

HR 4440

Gulf Opportunity Zone Act of 2005

Congress: 109 (2005–2007, Ended)

Chamber: House

Policy Area: Taxation

Introduced: Dec 6, 2005

Current Status: Became Public Law No: 109-135.

Latest Action: Became Public Law No: 109-135. (Dec 22, 2005)

Law: 109-135 (Enacted Dec 22, 2005)

Official Text: <https://www.congress.gov/bill/109th-congress/house-bill/4440>

Sponsor

Name: Rep. McCrery, Jim [R-LA-4]

Party: Republican • State: LA • Chamber: House

Cosponsors (8 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Baker, Richard H. [R-LA-6]	R · LA		Dec 6, 2005
Rep. Brady, Kevin [R-TX-8]	R · TX		Dec 6, 2005
Rep. English, Phil [R-PA-3]	R · PA		Dec 6, 2005
Rep. Jefferson, William J. [D-LA-2]	D · LA		Dec 6, 2005
Rep. Jindal, Bobby [R-LA-1]	R · LA		Dec 6, 2005
Rep. Shaw, E. Clay, Jr. [R-FL-22]	R · FL		Dec 6, 2005
Rep. Foley, Mark [R-FL-16]	R · FL		Dec 7, 2005
Rep. Melancon, Charlie [D-LA-3]	D · LA		Dec 7, 2005

Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Dec 6, 2005

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

Bill	Relationship	Last Action
109 HR 4337	Related bill	Jan 27, 2006: Read twice and referred to the Committee on Finance.
109 S 2020	Related bill	Nov 18, 2005: Passed Senate with an amendment by Yea-Nay Vote. 64 - 33. Record Vote Number: 347.
109 HR 4155	Related bill	Oct 27, 2005: Referred to the House Committee on Ways and Means.

(This measure has not been amended since it was passed by the Senate on December 16, 2005. The summary of that version is repeated here.)

Gulf Opportunity Zone Act of 2005 - **Title I: Establishment of Gulf Opportunity Zone** - (Sec. 101) Amends the Internal Revenue Code to establish a program of tax benefits for businesses and individuals affected by Hurricane Katrina by creating a Gulf Opportunity Zone (or GO Zone). Provides similar tax benefits for businesses and individuals affected by Hurricanes Rita and Wilma and establishes a Rita GO Zone and a Wilma GO Zone to provide tax relief to hurricane victims in those disaster areas.

Authorizes the states of Alabama, Louisiana, and Mississippi to issue Gulf Opportunity Zone bonds as tax-exempt facility bonds or qualified mortgage bonds. Requires that 95 percent of the net proceeds of such bonds be used for the cost of qualified residential rental projects and the cost of acquisition, construction, reconstruction, and renovation of nonresidential real and public utility property in the GO Zone. Prohibits GO Zone bonds from financing certain prohibited projects in the GO Zone, including private golf courses, country clubs, massage parlors, hot tub facilities, suntan facilities, racetrack or other gambling facilities, and liquor stores. Exempts GO Zone bonds from volume caps and exempts interest on such bonds from the alternative minimum tax. Terminates the authority to issue GO Zone bonds after December 31, 2010.

Allows the issuance of mortgage revenue bonds and qualified veterans' mortgage bonds in the GO Zone on a preferential basis and increases limits for home improvement loans financed by such bonds from \$15,000 to \$150,000. Exempts interest on such bonds from the alternative minimum tax.

Allows an additional advance refunding of bond obligations of the states of Alabama, Louisiana, and Mississippi that were outstanding on August 28, 2005.

Increases amounts and allocations of the low-income housing tax credit for 2006-2008 in the GO Zone. Allows a \$3.5 million increase in the state housing credit ceilings of Texas and Florida in 2006. Designates the GO Zone as a difficult development area for purposes of enhancing the low-income housing tax credit for GO Zone residents in 2006-2008.

Allows a 50% bonus depreciation allowance for GO Zone business property placed in service on or before December 31, 2007 (December 31, 2008, for nonresidential real and residential rental property). Exempts such increased depreciation allowance from the alternative minimum tax.

Increases or allows additional expensing allowances for: (1) GO Zone depreciable business property; (2) demolition and cleanup costs in the GO Zone; and (3) environmental remediation costs, including GO Zone sites at which petroleum products have been released or disposed of.

