

112TH CONGRESS  
1ST SESSION

# S. 1205

To provide temporary tax relief for areas damaged by 2011 Southeastern severe storms, tornados, and flooding, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JUNE 15, 2011

Mr. SHELBY (for himself, Mr. BLUNT, Mr. BOOZMAN, Mr. CHAMBLISS, Mrs. HAGAN, Mr. INHOFE, Mr. ISAKSON, Mrs. MCCASKILL, Mr. PRYOR, and Mr. SESSIONS) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To provide temporary tax relief for areas damaged by 2011 Southeastern severe storms, tornados, and flooding, 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.**

4 This Act may be cited as the “Southeastern Disaster  
5 Tax Relief Act of 2011”.

1 **SEC. 2. TEMPORARY TAX RELIEF FOR AREAS DAMAGED BY**  
2 **2011 SOUTHEASTERN SEVERE STORMS, TOR-**  
3 **NADOS, AND FLOODING.**

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

9 (1) GO ZONE BENEFITS.—

10 (A) Section 1400N (relating to tax bene-  
11 fits) other than subsections (d), (e), (g), (h),  
12 and (m) thereof.

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

15 (C) Section 1400Q (relating to special  
16 rules for use of retirement funds).

17 (D) Section 1400R(a) (relating to em-  
18 ployee retention credit for employers).

19 (E) Section 1400S (relating to additional  
20 tax relief).

21 (F) Section 1400T (relating to special  
22 rules for mortgage revenue bonds).

23 (2) OTHER BENEFITS INCLUDED IN KATRINA  
24 EMERGENCY TAX RELIEF ACT OF 2005.—Sections  
25 302, 401, and 405 of the Katrina Emergency Tax  
26 Relief Act of 2005.

1 (b) SOUTHEASTERN DISASTER AREA.—

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

6 (A) with respect to which a major disaster  
7 has been declared by the President under sec-  
8 tion 401 of the Robert T. Stafford Disaster Re-  
9 lief and Emergency Assistance Act by reason of  
10 severe storms, tornados, or flooding occurring  
11 after April 13, 2011, and before June 7, 2011,  
12 in any of the States of Alabama, Arkansas,  
13 Georgia, Kentucky, Mississippi, Missouri, North  
14 Carolina, Oklahoma, and Tennessee, and

15 (B) determined by the President to war-  
16 rant individual or individual and public assist-  
17 ance from the Federal Government under such  
18 Act with respect to damages attributable to  
19 such severe storms, tornados, or flooding.

20 (2) CERTAIN BENEFITS AVAILABLE TO AREAS  
21 ELIGIBLE ONLY FOR PUBLIC ASSISTANCE.—For pur-  
22 poses of applying this section to benefits under the  
23 following provisions, paragraph (1) shall be applied  
24 without regard to subparagraph (B):

1 (A) Sections 1400N(f), 1400O, 1400Q,  
2 1400S(a), 1400S(b), and 1400S(d) of the In-  
3 ternal Revenue Code of 1986.

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

6 (c) REFERENCES.—

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

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

22 (3) APPLICABLE DISASTER DATE.—For pur-  
23 poses of applying the substitutions described in sub-  
24 sections (d) and (e), the term “applicable disaster  
25 date” means, with respect to any Southeastern dis-

1       aster area, the date on which the severe storms, tor-  
2       nados, or flooding giving rise to the Presidential dec-  
3       laration described in subsection (b)(1)(A) occurred.

