

(2) CONFORMING AMENDMENT.—The table of sections for chapter 69 of title 31, United States Code, is amended by striking the item relating to section 6906 and inserting the following:

“6906. FUNDING.”.

(3) BUDGET SCOREKEEPING—

(A) IN GENERAL.—Notwithstanding the Budget Scorekeeping Guidelines and the accompanying list of programs and accounts set forth in the joint explanatory statement of the committee of conference accompanying Conference Report 105-217, the section in this title regarding Payments in Lieu of Taxes shall be treated in the baseline for purposes of section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (as in effect prior to September 30, 2002), and by the Chairmen of the House and Senate Budget Committees, as appropriate, for purposes of budget enforcement in the House and Senate, and under the Congressional Budget Act of 1974 as if Payment in Lieu of Taxes (14-1114-0-1-806) were an account designated as Appropriated Entitlements and Mandatories for Fiscal Year 1997 in the joint explanatory statement of the committee of conference accompanying Conference Report 105-217.

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

**[¶7174] ACT SEC. 602. TRANSFER TO ABANDONED MINE RECLAMATION FUND.**

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

**TITLE VII—DISASTER RELIEF**

**Subtitle A—Heartland and Hurricane Ike Disaster Relief**

**[¶7177] ACT SEC. 701. SHORT TITLE.**

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

**[¶7180] ACT SEC. 702. TEMPORARY TAX RELIEF FOR AREAS DAMAGED BY 2008 MIDWESTERN SEVERE STORMS, TORNADOS, AND FLOODING.**

(a) IN GENERAL.—Subject to the modifications described in this section, the following provisions of or relating to the Internal Revenue Code of 1986 shall apply to any Midwestern disaster area in addition to the areas to which such provisions otherwise apply:

(1) GO ZONE BENEFITS.—

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

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

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

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

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

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

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

(2) OTHER BENEFITS INCLUDED IN KATRINA EMERGENCY TAX RELIEF ACT OF 2005.—Sections 302, 303, 304, 401, and 405 of the Katrina Emergency Tax Relief Act of 2005.

**¶7174 Act Sec. 601(c)(2)**

## (b) MIDWESTERN DISASTER AREA.—

(1) IN GENERAL.—For purposes of this section and for applying the substitutions described in subsections (d) and (e), the term “Midwestern disaster area” means an area—

(A) with respect to which a major disaster has been declared by the President on or after May 20, 2008, and before August 1, 2008, under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of severe storms, tornados, or flooding occurring in any of the States of Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, and Wisconsin, and

(B) determined by the President to warrant individual or individual and public assistance from the Federal Government under such Act with respect to damages attributable to such severe storms, tornados, or flooding.

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

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

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

## (c) REFERENCES.—

(1) AREA.—Any reference in such provisions to the Hurricane Katrina disaster area or the Gulf Opportunity Zone shall be treated as a reference to any Midwestern disaster area and any reference to the Hurricane Katrina disaster area or the Gulf Opportunity Zone within a State shall be treated as a reference to all Midwestern disaster areas within the State.

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

(3) APPLICABLE DISASTER DATE.—For purposes of applying the substitutions described in subsections (d) and (e), the term “applicable disaster date” means, with respect to any Midwestern disaster area, the date on which the severe storms, tornados, or flooding giving rise to the Presidential declaration described in subsection (b)(1)(A) occurred.

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

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

(A) by substituting “qualified Midwestern disaster area bond” for “qualified Gulf Opportunity Zone Bond” each place it appears, except that in determining whether a bond is a qualified Midwestern disaster area bond—

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

(I) in the case of a project involving a private business use (as defined in section 141(b)(6)), either the person using the property suffered a loss in a trade or business attributable to the severe storms, tornados, or flooding giving rise to any Presidential declaration described in subsection (b)(1)(A) or is a person designated for purposes of this section by the Governor of the State in which the project is located as a person carrying on a trade or business replacing a trade or business with respect to which another person suffered such a loss, and

(II) in the case of a project relating to public utility property, the project involves repair or reconstruction of public utility property damaged by such severe storms, tornados, or flooding, and

(ii) paragraph (2)(A)(ii) shall be applied by treating an issue as a qualified mortgage issue only if 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of the issue are to be used to provide financing for mortgagors who suffered damages to their principal residences attributable to such severe storms, tornados, or flooding.

