



H.R. 7006 – To amend the Internal Revenue Code of 1986 to provide disaster assistance relief

FLOOR SITUATION

H.R. 7006 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Charles Rangel (D-NY) on September 23, 2008. The bill was referred to the House Committee on Ways and Means, but was never considered.

H.R. 7006 is expected to be considered on the floor of the House on September 24, 2008.

SUMMARY

Casualty Loss Deductions Relating to Federal Disasters: H.R. 7006 would allow all taxpayers who have suffered a casualty loss as a result of a Federally-declared disaster in 2008-2001 to claim a deduction regardless of whether they itemize deductions and without regard to their adjusted gross income. The current 10% of adjusted gross income threshold would be waived but the current \$100 per loss threshold would be increased to \$500.

Businesses to Write Off Certain Expenses Relating to Federal Disasters: The bill would allow businesses to immediately write off expenses such as demolition, repair, and removal of debris, and the abatement or control of hazardous substances after being adversely affected by a Federally declared disaster in 2008-2011.

Net Operating Losses: The bill allows businesses to carry back net operating losses for the previous five years following casualty losses from Federally declared disasters in 2008-2011 and from qualified disaster expenses.

**Note: Taxpayers who can carry back losses to prior years are able to receive a refund of the taxes they paid in the earlier year. Under current law, businesses are typically allowed to carry losses back two years.*

Mortgage Revenue Bond Requirements: H.R. 7006 allows states to use the tax-exempt qualified mortgage bonds to provide loans of up to the lesser of \$150,000 or the amount of damage for the repair or reconstruction of homes and rental units that are deemed unsafe for use as a residence because of a Federally declared disaster in 2008-2011.

**Note: Earlier this year, Congress passed legislation that provided an additional \$11 billion of tax-exempt bonds to states to provide loans to first-time homebuyers, for the construction of low-income housing, and to refinance subprime loans. This bill allows states to also use the money for the above purpose.*

Standard Mileage Rate for Charitable Use of a Vehicle: The bill allows the Secretary to increase the standard mileage rate through December 31, 2011, from 14 cents per mile to an amount determined appropriate by the Secretary but not less than the rate for medical purposes (currently, 27 cents/mile).

Low Income Housing Allocations: The bill allows the Secretary of the Treasury to allocate additional low-income housing tax credits capable of building \$2 billion of affordable housing to states with Federally declared disaster areas in 2008-2001, to be allocated based on the severity of the damage.



Private Activity Disaster Bonds: The bill allows the Secretary of the Treasury to issue an additional \$13 billion in tax exempt private activity bonds to States for the reconstruction, replacement, repair, or renovation of business property damaged or destroyed by a Federally declared disaster in 2008-2011, to be allocated based on the severity of the damage.

Charitable Contribution Limits: H.R. 7006 waives the contribution limits on corporations and individuals for charitable cash contributions related to a Federally-declared disaster area made prior to December 31, 2009.

BACKGROUND

The Robert T. Stafford Disaster Relief and Emergency Assistance Act authorizes the President to issue major disaster and emergency declarations in the event of a significant natural disaster or other catastrophe. A major disaster declaration that is issued by the President following a catastrophic event gives federal agencies greater authority in the aftermath of the disaster to provide supplemental assistance to help state and local governments, residents of the disaster area, and some nonprofit organizations recover from the disaster.

Thirty-two states received Presidential disaster declarations in 2007. So far in 2008, thirty states have received disaster declarations. This bill would only provide tax relief for disasters declared after January 1, 2008, and would be in place for three years.

COST

The Joint Committee on Taxation did not have a score available for H.R. 7006 as of September 23, 2008.

STAFF CONTACT

For questions or further information contact Conference Policy Shop at 6-2302.