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

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

9               (A) by substituting “qualified Southeastern  
10       disaster area bond” for “qualified Gulf Oppor-  
11       tunity Zone Bond” each place it appears, except  
12       that in determining whether a bond is a quali-  
13       fied Southeastern disaster area bond, para-  
14       graph (2)(A)(i) shall be applied by only treating  
15       costs as qualified project costs if—

16               (i) in the case of a project involving a  
17       private business use (as defined in section  
18       141(b)(6)), either the person using the  
19       property suffered a loss in a trade or busi-  
20       ness attributable to the severe storms, tor-  
21       nados, or flooding giving rise to any Presi-  
22       dential declaration described in subsection  
23       (b)(1)(A) or is a person designated for  
24       purposes of this section by the Governor of  
25       the State in which the project is located as

1 a person carrying on a trade or business  
2 replacing a trade or business with respect  
3 to which another person suffered such a  
4 loss, and

5 (ii) in the case of a project relating to  
6 public utility property, the project involves  
7 repair or reconstruction of public utility  
8 property damaged by such severe storms,  
9 tornados, or flooding, and

10 (B) by substituting “any State in which a  
11 Southeastern disaster area is located” for “the  
12 State of Alabama, Louisiana, or Mississippi” in  
13 paragraph (2)(B),

14 (C) by substituting “designated for pur-  
15 poses of this section (on the basis of providing  
16 assistance to areas in the order in which such  
17 assistance is most needed)” for “designated for  
18 purposes of this section” in paragraph (2)(C),

19 (D) by substituting “January 1, 2018” for  
20 “January 1, 2012” in paragraph (2)(D),

21 (E) in paragraph (3)(A)—

22 (i) by substituting “\$1,000” for  
23 “\$2,500”, and

24 (ii) by substituting “before the ear-  
25 liest applicable disaster date for South-

1 eastern disaster areas within the State”  
2 for “before August 28, 2005”,

3 (F) by substituting “qualified South-  
4 eastern disaster area repair or construction” for  
5 “qualified GO Zone repair or construction”  
6 each place it appears,

7 (G) by substituting “after the date of the  
8 enactment of the Southeastern Disaster Tax  
9 Relief Act of 2011 and before January 1,  
10 2018” for “after the date of the enactment of  
11 this paragraph and before January 1, 2012” in  
12 paragraph (7)(C), and

13 (H) by disregarding paragraph (8) thereof.

14 (2) ADVANCE REFUNDINGS OF CERTAIN TAX-  
15 EXEMPT BONDS.—Section 1400N(b)—

16 (A) by substituting “after the date of the  
17 enactment of the Southeastern Disaster Tax  
18 Relief Act of 2011 and before January 1,  
19 2017” for “after the date of the enactment of  
20 this section and before January 1, 2011” in  
21 paragraphs (1) and (2),

22 (B) by substituting “the applicable disaster  
23 date” for “August 28, 2005” in paragraphs (3)  
24 and (5)(A),

1 (C) by substituting “any State in which a  
2 Southeastern disaster area is located,” for  
3 “State of Alabama, Louisiana, or Mississippi,”  
4 and

5 (D) by substituting the following para-  
6 graph for paragraph (4) thereof:

7 “(4) AGGREGATE LIMIT.—The maximum aggre-  
8 gate face amount of bonds which may be designated  
9 under this subsection by the Governor of a State  
10 shall not exceed 50 percent of the aggregate face  
11 amount of bonds which could otherwise be so des-  
12 ignated.”.

13 (3) LOW-INCOME HOUSING CREDIT.—Section  
14 1400N(c)—

15 (A) only with respect to calendar years  
16 2011, 2012, and 2013,

17 (B) by substituting “Disaster Recovery As-  
18 sistance housing amount” for “Gulf Oppor-  
19 tunity housing amount” each place it appears,

20 (C) in paragraph (1)(B)—

21 (i) by substituting “\$8.00” for  
22 “\$18.00”, and

23 (ii) by substituting “before the ear-  
24 liest applicable disaster date for South-



1 eastern disaster areas within the State”  
2 for “before August 28, 2005”, and

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

5 (4) EXPENSING FOR CERTAIN DEMOLITION AND  
6 CLEAN-UP COSTS.—Section 1400N(f)—

7 (A) by substituting “qualified Disaster Re-  
8covery Assistance clean-up cost” for “qualified  
9 Gulf Opportunity Zone clean-up cost” each  
10 place it appears,

