

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. GINGREY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

The point of no quorum is considered withdrawn.

**PROVIDING FOR CONCURRENCE BY HOUSE WITH AMENDMENT IN SENATE AMENDMENT TO H.R. 3768, KATRINA EMERGENCY TAX RELIEF ACT OF 2005**

Mr. MCCRERY. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 454) providing for the concurrence by the House with an amendment in the amendment of the Senate to H.R. 3768.

The Clerk read as follows:

H. RES. 454

*Resolved*, That, upon the adoption of this resolution, the House shall be considered to have taken from the Speaker's table the bill H.R. 3768, with the Senate amendment thereto, and to have concurred in the Senate amendment to the bill with the following amendment:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the bill, insert the following:

**SECTION 1. SHORT TITLE, ETC.**

(a) **SHORT TITLE.**—This Act may be cited as the “Katrina Emergency Tax Relief Act of 2005”.

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

Sec. 1. Short title, etc.

Sec. 2. Hurricane Katrina disaster area.

**TITLE I—SPECIAL RULES FOR USE OF RETIREMENT FUNDS FOR RELIEF RELATING TO HURRICANE KATRINA**

Sec. 101. Tax-favored withdrawals from retirement plans for relief relating to Hurricane Katrina.

Sec. 102. Recontributions of withdrawals for home purchases cancelled due to Hurricane Katrina.

Sec. 103. Loans from qualified plans for relief relating to Hurricane Katrina.

Sec. 104. Provisions relating to plan amendments.

**TITLE II—EMPLOYMENT RELIEF**

Sec. 201. Work opportunity tax credit for Hurricane Katrina employees.

Sec. 202. Employee retention credit for employers affected by Hurricane Katrina.

**TITLE III—CHARITABLE GIVING INCENTIVES**

Sec. 301. Temporary suspension of limitations on charitable contributions.

Sec. 302. Additional exemption for housing Hurricane Katrina displaced individuals.

Sec. 303. Increase in standard mileage rate for charitable use of vehicles.

Sec. 304. Mileage reimbursements to charitable volunteers excluded from gross income.

Sec. 305. Charitable deduction for contributions of food inventory.

Sec. 306. Charitable deduction for contributions of book inventories to public schools.

**TITLE IV—ADDITIONAL TAX RELIEF PROVISIONS**

Sec. 401. Exclusions of certain cancellations of indebtedness by reason of Hurricane Katrina.

Sec. 402. Suspension of certain limitations on personal casualty losses.

Sec. 403. Required exercise of authority under section 7508A for tax relief relating to Hurricane Katrina.

Sec. 404. Special rules for mortgage revenue bonds.

Sec. 405. Extension of replacement period for nonrecognition of gain for property located in Hurricane Katrina disaster area.

Sec. 406. Special rule for determining earned income.

Sec. 407. Secretarial authority to make adjustments regarding taxpayer and dependency status.

**TITLE V—EMERGENCY REQUIREMENT**

Sec. 501. Emergency requirement.

**SEC. 2. HURRICANE KATRINA DISASTER AREA.**

For purposes of this Act—

(1) **HURRICANE KATRINA DISASTER AREA.**—The term “Hurricane Katrina disaster area” means an area with respect to which a major disaster has been declared by the President before September 14, 2005, under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Katrina.

(2) **CORE DISASTER AREA.**—The term “core disaster area” means that portion of the Hurricane Katrina disaster area determined by the President to warrant individual or individual and public assistance from the Federal Government under such Act.

**TITLE I—SPECIAL RULES FOR USE OF RETIREMENT FUNDS FOR RELIEF RELATING TO HURRICANE KATRINA**

**SEC. 101. TAX-FAVORED WITHDRAWALS FROM RETIREMENT PLANS FOR RELIEF RELATING TO HURRICANE KATRINA.**

(a) **IN GENERAL.**—Section 72(t) of the Internal Revenue Code of 1986 shall not apply to any qualified Hurricane Katrina distribution.