(B) by substituting "any State in which a Midwestern disaster area is located" for "the State of Alabama, Louisiana, or Mississippi" in paragraph (2)(B),

(C) by substituting "designated for purposes of this section (on the basis of providing assistance to areas in the order in which such assistance is most needed)" for "designated for purposes of this section" in paragraph (2)(C),

(D) by substituting "January 1, 2013" for "January 1, 2011" in paragraph (2)(D),

(E) in paragraph (3)(A)—

(i) by substituting "\$1,000" for "\$2,500", and

(ii) by substituting "before the earliest applicable disaster date for Midwestern disaster areas within the State" for "before August 28, 2005",

(F) by substituting "qualified Midwestern disaster area repair or construction" for "qualified GO Zone repair or construction" each place it appears,

(G) by substituting "after the date of the enactment of the Heartland Disaster Tax Relief Act of 2008 and before January 1, 2013" for "after the date of the enactment of this paragraph and before January 1, 2011" in paragraph (7)(C), and

(H) by disregarding paragraph (8) thereof.

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

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

(B) by substituting "Disaster Recovery Assistance housing amount" for "Gulf Opportunity housing amount" each place it appears,

(C) in paragraph (1)(B)—

(i) by substituting "\$8.00" for "\$18.00", and

(ii) by substituting "before the earliest applicable disaster date for Midwestern disaster areas within the State" for "before August 28, 2005", and

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

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

(A) by substituting "qualified Disaster Recovery Assistance clean-up cost" for "qualified Gulf Opportunity Zone clean-up cost" each place it appears,

(B) by substituting "beginning on the applicable disaster date and ending on December 31, 2010" for "beginning on August 28, 2005, and ending on December 31, 2007" in paragraph (2), and

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

(4) EXTENSION OF EXPENSING FOR ENVIRONMENTAL REMEDIATION COSTS.—Section 1400N(g)—

(A) by substituting "the applicable disaster date" for "August 28, 2005" each place it appears,

(B) by substituting "January 1, 2011" for "January 1, 2008" in paragraph (1),

(C) by substituting "December 31, 2010" for "December 31, 2007" in paragraph (1), and

(D) by treating a site as a qualified contaminated site only if the release (or threat of release) or disposal of a hazardous substance at the site was attributable to the severe storms, tornados, or flooding giving rise to any Presidential declaration described in subsection (b)(1)(A).

(5) INCREASE IN REHABILITATION CREDIT.—Section 1400N(h), as amended by this Act—

(A) by substituting "the applicable disaster date" for "August 28, 2005",

(B) by substituting "December 31, 2011" for "December 31, 2009" in paragraph (1), and

(C) by only applying such subsection to qualified rehabilitation expenditures with respect to any building or structure which was damaged or destroyed as a result of the

severe storms, tornados, or flooding giving rise to any Presidential declaration described in subsection (b)(1)(A).

(6) TREATMENT OF NET OPERATING LOSSES ATTRIBUTABLE TO DISASTER LOSSES.—Section 1400N(k)—

(A) by substituting “qualified Disaster Recovery Assistance loss” for “qualified Gulf Opportunity Zone loss” each place it appears,

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

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

(D) by substituting “qualified Disaster Recovery Assistance property” for “qualified Gulf Opportunity Zone property” in paragraph (2)(B)(iv), and

(E) by substituting “qualified Disaster Recovery Assistance casualty loss” for “qualified Gulf Opportunity Zone casualty loss” each place it appears.