11 (B) by substituting “beginning on the ap-  
12 plicable disaster date and ending on December  
13 31, 2013” for “beginning on August 28, 2005,  
14 and ending on December 31, 2007” in para-  
15 graph (2), and

16 (C) by treating costs as qualified Disaster  
17 Recovery Assistance clean-up costs only if the  
18 removal of debris or demolition of any structure  
19 was necessary due to damage attributable to  
20 the severe storms, tornados, or flooding giving  
21 rise to any Presidential declaration described in  
22 subsection (b)(1)(A).

23 (5) SPECIAL RULES FOR SMALL TIMBER PRO-  
24 DUCERS.—Section 1400N(i)—

1 (A) by substituting “the applicable disaster  
2 date” for “August 28, 2005” in paragraphs  
3 (4)(B)(i)(I) and (5)(A)(i)(I),

4 (B) by disregarding subclauses (II) and  
5 (III) of paragraphs (4)(B)(i) and (5)(A)(i),

6 (C) by substituting “January 1, 2014” for  
7 “January 1, 2008” in paragraph (5)(A)(ii)(I),  
8 and

9 (D) by substituting “January 1, 2014” for  
10 “January 1, 2007” in paragraph (5)(A)(ii)(I).

11 (6) SPECIAL RULE FOR PUBLIC UTILITY CAS-  
12 UALTY LOSSES.—Section 1400N(j), by substituting  
13 “Southeastern disaster area” for “Gulf Opportunity  
14 Zone” each place it appears.

15 (7) TREATMENT OF NET OPERATING LOSSES  
16 ATTRIBUTABLE TO DISASTER LOSSES.—Section  
17 1400N(k)—

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

21 (B) by substituting “after the day before  
22 the applicable disaster date, and before January  
23 1, 2014” for “after August 27, 2005, and be-  
24 fore January 1, 2008” each place it appears,

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

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

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

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

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

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

22 (C) by substituting “after December 31,  
23 2011 and before January 1, 2013” for “after  
24 December 31, 2005, and before January 1,  
25 2007”,

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

17 (E) by substituting “the earliest applicable  
18 disaster date for Southeastern disaster areas  
19 within the State” for “August 28, 2005” in  
20 paragraph (5)(A).

21 (9) TREATMENT OF PUBLIC UTILITY PROPERTY  
22 DISASTER LOSSES.—Section 1400N(o), by sub-  
23 stituting “Southeastern disaster area” for “Gulf Op-  
24 portunity Zone” in paragraph (2)(A).

1           (10) EDUCATION TAX BENEFITS.—Section  
2           1400O, by substituting “2011 or 2012” for “2005  
3           or 2006”.

4           (11) SPECIAL RULES FOR USE OF RETIREMENT  
5           FUNDS.—Section 1400Q—

6                   (A) by substituting “qualified Disaster Re-  
7                   covery Assistance distribution” for “qualified  
8                   hurricane distribution” each place it appears,

9                   (B) by substituting “on or after the appli-  
10                  cable disaster date and before January 1,  
11                  2013” for “on or after August 25, 2005, and  
12                  before January 1, 2007” in subsection  
13                  (a)(4)(A)(i),

14                  (C) by substituting “the applicable disaster  
15                  date” for “August 28, 2005” in subsections  
16                  (a)(4)(A)(i) and (c)(3)(B),

17                  (D) by disregarding clauses (ii) and (iii) of  
18                  subsection (a)(4)(A) thereof,

19                  (E) by substituting “qualified storm dam-  
20                  age distribution” for “qualified Katrina dis-  
21                  tribution” each place it appears,

22                  (F) by substituting “after the date which  
23                  is 6 months before the applicable disaster date  
24                  and before the date which is the day after the  
25                  applicable disaster date” for “after February