(b) **AGGREGATE DOLLAR LIMITATION.**—

(1) **IN GENERAL.**—For purposes of this section, the aggregate amount of distributions received by an individual which may be treated as qualified Hurricane Katrina distributions for any taxable year shall not exceed the excess (if any) of—

(A) \$100,000, over

(B) the aggregate amounts treated as qualified Hurricane Katrina distributions received by such individual for all prior taxable years.

(2) **TREATMENT OF PLAN DISTRIBUTIONS.**—If a distribution to an individual would (without regard to paragraph (1)) be a qualified Hurricane Katrina distribution, a plan shall not be treated as violating any requirement of the Internal Revenue Code of 1986 merely because the plan treats such distribution as a qualified Hurricane Katrina distribution, unless the aggregate amount of such distributions from all plans maintained by the employer (and any member of any controlled group which includes the employer) to such individual exceeds \$100,000.

(3) **CONTROLLED GROUP.**—For purposes of paragraph (2), the term “controlled group” means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of such Code.

(c) **AMOUNT DISTRIBUTED MAY BE REPAYED.**—

(1) **IN GENERAL.**—Any individual who receives a qualified Hurricane Katrina dis-

tribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement plan of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16) of such Code, as the case may be.

(2) **TREATMENT OF REPAYMENTS OF DISTRIBUTIONS FROM ELIGIBLE RETIREMENT PLANS OTHER THAN IRAS.**—For purposes of such Code, if a contribution is made pursuant to paragraph (1) with respect to a qualified Hurricane Katrina distribution from an eligible retirement plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified Hurricane Katrina distribution in an eligible rollover distribution (as defined in section 402(c)(4) of such Code) and as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

(3) **TREATMENT OF REPAYMENTS FOR DISTRIBUTIONS FROM IRAS.**—For purposes of such Code, if a contribution is made pursuant to paragraph (1) with respect to a qualified Hurricane Katrina distribution from an individual retirement plan (as defined by section 7701(a)(37) of such Code), then, to the extent of the amount of the contribution, the qualified Hurricane Katrina distribution shall be treated as a distribution described in section 408(d)(3) of such Code and as having been transferred to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

(d) **DEFINITIONS.**—For purposes of this section—

(1) **QUALIFIED HURRICANE KATRINA DISTRIBUTION.**—Except as provided in subsection (b), the term “qualified Hurricane Katrina distribution” means any distribution from an eligible retirement plan made on or after August 25, 2005, and before January 1, 2007, to an individual whose principal place of abode on August 28, 2005, is located in the Hurricane Katrina disaster area and who has sustained an economic loss by reason of Hurricane Katrina.

(2) **ELIGIBLE RETIREMENT PLAN.**—The term “eligible retirement plan” shall have the meaning given such term by section 402(c)(8)(B) of such Code.

(e) **INCOME INCLUSION SPREAD OVER 3 YEAR PERIOD FOR QUALIFIED HURRICANE KATRINA DISTRIBUTIONS.**—

(1) **IN GENERAL.**—In the case of any qualified Hurricane Katrina distribution, unless the taxpayer elects not to have this subsection apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable year period beginning with such taxable year.

(2) **SPECIAL RULE.**—For purposes of paragraph (1), rules similar to the rules of subparagraph (E) of section 408A(d)(3) of such Code shall apply.

(f) **SPECIAL RULES.**—

(1) **EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE TRANSFER AND WITHHOLDING RULES.**—For purposes of sections 401(a)(31), 402(f), and 3405 of such Code, qualified Hurricane Katrina distributions shall not be treated as eligible rollover distributions.

(2) **QUALIFIED HURRICANE KATRINA DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS.**—For purposes of such Code, a qualified Hurricane Katrina distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i),

403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A) of such Code.

