “(1) PAYMENTS TO POSSESSIONS.—

17 “(A) VIRGIN ISLANDS.—The Secretary of
18 the Treasury shall periodically (but not less fre-
19 quently than annually) pay to the Virgin Is-
20 lands amounts equal to the loss to that posses-
21 sion by reason of the application of this section
22 (determined without regard to paragraph (2))
23 with respect to taxable years beginning after
24 December 31, 2016. Such amounts shall be de-
25 termined by the Secretary of the Treasury

1 based on information provided by the govern-
2 ment of such possession.

3 “(B) PUERTO RICO.—The Secretary of the
4 Treasury shall periodically (but no less fre-
5 quently than annually) pay to Puerto Rico
6 amounts estimated by the Secretary of the
7 Treasury as being equal to the aggregate bene-
8 fits that would have been provided to residents
9 of such possession by reason of the application
10 of this section for taxable years beginning after
11 December 31, 2016, if a mirror code tax system
12 had been in effect in such possession. The pre-
13 ceding sentence shall not apply unless the gov-
14 ernment of Puerto Rico has a plan, which has
15 been approved by the Secretary of the Treas-
16 ury, under which such possession will promptly
17 distribute such payments to the residents of
18 such possession.

19 “(2) COORDINATION WITH CREDIT ALLOWED
20 AGAINST UNITED STATES INCOME TAXES.—No cred-
21 it shall be allowed under this section for any taxable
22 year to any person—

23 “(A) to whom a credit is allowed against
24 taxes imposed by the Virgin Islands or Puerto
25 Rico by reason of this section (determined with-

1 out regard to this paragraph) for such taxable
2 year, or

3 “(B) who is eligible for a payment under
4 a plan described in paragraph (1)(B) with re-
5 spect to such taxable year.

6 “(3) TREATMENT OF PAYMENTS.—For pur-
7 poses of section 1324(b)(2) of title 31, United
8 States Code, or any similar rule of law, any payment
9 made under this subsection shall be treated in the
10 same manner as a refund due from the credit al-
11 lowed under this section.”.

12 (b) CHILD TAX CREDIT.—Section 24 of such Code
13 is amended by adding at the end the following:

14 “(h) PAYMENTS TO VIRGIN ISLANDS AND PUERTO
15 RICO FOR LOST REVENUE.—The Secretary shall make
16 annual payments to the Virgin Islands and to Puerto Rico
17 in amounts equal to the aggregate loss to the Virgin Is-
18 lands or Puerto Rico, as the case may be, by reason of
19 the application of this section with respect to taxable years
20 beginning after 2016. Such amounts shall be determined
21 by the Secretary based on information provided by the
22 governments of Virgin Islands and Puerto Rico. For pur-
23 poses of section 1324(b)(2) of title 31, United States
24 Code, the payments under this subsection shall be treated

1 in the same manner as a refund due from the credit al-
2 lowed under this section.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply with respect to taxable years begin-
5 ning after December 31, 2016.

6 (d) DEFINITION AND SPECIAL RULES.—

7 (1) MIRROR CODE TAX SYSTEM.—For purposes
8 of this subsection, the term “mirror code tax sys-
9 tem” means, with respect to any possession of the
10 United States, the income tax system of such posses-
11 sion if the income tax liability of the residents of
12 such possession under such system is determined by
13 reference to the income tax laws of the United
14 States as if such possession were the United States.

15 (2) TREATMENT OF PAYMENTS.—For purposes
16 of section 1324 of title 31, United States Code, the
17 payments under this subsection shall be treated in
18 the same manner as a refund due from a credit pro-
19 vision referred to in subsection (b)(2) of such sec-
20 tion.

21 (3) COORDINATION WITH UNITED STATES IN-
22 COME TAXES.—In the case of any person with re-
23 spect to whom a tax benefit is taken into account
24 with respect to the taxes imposed by any possession
25 of the United States by reason of this Act, the Inter-

1 nal Revenue Code of 1986 shall be applied with re-
2 spect to such person without regard to the provisions
3 of this Act which provide such benefit.

4 **SEC. 402. APPLICATION TO PUERTO RICO AND VIRGIN IS-**
5 **LANDS OF DEDUCTION FOR INCOME ATTRIB-**
6 **UTABLE TO DOMESTIC PRODUCTION ACTIVI-**
7 **TIES.**

8 (a) EXTENSION OF TREATMENT FOR PUERTO
9 RICO.—Section 199(d)(8) of the Internal Revenue Code
10 of 1986 is amended by striking subparagraph (C).

11 (b) INCLUSION OF VIRGIN ISLANDS.—

12 (1) IN GENERAL.—Paragraph (8) of section
13 199(d) of the Internal Revenue Code of 1986, as
14 amended by this section, is further amended—

15 (A) in subparagraph (A)—

16 (i) by striking “Puerto Rico, if” and
17 inserting “Puerto Rico or the Virgin Is-
18 lands, if”, and

19 (ii) by striking “Puerto Rico.” and in-
20 serting “Puerto Rico and the Virgin Is-
21 lands.”, and

22 (B) in subparagraph (B), by striking
23 “Puerto Rico.” and inserting “Puerto Rico or
24 the Virgin Islands”.

1 (2) CONFORMING AMENDMENT.—The heading
2 for paragraph (8) of section 199(d) is amended by
3 inserting “AND VIRGIN ISLANDS” after “PUERTO
4 RICO”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2016.

8 **SEC. 403. FULL RUM COVER OVER.**

9 (a) IN GENERAL.—Section 7652(f) of the Internal
10 Revenue Code of 1986 is amended by striking “exceed the
11 lesser of” and all that follows through the period at the
12 end and inserting “exceed the tax imposed under section
13 5001(a)(1), on each proof gallon.”