Increases the tax credit for expenditures to rehabilitate buildings and historic structures in the GO Zone made prior to January 1, 2009.

Increases the expensing allowance for the reforestation expenditures of small timber producers (owning no more than 500 acres) in the GO Zone, the Rita GO Zone, or the Wilma GO Zone. Allows a five-year carryback period for certain timber losses in such zones.

Sets forth special rules for the treatment of net operating losses for taxpayers in the GO Zone, including extending the

carryback period from two to five years. Allows casualty loss treatment of losses incurred in the GO Zone.

Allows a tax credit for investment in Gulf tax credit bonds issued by the states of Alabama, Louisiana, and Mississippi after December 31, 2005, and before January 1, 2007. Requires 95 percent of the proceeds of such bonds to pay costs of existing bond obligations in such states or to make loans to political subdivisions of such states to pay local bond costs.

Increases the new markets tax credit for investments in community development entities serving recovery and redevelopment efforts in the GO Zone.

Allows operators of low-income residential rental projects to rely on income representations of tenants displaced by Hurricane Katrina.

Sets forth rules for the treatment of public utility property disaster losses in the GO Zone.

(Sec. 102) Doubles the allowable amounts of the Hope Scholarship and Lifetime Learning tax credits for students in the GO Zone in 2005 and 2006.

(Sec. 103) Excludes from the gross income of GO Zone employees the value of employer-provided housing, up to \$600 per month. Allows GO Zone employers who provide employees with housing a business tax credit for 30% of their employees' exclusion benefit.

(Sec. 104) Amends the Katrina Emergency Tax Relief Act of 2005 (KETRA) to extend through 2010 special rules for mortgage revenue bonds issued in the Hurricane Katrina disaster area.

(Sec. 105) Authorizes the Secretary of the Treasury to extend, on a taxpayer by taxpayer basis, the placed-in-service deadlines for depreciable business property located in the GO Zone, the Rita GO Zone, and Wilma GO Zone.

Title II: Tax Benefits Related to Hurricanes Rita and Wilma - (Sec. 201) Allows individuals residing in the GO Zone, the Rita GO Zone, or the Wilma GO Zone to use tax-exempt retirement plan funds, up to \$100,000, to compensate for economic losses due to hurricane damages and to repay withdrawn amounts back to such retirement plans within three years without penalty. Allows such withdrawals until December 31, 2006.

Allows the averaging of such retirement plan distributions in income over a three-year period for income tax purposes and the recontribution of retirement plan distributions for home purchase or construction that were not used due to Hurricanes Katrina, Rita, or Wilma. Increases the limit on loans from retirement plans for residents of hurricane disaster areas.

Allows a tax credit for employers in the Hurricane Katrina, Rita, and Wilma disaster areas equal to 40% of wages paid to employees working in such disaster areas between August 28 and December 31, 2005. Limits the amount of the credit for any individual employee to \$6,000.

Suspends: (1) limitations on the tax deduction for charitable contributions made by corporations and individuals between August 28 and December 31, 2005, for relief efforts related to Hurricanes Katrina, Rita, or Wilma; and (2) limitations on personal casualty losses incurred in the hurricane disaster areas.

Allows adjustments to the calculation of the earned income of individuals residing in Hurricane Katrina, Rita, and Wilma disaster areas to preserve eligibility for earned income and child care tax credit benefits. Authorizes the Secretary of the Treasury in 2005 or 2006 to make adjustments to in the application of the tax laws to prevent the loss of tax benefits for

taxpayers dislocated by Hurricanes Katrina, Rita, or Wilma.

Grants preferential tax treatment to mortgage revenue bonds issued in hurricane disaster zones until 2011. Increases from \$15,000 to \$150,000 the limit on home improvement loans financed by mortgage revenue bonds for residences in the hurricane disaster zones.

Repeals provisions of the Katrina Emergency Tax Relief Act of 2005 relating to: (1) use of retirement funds for Hurricane Katrina disaster relief; (2) the employee retention credit for employers in the Hurricane Katrina disaster area; (3) the temporary suspension of limitations on corporate and individual tax deductions for charitable contributions; and (4) authority of the Secretary of the Treasury to waive or suspend certain tax rules for taxpayers residing in the Hurricane Katrina disaster area.