**SEC. 102. RECONTRIBUTIONS OF WITHDRAWALS FOR HOME PURCHASES CANCELLED DUE TO HURRICANE KATRINA.**

(a) RECONTRIBUTIONS.—

(1) IN GENERAL.—Any individual who received a qualified distribution may, during the period beginning on August 25, 2005, and ending on February 28, 2006, make one or more contributions in an aggregate amount not to exceed the amount of such qualified distribution to an eligible retirement plan (as defined in section 402(c)(8)(B) of the Internal Revenue Code of 1986) of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), or 408(d)(3) of such Code, as the case may be.

(2) TREATMENT OF REPAYMENTS.—Rules similar to the rules of paragraphs (2) and (3) of section 101(c) of this Act shall apply for purposes of this section.

(b) QUALIFIED DISTRIBUTION DEFINED.—For purposes of this section, the term “qualified distribution” means any distribution—

(1) described in section 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but only to the extent such distribution relates to financial hardship), 403(b)(11)(B), or 72(t)(2)(F) of such Code,

(2) received after February 28, 2005, and before August 29, 2005, and

(3) which was to be used to purchase or construct a principal residence in the Hurricane Katrina disaster area, but which was not so purchased or constructed on account of Hurricane Katrina.

**SEC. 103. LOANS FROM QUALIFIED PLANS FOR RELIEF RELATING TO HURRICANE KATRINA.**

(a) INCREASE IN LIMIT ON LOANS NOT TREATED AS DISTRIBUTIONS.—In the case of any loan from a qualified employer plan (as defined under section 72(p)(4) of the Internal Revenue Code of 1986) to a qualified individual made after the date of enactment of this Act and before January 1, 2007—

(1) clause (i) of section 72(p)(2)(A) of such Code shall be applied by substituting “\$100,000” for “\$50,000”, and

(2) clause (ii) of such section shall be applied by substituting “the present value of the nonforfeitable accrued benefit of the employee under the plan” for “one-half of the present value of the nonforfeitable accrued benefit of the employee under the plan”.

(b) DELAY OF REPAYMENT.—In the case of a qualified individual with an outstanding loan on or after August 25, 2005, from a qualified employer plan (as defined in section 72(p)(4) of such Code)—

(1) if the due date pursuant to subparagraph (B) or (C) of section 72(p)(2) of such Code for any repayment with respect to such loan occurs during the period beginning on August 25, 2005, and ending on December 31, 2006, such due date shall be delayed for 1 year,

(2) any subsequent repayments with respect to any such loan shall be appropriately adjusted to reflect the delay in the due date under paragraph (1) and any interest accruing during such delay, and

(3) in determining the 5-year period and the term of a loan under subparagraph (B) or (C) of section 72(p)(2) of such Code, the period described in paragraph (1) shall be disregarded.

(c) QUALIFIED INDIVIDUAL.—For purposes of this section, the term “qualified individual” means an individual whose principal place of abode on August 28, 2005, is located in the Hurricane Katrina disaster area and who has sustained an economic loss by reason of Hurricane Katrina.

**SEC. 104. PROVISIONS RELATING TO PLAN AMENDMENTS.**

(a) IN GENERAL.—If this section applies to any amendment to any plan or annuity contract, such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A).

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by this title, or pursuant to any regulation issued by the Secretary of the Treasury or the Secretary of Labor under this title, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2007, or such later date as the Secretary of the Treasury may prescribe.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), subparagraph (B) shall be applied by substituting the date which is 2 years after the date otherwise applied under subparagraph (B).

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted), the plan or contract is operated as if such plan or contract amendment were in effect; and

(B) such plan or contract amendment applies retroactively for such period.

**TITLE II—EMPLOYMENT RELIEF**

**SEC. 201. WORK OPPORTUNITY TAX CREDIT FOR HURRICANE KATRINA EMPLOYEES.**

(a) IN GENERAL.—For purposes of section 51 of the Internal Revenue Code of 1986, a Hurricane Katrina employee shall be treated as a member of a targeted group.

(b) HURRICANE KATRINA EMPLOYEE.—For purposes of this section, the term “Hurricane Katrina employee” means—

(1) any individual who on August 28, 2005, had a principal place of abode in the core disaster area and who is hired during the 2-year period beginning on such date for a position the principal place of employment of which is located in the core disaster area, and

(2) any individual who on such date had a principal place of abode in the core disaster area, who is displaced from such abode by reason of Hurricane Katrina, and who is hired during the period beginning on such date and ending on December 31, 2005.