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section apply with respect to distilled spirits brought
16 into the United States after December 31, 2016.

17 **SEC. 404. PUERTO RICO RESIDENTS ELIGIBLE FOR EARNED**
18 **INCOME TAX CREDIT.**

19 (a) IN GENERAL.—Section 32 of the Internal Rev-
20 enue Code of 1986 (relating to earned income) is amended
21 by adding at the end the following new subsection:

22 “(n) RESIDENTS OF PUERTO RICO.—

23 “(1) IN GENERAL.—In the case of residents of
24 Puerto Rico—

1 “(A) the United States shall be treated as
2 including Puerto Rico for purposes of sub-
3 sections (c)(1)(A)(ii)(I) and (c)(3)(C),

4 “(B) subsection (c)(1)(D) shall not apply
5 to nonresident alien individuals who are resi-
6 dents of Puerto Rico,

7 “(C) adjusted gross income and gross in-
8 come shall be computed without regard to sec-
9 tion 933 for purposes of subsections (a)(2)(B)
10 and (c)(2)(A)(i),

11 “(D) subsection (c)(1)(A)(ii)(II) shall be
12 applied by substituting ‘age 21’ for ‘age 25’,
13 and

14 “(E) notwithstanding subsection (b)—

15 “(i) the credit percentage is 40,

16 “(ii) the phaseout percentage is 21.06,

17 “(iii) the earned income amount is
18 \$8,890, and

19 “(iv) the phaseout amount is \$11,610
20 (increased by \$3,000 in the case of a joint
21 return).

22 “(2) INFLATION ADJUSTMENT.—Subsection (j)
23 shall apply to the dollar amounts in subparagraph
24 (D), determined by treating the \$8,890 and \$11,610
25 amounts as though such amounts were contained in

1 subsection (b)(2)(A) and by treating the \$3,000
2 amount as though such amount were contained in
3 subsection (b)(2)(B)(iii).”.

4 (b) CHILD TAX CREDIT NOT REDUCED.—Subclause
5 (II) of section 24(d)(1)(B)(ii) of such Code (relating to
6 child tax credit) is amended by inserting before the period
7 “(determined without regard to section 32(n) in the case
8 of residents of Puerto Rico)”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2015.

12 **SEC. 405. EQUITABLE TREATMENT FOR RESIDENTS OF**
13 **PUERTO RICO WITH RESPECT TO THE RE-**
14 **FUNDABLE PORTION OF THE CHILD TAX**
15 **CREDIT.**

16 (a) IN GENERAL.—Section 24(d)(1) of the Internal
17 Revenue Code of 1986 is amended by inserting “or section
18 933” after “section 112”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 subsection (a) shall apply to taxable years beginning after
21 December 31, 2015.

22 **SEC. 406. TECHNICAL ASSISTANCE AND ADMINISTRATIVE**
23 **RELIEF.**

24 (a) TECHNICAL ASSISTANCE.—The Secretary of the
25 Treasury shall provide to the Governments of Puerto Rico

1 and the Virgin Islands such technical assistance and ad-
2 ministrative support as may be necessary to carry out the
3 provisions of this Act.

4 (b) ADMINISTRATIVE RELIEF.—The Secretary may
5 provide such relief as may be necessary or appropriate,
6 due to federally declared disasters (as defined in section
7 165(i)(5)), for filing returns, statements, or such other in-
8 formation as the Secretary designates.

9 **TITLE V—MEDICARE RELIEF**

10 **SEC. 501. MEDICARE ENROLLMENT FILING DEADLINE RE-** 11 **LIEF.**

12 (a) PART B.—Section 1837 of the Social Security Act
13 (42 U.S.C. 1395p) is amended by adding at the end the
14 following new subsection:

15 “(m)(1) Subject to paragraph (2), in the case of an
16 individual who resides in an emergency area and has an
17 initial, special, or general enrollment period prescribed
18 under this section, any day of which occurs during an
19 emergency period with respect to such area, the Secretary
20 may extend such enrollment period with respect to such
21 individual.

22 “(2)(A) Subject to subparagraph (B), in no case may
23 an extension described in paragraph (1) extend past the
24 earlier of the following:

1 “(i) the termination of the applicable emer-
2 gency period (as defined in paragraph (3)(B));
3 and

4 “(ii) the termination of a period of 120
5 days beginning on the date that such enroll-
6 ment period would have otherwise ended.

7 “(B) The Secretary may, by notice, extend a termi-
8 nation described in clause (i) or (ii) of subparagraph (A),
9 as applicable, for a period or periods (not to exceed 60
10 days each).

11 “(3) In this subsection:

12 “(A) The term ‘emergency area’ means a geo-
13 graphical area in which there exists an emergency or
14 disaster declared by the President pursuant to the
15 Robert T. Stafford Disaster Relief and Emergency
16 Assistance Act.

17 “(B) The term ‘emergency period’ means the
18 period during which such emergency or disaster ex-
19 ists.”.

20 (b) PART D.—Section 1860D–13(b) of the Social Se-
21 curity Act (42 U.S.C. 1395w–113(b)) is amended by add-
22 ing at the end the following new paragraph:

23 “(9) WAIVER IN EXCEPTIONAL CIR-
24 CUMSTANCES.—In the case of an individual who re-
25 sides in a geographical area in which there exists an

1 emergency or disaster declared by the President pur-
2 suant to the Robert T. Stafford Disaster Relief and
3 Emergency Assistance Act and who enrolls in a pre-
4 scription drug plan under this part during a special
5 enrollment period established with respect to such
6 individual by reason of such emergency or disaster
7 pursuant to section 1860D-1(b)(3)(C), the Sec-
8 retary may waive any applicable late enrollment pen-
9 alty under this subsection with respect to such indi-
10 vidual.”.