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

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

(B) by substituting “any State in which a Midwestern disaster area is located or any instrumentality of the State” for “the State of Alabama, Louisiana, or Mississippi” in paragraph (4)(A)(i),

(C) by substituting “after December 31, 2008 and before January 1, 2010” for “after December 31, 2005, and before January 1, 2007”,

(D) by substituting “shall not exceed \$100,000,000 for any State with an aggregate population located in all Midwestern disaster areas within the State of at least 2,000,000, \$50,000,000 for any State with an aggregate population located in all Midwestern disaster areas within the State of at least 1,000,000 but less than 2,000,000, and zero for any other State. The population of a State within any area shall be determined on the basis of the most recent census estimate of resident population released by the Bureau of Census before the earliest applicable disaster date for Midwestern disaster areas within the State.” for “shall not exceed” and all that follows in paragraph (4)(C), and

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

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

(9) HOUSING TAX BENEFITS.—Section 1400P, by substituting “the applicable disaster date” for “August 28, 2005” in subsection (c)(1).

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

(A) by substituting “qualified Disaster Recovery Assistance distribution” for “qualified hurricane distribution” each place it appears,

(B) by substituting “on or after the applicable disaster date and before January 1, 2010” for “on or after August 25, 2005, and before January 1, 2007” in subsection (a)(4)(A)(i),

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

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

(E) by substituting “qualified storm damage distribution” for “qualified Katrina distribution” each place it appears,

(F) by substituting “after the date which is 6 months before the applicable disaster date and before the date which is the day after the applicable disaster date” for “after February 28, 2005, and before August 29, 2005” in subsection (b)(2)(B)(ii),

(G) by substituting “the Midwestern disaster area, but not so purchased or constructed on account of severe storms, tornados, or flooding giving rise to the designation of the area as a disaster area” for “the Hurricane Katrina disaster area, but not so purchased or constructed on account of Hurricane Katrina” in subsection (b)(2)(B)(iii),

(H) by substituting “beginning on the applicable disaster date and ending on the date which is 5 months after the date of the enactment of the Heartland Disaster Tax Relief Act of 2008” for “beginning on August 25, 2005, and ending on February 28, 2006” in subsection (b)(3)(A),

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

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

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

(L) by substituting “beginning on the date of the enactment of the Heartland Disaster Tax Relief Act of 2008 and ending on December 31, 2009” for “beginning on September 24, 2005, and ending on December 31, 2006” in subsection (c)(4)(A)(i),

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

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

(11) EMPLOYEE RETENTION CREDIT FOR EMPLOYERS AFFECTED BY SEVERE STORMS, TORNADOS, AND FLOODING.—Section 1400R(a)—

(A) by substituting “the applicable disaster date” for “August 28, 2005” each place it appears,

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

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

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

“(4) QUALIFIED CONTRIBUTIONS.—

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

“(i) such contribution—

“(I) is paid during the period beginning on the earliest applicable disaster date for all States and ending on December 31, 2008, in cash to an organization described in section 170(b)(1)(A), and

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

“(ii) the taxpayer obtains from such organization contemporaneous written acknowledgment (within the meaning of section 170(f)(8)) that such contribution was used (or is to be used) for relief efforts in 1 or more Midwestern disaster areas, and

“(iii) the taxpayer has elected the application of this subsection with respect to such contribution.

“(B) EXCEPTION.—Such term shall not include a contribution by a donor if the contribution is—

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

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

“(C) APPLICATION OF ELECTION TO PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation, the election under subparagraph (A)(iii) shall be made separately by each partner or shareholder.”.

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

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

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

(B) by treating the applicable disaster date with respect to any such individual as the applicable date for purposes of such subsection, and

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

(15) ADJUSTMENTS REGARDING TAXPAYER AND DEPENDENCY STATUS.—Section 1400S(e), by substituting “2008 or 2009” for “2005 or 2006”.

(e) MODIFICATIONS TO KATRINA EMERGENCY TAX RELIEF ACT OF 2005.—The following provisions of the Katrina Emergency Tax Relief Act of 2005 shall be applied with the following modifications:

(1) ADDITIONAL EXEMPTION FOR HOUSING DISPLACED INDIVIDUAL.—Section 302—

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

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

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

(2) INCREASE IN STANDARD MILEAGE RATE.—Section 303, by substituting “beginning on the applicable disaster date and ending on December 31, 2008” for “beginning on August 25, 2005, and ending on December 31, 2006”.