(c) REASONABLE IDENTIFICATION ACCEPTABLE.—In lieu of the certification requirement under subparagraph (A) of section 51(d)(12) of such Code, an individual may provide to the employer reasonable evidence that the individual is a Hurricane Katrina employee, and subparagraph (B) of such section shall be applied as if such evidence were a certification described in such subparagraph.

(d) SPECIAL RULES FOR DETERMINING CREDIT.—For purposes of applying subpart F of part IV of subchapter A of chapter 1 of such Code to wages paid or incurred to any Hurricane Katrina employee—

(1) section 51(c)(4) of such Code shall not apply, and

(2) section 51(i)(2) of such Code shall not apply with respect to the first hire of such employee as a Hurricane Katrina employee, unless such employee was an employee of the employer on August 28, 2005.

**SEC. 202. EMPLOYEE RETENTION CREDIT FOR EMPLOYEES AFFECTED BY HURRICANE KATRINA.**

(a) IN GENERAL.—In the case of an eligible employer, there shall be allowed as a credit against the tax imposed by chapter 1 of the Internal Revenue Code of 1986 for the taxable year an amount equal to 40 percent of the qualified wages with respect to each eligible employee of such employer for such taxable year. For purposes of the preceding sentence, the amount of qualified wages which may be taken into account with respect to any individual shall not exceed \$6,000.

(b) DEFINITIONS.—For purposes of this section—

(1) ELIGIBLE EMPLOYER.—The term “eligible employer” means any employer—

(A) which conducted an active trade or business on August 28, 2005, in a core disaster area, and

(B) with respect to whom the trade or business described in subparagraph (A) is inoperable on any day after August 28, 2005, and before January 1, 2006, as a result of damage sustained by reason of Hurricane Katrina.

(2) ELIGIBLE EMPLOYEE.—The term “eligible employee” means with respect to an eligible employer an employee whose principal place of employment on August 28, 2005, with such eligible employer was in a core disaster area.

(3) QUALIFIED WAGES.—The term “qualified wages” means wages (as defined in section 51(c)(1) of such Code, but without regard to section 3306(b)(2)(B) of such Code) paid or incurred by an eligible employer with respect to an eligible employee on any day after August 28, 2005, and before January 1, 2006, which occurs during the period—

(A) beginning on the date on which the trade or business described in paragraph (1) first became inoperable at the principal place of employment of the employee immediately before Hurricane Katrina, and

(B) ending on the date on which such trade or business has resumed significant operations at such principal place of employment.

Such term shall include wages paid without regard to whether the employee performs no services, performs services at a different place of employment than such principal place of employment, or performs services at such principal place of employment before significant operations have resumed.

(c) CREDIT NOT ALLOWED FOR LARGE BUSINESSES.—The term “eligible employer” shall not include any trade or business for any taxable year if such trade or business employed an average of more than 200 employees on business days during the taxable year.

(d) CERTAIN RULES TO APPLY.—For purposes of this section, rules similar to the rules of sections 51(i)(1), 52, and 280C(a) of such Code shall apply.

(e) EMPLOYEE NOT TAKEN INTO ACCOUNT MORE THAN ONCE.—An employee shall not be treated as an eligible employee for purposes of this section for any period with respect to any employer if such employer is allowed a credit under section 51 of such Code with respect to such employee for such period.

(f) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—The credit allowed under this section shall be added to the current year business credit under section 38(b) of such Code and shall be treated as a credit allowed under subpart D of part IV of subchapter A of chapter 1 of such Code.

**TITLE III—CHARITABLE GIVING INCENTIVES**

**SEC. 301. TEMPORARY SUSPENSION OF LIMITATIONS ON CHARITABLE CONTRIBUTIONS.**

(a) IN GENERAL.—Except as otherwise provided in subsection (b), section 170(b) of the Internal Revenue Code of 1986 shall not apply

to qualified contributions and such contributions shall not be taken into account for purposes of applying subsections (b) and (d) of section 170 of such Code to other contributions.