Title III: Other Provisions - (Sec. 301) Expresses the sense of Congress that the Secretary of the Treasury should designate series of bonds or certificates as "Gulf Coast Recovery Bonds" in response to Hurricanes Katrina, Rita, and Wilma.

(Sec. 302) Extends through 2006 the taxpayer election to include combat zone compensation as earned income for purposes of the earned income tax credit.

(Sec. 303) Revises provisions of the American Jobs Creation Act of 2004 to eliminate the suspension of interest assessments on underpayments of tax for certain listed and reportable tax shelter transactions.

(Sec. 304) Extends through 2006 the authority for certain undercover Internal Revenue Service investigations.

(Sec. 305) Extends through 2006 the authority to disclose tax information to: (1) facilitate combined employment tax reporting, (2) investigate terrorist activities; and (3) administer certain student loan repayments.

Title IV: Technicals - Subtitle A: Tax Technical - Tax Technical Corrections Act of 2005 - Revises or makes technical and clerical corrections to Internal Revenue Code (IRC) provisions enacted by: (1) the Energy Policy Act of 2005; (2) the American Jobs Creation Act of 2004; (3) the Working Families Tax Relief Act of 2004; (4) the Jobs and Growth Tax Relief Reconciliation Act of 2003; (5) the Victims of Terrorism Tax Relief Act of 2001; (6) the Economic Growth and Tax Relief Reconciliation Act of 2001; (7) the Internal Revenue Service Restructuring and Reform Act of 1998; (8) the Taxpayer Relief Act of 1997; (9) the Omnibus Budget Reconciliation Act of 1990; and (10) the Omnibus Budget Reconciliation Act of 1987.

(Sec. 402) Includes among revisions to IRC provisions enacted by the Energy Policy Act of 2005: (1) the repeal of IRC provisions allowing nonrecognition of gain or loss on exchanges or distributions in obedience to orders of the Securities and Exchange Commission to conform to the repeal of the Public Utility Holding Company Act of 1935; (2) a redefinition of "nonhazardous lignin waste material" as "lignin material" for purposes of the tax credit for producing electricity from renewable resources; (3) the repeal of the IRC provision treating tax credits received for investment in clean renewable energy bonds as payments of estimated tax; (4) revision of phaseout provisions for the tax credit for energy production from advanced nuclear power facilities; (5) revision of the 84-month amortization period to atmospheric pollution control facilities placed in service after December 31, 1975; (6) allowance of the tax credit for producing fuel from a nonconventional source without the requirement of a taxpayer election; (7) revision of rules relating to credit amounts and carryovers of the tax credit for residential energy efficient property; (8) revision of rules relating to the limitations on the tax credit for the installation of alternative fueling stations; and (9) revision of rules relating to the tax credit for energy consortia research expenses.

(Sec. 403) Includes among revisions to IRC provisions enacted by the American Jobs Creation Act of 2004 provisions relating to: (1) the tax deduction for income attributable to domestic production activities; (2) S corporation shareholder requirements; (3) requirements for real estate investment trusts; (4) expensing allowances for certain film and television production costs; (5) the alternative corporate tax on international shipping activities; (6) rules for the depreciation of aircraft, recapture of reforestation expensing amounts, and characterization of overall domestic losses; (7) the foreign tax credit and foreign investment in real estate investment trusts; (8) tax incentives for reinvestment of foreign earnings in the United States; (9) the tax credit for the production of refined coal; (10) the tax treatment of individuals who renounce U.S. citizenship to avoid or evade U.S. taxes (expatriates); (11) tax shelter penalty provisions; (12) partnership loss transfers; (13) reporting requirements for certain charitable contributions; (14) nonqualified deferred compensation plans; and (15) the tax deduction for certain entertainment expenses.

(Sec. 404) Revises IRC provisions enacted by the Working Families Tax Relief act of 2004 to revise rules relating to claims of divorced parents for the tax exemption for dependent children.

(Sec. 405) Revises IRC provisions enacted by the Jobs and Growth Tax Relief Reconciliation Act of 2003 relating to placed-in-service dates for bonus depreciation property and New York Liberty Zone property.

(Sec. 407) Revises IRC provisions enacted by the Economic Growth and Tax Relief Reconciliation Act of 2001 relating to limitations on Roth individual retirement account contributions to tax-deferred annuities and the treatment of certain contributions to defined benefit plans.