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

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

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

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

(A) by treating an individual whose principal place of abode on the applicable disaster date was in a Midwestern disaster area (determined without regard to subsection (b)(2) of this section) as an individual described in subsection (b)(1) thereof, and by treating an individual whose principal place of abode on the applicable disaster date was in a Midwestern disaster area solely by reason of subsection (b)(2) of this section as an individual described in subsection (b)(2) thereof,

(B) by substituting “the applicable disaster date” for “August 28, 2005” both places it appears, and

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

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

[CCH Explanation at ¶ 655.]

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**[¶ 7183] ACT SEC. 704. TEMPORARY TAX-EXEMPT BOND FINANCING AND LOW-INCOME HOUSING TAX RELIEF FOR AREAS DAMAGED BY HURRICANE IKE.**

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

(1) By substituting “qualified Hurricane Ike disaster area bond” for “qualified Gulf Opportunity Zone Bond” each place it appears, except that in determining whether a bond is a qualified Hurricane Ike disaster area bond—

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

(i) in the case of a project involving a private business use (as defined in section 141(b)(6)), either the person using the property suffered a loss in a trade or business attributable to Hurricane Ike or is a person designated for purposes of this section by the Governor of the State in which the project is located as a person carrying on a trade or business replacing a trade or business with respect to which another person suffered such a loss, and

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

(B) paragraph (2)(A)(ii) shall be applied by treating an issue as a qualified mortgage issue only if 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of the issue are to be used to provide financing for mortgagors who suffered damages to their principal residences attributable to Hurricane Ike.

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

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

(4) By substituting “January 1, 2013” for “January 1, 2011” in paragraph (2)(D).

(5) By substituting the following for subparagraph (A) of paragraph (3):

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

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

“(ii) in the case of Louisiana, the parishes of Calcasieu and Cameron,

(as determined on the basis of the most recent census estimate of resident population released by the Bureau of Census before September 13, 2008).”.

(6) By substituting “qualified Hurricane Ike disaster area repair or construction” for “qualified GO Zone repair or construction” each place it appears.

(7) By substituting “after the date of the enactment of the Heartland Disaster Tax Relief Act of 2008 and before January 1, 2013” for “after the date of the enactment of this paragraph and before January 1, 2011” in paragraph (7)(C).

(8) By disregarding paragraph (8) thereof.

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

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

**¶ 7183 Act Sec. 704**

- (1) Only with respect to calendar years 2008, 2009, and 2010.
- (2) By substituting "any Hurricane Ike disaster area" for "the Gulf Opportunity Zone" each place it appears.
- (3) By substituting "Hurricane Ike Recovery Assistance housing amount" for "Gulf Opportunity housing amount" each place it appears.
- (4) By substituting the following for subparagraph (B) of paragraph (1):
- "(B) HURRICANE IKE HOUSING AMOUNT.—For purposes of subparagraph (A), the term 'Hurricane Ike housing amount' means, for any calendar year, the amount equal to the product of \$16.00 multiplied by the portion of the State population which is in—
- "(i) in the case of Texas, the counties of Brazoria, Chambers, Galveston, Jefferson, and Orange, and
- "(ii) in the case of Louisiana, the parishes of Calcasieu and Cameron,
- (as determined on the basis of the most recent census estimate of resident population released by the Bureau of Census before September 13, 2008)."
- (5) Determined without regard to paragraphs (2), (3), (4), (5), and (6) thereof.

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

- (1) with respect to which a major disaster has been declared by the President on September 13, 2008, under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Ike, and
- (2) determined by the President to warrant individual or individual and public assistance from the Federal Government under such Act with respect to damages attributable to Hurricane Ike.

[CCH Explanations at ¶ 650 and ¶ 655. Committee Reports at ¶ 10,700.]

#### Subtitle B—National Disaster Relief

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#### [¶ 7186] ACT SEC. 712. COORDINATION WITH HEARTLAND DISASTER RELIEF.

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

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[CCH Explanations at ¶ 650 and ¶ 655.]