(b) TREATMENT OF EXCESS CONTRIBUTIONS.—For purposes of section 170 of such Code—

(1) INDIVIDUALS.—In the case of an individual—

(A) LIMITATION.—Any qualified contribution shall be allowed only to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer's contribution base (as defined in subparagraph (F) of section 170(b)(1) of such Code) over the amount of all other charitable contributions allowed under such section 170(b)(1).

(B) CARRYOVER.—If the aggregate amount of qualified contributions made in the contribution year (within the meaning of section 170(d)(1) of such Code) exceeds the limitation of subparagraph (A), such excess shall be added to the excess described in the portion of subparagraph (A) of such section which precedes clause (i) thereof for purposes of applying such section.

(2) CORPORATIONS.—In the case of a corporation—

(A) LIMITATION.—Any qualified contribution shall be allowed only to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer's taxable income (as determined under paragraph (2) of section 170(b) of such Code) over the amount of all other charitable contributions allowed under such paragraph.

(B) CARRYOVER.—Rules similar to the rules of paragraph (1)(B) shall apply for purposes of this paragraph.

(C) EXCEPTION TO OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.—So much of any deduction allowed under section 170 of such Code as does not exceed the qualified contributions paid during the taxable year shall not be treated as an itemized deduction for purposes of section 68 of such Code.

(d) QUALIFIED CONTRIBUTIONS.—

(1) IN GENERAL.—For purposes of this section, the term "qualified contribution" means any charitable contribution (as defined in section 170(c) of such Code)—

(A) paid during the period beginning on August 28, 2005, and ending on December 31, 2005, in cash to an organization described in section 170(b)(1)(A) of such Code (other than an organization described in section 509(a)(3) of such Code),

(B) in the case of a contribution paid by a corporation, such contribution is for relief efforts related to Hurricane Katrina, and

(C) with respect to which the taxpayer has elected the application of this section.

(2) EXCEPTION.—Such term shall not include a contribution if the contribution is for establishment of a new, or maintenance in an existing, segregated fund or account with respect to which the donor (or any person appointed or designated by such donor) has, or reasonably expects to have, advisory privileges with respect to distributions or investments by reason of the donor's status as a donor.

(3) APPLICATION OF ELECTION TO PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation, the election under paragraph (1)(C) shall be made separately by each partner or shareholder.

**SEC. 302. ADDITIONAL EXEMPTION FOR HOUSING HURRICANE KATRINA DISPLACED INDIVIDUALS.**

(a) IN GENERAL.—In the case of taxable years of a natural person beginning in 2005 or 2006, for purposes of the Internal Revenue Code of 1986, taxable income shall be reduced by \$500 for each Hurricane Katrina displaced individual of the taxpayer for the taxable year.

(b) LIMITATIONS.—

(1) DOLLAR LIMITATION.—The reduction under subsection (a) shall not exceed \$2,000, reduced by the amount of the reduction under this section for all prior taxable years.

(2) INDIVIDUALS TAKEN INTO ACCOUNT ONLY ONCE.—An individual shall not be taken into account under subsection (a) if such individual was taken into account under such subsection by the taxpayer for any prior taxable year.

(3) IDENTIFYING INFORMATION REQUIRED.—An individual shall not be taken into account under subsection (a) for a taxable year unless the taxpayer identification number of such individual is included on the return of the taxpayer for such taxable year.

(c) HURRICANE KATRINA DISPLACED INDIVIDUAL.—For purposes of this section, the term "Hurricane Katrina displaced individual" means, with respect to any taxpayer for any taxable year, any natural person if—

(1) such person's principal place of abode on August 28, 2005, was in the Hurricane Katrina disaster area,

(2)(A) in the case of such an abode located in the core disaster area, such person is displaced from such abode, or

(B) in the case of such an abode located outside of the core disaster area, such person is displaced from such abode, and

(i) such abode was damaged by Hurricane Katrina, or

(ii) such person was evacuated from such abode by reason of Hurricane Katrina, and

(3) such person is provided housing free of charge by the taxpayer in the principal residence of the taxpayer for a period of 60 consecutive days which ends in such taxable year.