1 28, 2005, and before August 29, 2005” in sub-  
2 section (b)(2)(B)(ii),

3 (G) by substituting “the Southeastern dis-  
4 aster area, but not so purchased or constructed  
5 on account of severe storms, tornados, or flood-  
6 ing giving rise to the designation of the area as  
7 a disaster area” for “the Hurricane Katrina  
8 disaster area, but not so purchased or con-  
9 structed on account of Hurricane Katrina” in  
10 subsection (b)(2)(B)(iii),

11 (H) by substituting “beginning on the ap-  
12 plicable disaster date and ending on the date  
13 which is 5 months after the date of the enact-  
14 ment of the Southeastern Disaster Tax Relief  
15 Act of 2011” for “beginning on August 25,  
16 2005, and ending on February 28, 2006” in  
17 subsection (b)(3)(A),

18 (I) by substituting “qualified storm dam-  
19 age individual” for “qualified Hurricane  
20 Katrina individual” each place it appears,

21 (J) by substituting “December 31, 2012”  
22 for “December 31, 2006” in subsection  
23 (c)(2)(A),

24 (K) by disregarding subparagraphs (C)  
25 and (D) of subsection (c)(3) thereof,

1 (L) by substituting “beginning on the date  
2 of the enactment of the Southeastern Disaster  
3 Tax Relief Act of 2011 and ending on Decem-  
4 ber 31, 2012” for “beginning on September 24,  
5 2005, and ending on December 31, 2006” in  
6 subsection (c)(4)(A)(i),

7 (M) by substituting “the applicable dis-  
8 aster date” for “August 25, 2005” in sub-  
9 section (c)(4)(A)(ii), and

10 (N) by substituting “January 1, 2013” for  
11 “January 1, 2007” in subsection (d)(2)(A)(ii).

12 (12) EMPLOYEE RETENTION CREDIT FOR EM-  
13 PLOYERS AFFECTED BY SEVERE STORMS, TOR-  
14 NADOS, AND FLOODING.—Section 1400R(a)—

15 (A) by substituting “\$23,400” for  
16 “\$6,000” in paragraph (1),

17 (B) by substituting “the applicable disaster  
18 date” for “August 28, 2005” each place it ap-  
19 pears,

20 (C) by substituting “January 1, 2012” for  
21 “January 1, 2006” both places it appears, and

22 (D) only with respect to eligible employers  
23 who employed an average of not more than 200  
24 employees on business days during the taxable  
25 year before the applicable disaster date.

1           (13) TEMPORARY SUSPENSION OF LIMITATIONS  
2       ON       CHARITABLE       CONTRIBUTIONS.—Section  
3       1400S(a), by substituting the following paragraph  
4       for paragraph (4) thereof:

5           “(4) QUALIFIED CONTRIBUTIONS.—

6           “(A) IN GENERAL.—For purposes of this  
7       subsection, the term ‘qualified contribution’  
8       means any charitable contribution (as defined  
9       in section 170(c)) if—

10           “(i) such contribution—

11           “(I) is paid during the period be-  
12           ginning on the earliest applicable dis-  
13           aster date for all States and ending  
14           on December 31, 2011, in cash to an  
15           organization described in section  
16           170(b)(1)(A), and

17           “(II) is made for relief efforts in  
18           1 or more Southeastern disaster  
19           areas,

20           “(ii) the taxpayer obtains from such  
21           organization contemporaneous written ac-  
22           knowledgment (within the meaning of sec-  
23           tion 170(f)(8)) that such contribution was  
24           used (or is to be used) for relief efforts in  
25           1 or more Southeastern disaster areas, and



1           “(iii) the taxpayer has elected the ap-  
2           plication of this subsection with respect to  
3           such contribution.