(Sec. 408) Revises IRC provisions enacted by the Internal Revenue Service Restructuring and Reform Act of 1998 relating to the applicability of certain special procedures to John Doe and Emergency summonses.

(Sec. 409) Revises IRC provisions enacted by the Taxpayer Relief Act of 197 relating to basis adjustments for stock in certain controlled foreign corporations.

(Sec. 411) Revises IRC provisions enacted by the Omnibus Budget Reconciliation Act of 1987 relating to the treatment of the earnings and profits and stock basis of S corporations subject to the recapture of LIFO (last-in, first-out inventory method) benefits.

(Sec. 413) Revises IRC provisions enacted by the American Jobs Creation Act of 2004 to: (1) include certain depository institution holding companies as eligible S corporation shareholders; (2) exclude from the passive income test for bank S corporations investment securities income of depository institution holding companies; (3) treat S corporations and qualified subchapter S subsidiaries as separate entities for purposes of making certain informational returns.

Subtitle B: Trade Technicals - Amends the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (CAFTA-DR) to revise formulae for determining the regional value-content of certain import/export goods.

Title V: Emergency Requirement - Declares that any provision of this Act causing an effect on receipts, budget authority, or outlays is designated as an emergency requirement that shall not count for purposes of specified provisions of the Congressional Budget Act of 1974.

Actions Timeline

- **Dec 22, 2005:** Signed by President.
- **Dec 22, 2005:** Signed by President.
- **Dec 22, 2005:** Became Public Law No: 109-135.
- **Dec 22, 2005:** Became Public Law No: 109-135.
- **Dec 19, 2005:** Presented to President.
- **Dec 19, 2005:** Presented to President.
- **Dec 16, 2005:** Measure laid before Senate by unanimous consent. (consideration: CR S13702-13708)
- **Dec 16, 2005:** Passed/agreed to in Senate: Passed Senate with an amendment by Unanimous Consent.
- **Dec 16, 2005:** Passed Senate with an amendment by Unanimous Consent.
- **Dec 16, 2005:** Message on Senate action sent to the House.
- **Dec 16, 2005:** Mr. McCrery moved that the House agree to the Senate amendment.
- **Dec 16, 2005:** Resolving differences -- House actions: On motion that the House agree to the Senate amendment Agreed to without objection.(consideration: CR H11923-11940; text as House agreed to Senate amendment: CR H11923-11940)
- **Dec 16, 2005:** On motion that the House agree to the Senate amendment Agreed to without objection. (consideration: CR H11923-11940; text as House agreed to Senate amendment: CR H11923-11940)
- **Dec 16, 2005:** Motion to reconsider laid on the table Agreed to without objection.
- **Dec 16, 2005:** Cleared for White House.
- **Dec 13, 2005:** Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 328.
- **Dec 12, 2005:** Received in the Senate. Read the first time. Placed on Senate Legislative Calendar under Read the First Time.
- **Dec 7, 2005:** Mr. McCrery moved to suspend the rules and pass the bill.
- **Dec 7, 2005:** Considered under suspension of the rules. (consideration: CR H11152-11163)
- **Dec 7, 2005:** DEBATE - The House proceeded with forty minutes of debate on H.R. 4440.
- **Dec 7, 2005:** At the conclusion of debate, the Yeas and Nays were demanded and ordered. Pursuant to the provisions of clause 8, rule XX, the Chair announced that further proceedings on the motion would be postponed.
- **Dec 7, 2005:** Considered as unfinished business. (consideration: CR H11182)
- **Dec 7, 2005:** Passed/agreed to in House: On motion to suspend the rules and pass the bill Agreed to by the Yeas and Nays: (2/3 required): 415 - 4 (Roll no. 618).(text: CR H11152-11159)
- **Dec 7, 2005:** On motion to suspend the rules and pass the bill Agreed to by the Yeas and Nays: (2/3 required): 415 - 4 (Roll no. 618). (text: CR H11152-11159)
- **Dec 7, 2005:** Motion to reconsider laid on the table Agreed to without objection.
- **Dec 6, 2005:** Introduced in House
- **Dec 6, 2005:** Introduced in House
- **Dec 6, 2005:** Referred to the House Committee on Ways and Means.