Such term shall not include the spouse or any dependent of the taxpayer.

(d) COMPENSATION FOR HOUSING.—No deduction shall be allowed under this section if the taxpayer receives any rent or other amount (from any source) in connection with the providing of such housing.

**SEC. 303. INCREASE IN STANDARD MILEAGE RATE FOR CHARITABLE USE OF VEHICLES.**

Notwithstanding section 170(i) of the Internal Revenue Code of 1986, for purposes of computing the deduction under section 170 of such Code for use of a vehicle described in subsection (f)(12)(E)(i) of such section for provision of relief related to Hurricane Katrina during the period beginning on August 25, 2005, and ending on December 31, 2006, the standard mileage rate shall be 70 percent of the standard mileage rate in effect under section 162(a) of such Code at the time of such use. Any increase under this section shall be rounded to the next highest cent.

**SEC. 304. MILEAGE REIMBURSEMENTS TO CHARITABLE VOLUNTEERS EXCLUDED FROM GROSS INCOME.**

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, gross income of an individual for taxable years ending on or after August 25, 2005, does not include amounts received, from an organization described in section 170(c) of such Code, as reimbursement of operating expenses with respect to use of a passenger automobile for the benefit of such organization in connection with providing relief relating to Hurricane Katrina during the period beginning on August 25, 2005, and ending on December 31, 2006. The preceding sentence shall apply only to the extent that the expenses which are reimbursed would be deductible under chapter 1 of such Code if section 274(d) of such Code were applied—

(1) by using the standard business mileage rate in effect under section 162(a) at the time of such use, and

(2) as if the individual were an employee of an organization not described in section 170(c) of such Code.

(b) APPLICATION TO VOLUNTEER SERVICES ONLY.—Subsection (a) shall not apply with respect to any expenses relating to the performance of services for compensation.

(c) NO DOUBLE BENEFIT.—No deduction or credit shall be allowed under any other provision of such Code with respect to the expenses excludable from gross income under subsection (a).

**SEC. 305. CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.**

(a) IN GENERAL.—Paragraph (3) of section 170(e) of the Internal Revenue Code of 1986 (relating to special rule for certain contributions of inventory and other property) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

“(C) SPECIAL RULE FOR CONTRIBUTIONS OF FOOD INVENTORY.—

“(i) GENERAL RULE.—In the case of a charitable contribution of food from any trade or business of the taxpayer, this paragraph shall be applied—

“(I) without regard to whether the contribution is made by a C corporation, and

“(II) only to food that is apparently wholesome food.

“(ii) LIMITATION.—In the case of a taxpayer other than a C corporation, the aggregate amount of such contributions for any taxable year which may be taken into account under this section shall not exceed 10 percent of the taxpayer's aggregate net income for such taxable year from all trades or businesses from which such contributions were made for such year, computed without regard to this section.

“(iii) APPARENTLY WHOLESOME FOOD.—For purposes of this subparagraph, the term 'apparently wholesome food' has the meaning given to such term by section 22(b)(2) of the Bill Emerson Good Samaritan Food Donation Act (42 U.S.C. 1791(b)(2)), as in effect on the date of the enactment of this subparagraph.

“(iv) TERMINATION.—This subparagraph shall not apply to contributions made after December 31, 2005.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made on or after August 28, 2005, in taxable years ending after such date.