4           “(B) EXCEPTION.—Such term shall not in-  
5           clude a contribution by a donor if the contribu-  
6           tion is—

7                   “(i) to an organization described in  
8                   section 509(a)(3), or

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

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

17           (14) SUSPENSION OF CERTAIN LIMITATIONS ON  
18           PERSONAL           CASUALTY           LOSSES.—Section  
19           1400S(b)(1), by substituting “the applicable disaster  
20           date” for “August 25, 2005”.

21           (15) SPECIAL RULE FOR DETERMINING  
22           EARNED INCOME.—Section 1400S(d)—

23                   (A) by treating an individual as a qualified  
24                  individual if such individual’s principal place of

1 abode on the applicable disaster date was lo-  
2 cated in a Southeastern disaster area,

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

6 (C) by treating an area as described in  
7 paragraph (2)(B)(ii) thereof if the area is a  
8 Southeastern disaster area only by reason of  
9 subsection (b)(2) of this section (relating to  
10 areas eligible only for public assistance).

11 (16) ADJUSTMENTS REGARDING TAXPAYER AND  
12 DEPENDENCY STATUS.—Section 1400S(e), by sub-  
13 stituting “2011 or 2012” for “2005 or 2006”.

14 (17) SPECIAL RULES FOR MORTGAGE REVENUE  
15 BONDS.—Section 1400T, by substituting “2016” for  
16 “2010”.

17 (e) MODIFICATIONS TO KATRINA EMERGENCY TAX  
18 RELIEF ACT OF 2005.—The following provisions of the  
19 Katrina Emergency Tax Relief Act of 2005 shall be ap-  
20 plied with the following modifications:

21 (1) ADDITIONAL EXEMPTION FOR HOUSING DIS-  
22 PLACED INDIVIDUAL.—Section 302—

23 (A) by substituting “2011 or 2012” for  
24 “2005 or 2006” in subsection (a) thereof,

1 (B) by substituting “Southeastern dis-  
2 placed individual” for “Hurricane Katrina dis-  
3 placed individual” each place it appears, and

4 (C) by treating an area as a core disaster  
5 area for purposes of applying subsection (c)  
6 thereof if the area is a Southeastern disaster  
7 area without regard to subsection (b)(2) of this  
8 section (relating to areas eligible only for public  
9 assistance).

10 (2) EXCLUSION OF CERTAIN CANCELLATION OF  
11 INDEBTEDNESS INCOME.—Section 401—

12 (A) by treating an individual whose prin-  
13 cipal place of abode on the applicable disaster  
14 date was in a Southeastern disaster area (deter-  
15 mined without regard to subsection (b)(2) of  
16 this section) as an individual described in sub-  
17 section (b)(1) thereof, and by treating an indi-  
18 vidual whose principal place of abode on the ap-  
19 plicable disaster date was in a Southeastern dis-  
20 aster area solely by reason of subsection (b)(2)  
21 of this section as an individual described in sub-  
22 section (b)(2) thereof,

23 (B) by substituting “the applicable disaster  
24 date” for “August 28, 2005” both places it ap-  
25 pears, and

1 (C) by substituting “January 1, 2013” for  
2 “January 1, 2007” in subsection (e).

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

7 **SEC. 3. RESCISSION OF UNSPENT AND UNCOMMITTED FED-**  
8 **ERAL FUNDS.**

9 (a) IN GENERAL.—Notwithstanding any other provi-  
10 sion of law, of all available unobligated Federal funds,  
11 \$12,000,000,000 in appropriated discretionary unexpired  
12 funds are rescinded.

13 (b) IMPLEMENTATION.—Not later than 60 days after  
14 the date of enactment of this Act, the Director of the Of-  
15 fice of Management and Budget shall—

16 (1) identify the accounts and amounts rescinded  
17 to implement subsection (a); and

18 (2) submit a report to the Secretary of the  
19 Treasury and Congress of the accounts and amounts  
20 identified under paragraph (1) for rescission.

21 (c) EXCEPTION.—This section shall not apply to the  
22 unobligated Federal funds of the Department of Defense  
23 or the Department of Veterans Affairs.

○