**SEC. 306. CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF BOOK INVENTORIES TO PUBLIC SCHOOLS.**

(a) IN GENERAL.—Paragraph (3) of section 170(e) of the Internal Revenue Code of 1986 (relating to certain contributions of ordinary income and capital gain property), as amended by section 305, is amended by redesignating subparagraph (D) as subparagraph (E) and by inserting after subparagraph (C) the following new subparagraph:

“(D) SPECIAL RULE FOR CONTRIBUTIONS OF BOOK INVENTORY TO PUBLIC SCHOOLS.—

“(i) CONTRIBUTIONS OF BOOK INVENTORY.—In determining whether a qualified book contribution is a qualified contribution, subparagraph (A) shall be applied without regard to whether the donee is an organization described in the matter preceding clause (i) of subparagraph (A).

“(ii) QUALIFIED BOOK CONTRIBUTION.—For purposes of this paragraph, the term 'qualified book contribution' means a charitable contribution of books to a public school which is an educational organization described in subsection (b)(1)(A)(ii) and which provides elementary education or secondary education (kindergarten through grade 12).

“(iii) CERTIFICATION BY DONEE.—Subparagraph (A) shall not apply to any contribution unless (in addition to the certifications required by subparagraph (A) (as modified by

this subparagraph)), the donee certifies in writing that—

“(I) the books are suitable, in terms of currency, content, and quantity, for use in the donee’s educational programs, and

“(II) the donee will use the books in its educational programs.

“(iv) TERMINATION.—This subparagraph shall not apply to contributions made after December 31, 2005.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made on or after August 28, 2005, in taxable years ending after such date.

#### TITLE IV—ADDITIONAL TAX RELIEF PROVISIONS

##### SEC. 401. EXCLUSIONS OF CERTAIN CANCELLATIONS OF INDEBTEDNESS BY REASON OF HURRICANE KATRINA.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, gross income shall not include any amount which (but for this section) would be includible in gross income by reason of the discharge (in whole or in part) of indebtedness of a natural person described in subsection (b) by an applicable entity (as defined in section 6050P(c)(1) of such Code).

(b) PERSONS DESCRIBED.—A natural person is described in this subsection if the principal place of abode of such person on August 25, 2005, was located—

(1) in the core disaster area, or

(2) in the Hurricane Katrina disaster area (but outside the core disaster area) and such person suffered economic loss by reason of Hurricane Katrina.

(c) EXCEPTIONS.—

(1) BUSINESS INDEBTEDNESS.—Subsection (a) shall not apply to any indebtedness incurred in connection with a trade or business.

(2) REAL PROPERTY OUTSIDE CORE DISASTER AREA.—Subsection (a) shall not apply to any discharge of indebtedness to the extent that real property constituting security for such indebtedness is located outside of the Hurricane Katrina disaster area.

(d) DENIAL OF DOUBLE BENEFIT.—For purposes of the Internal Revenue Code of 1986, the amount excluded from gross income under subsection (a) shall be treated in the same manner as an amount excluded under section 108(a) of such Code.

(e) EFFECTIVE DATE.—This section shall apply to discharges made on or after August 25, 2005, and before January 1, 2007.

##### SEC. 402. SUSPENSION OF CERTAIN LIMITATIONS ON PERSONAL CASUALTY LOSSES.

Paragraphs (1) and (2)(A) of section 165(h) of the Internal Revenue Code of 1986 shall not apply to losses described in section 165(c)(3) of such Code which arise in the Hurricane Katrina disaster area on or after August 25, 2005, and which are attributable to Hurricane Katrina. In the case of any other losses, section 165(h)(2)(A) of such Code shall be applied without regard to the losses referred to in the preceding sentence.

##### SEC. 403. REQUIRED EXERCISE OF AUTHORITY UNDER SECTION 7508A FOR TAX RELIEF RELATING TO HURRICANE KATRINA.

(a) AUTHORITY INCLUDES SUSPENSION OF PAYMENT OF EMPLOYMENT AND EXCISE TAXES.—Subparagraphs (A) and (B) of section 7508(a)(1) of the Internal Revenue Code of 1986 are amended to read as follows:

“(A) Filing any return of income, estate, gift, employment, or excise tax;

“(B) Payment of any income, estate, gift, employment, or excise tax or any installment thereof or of any other liability to the United States in respect thereof;”.

(b) APPLICATION WITH RESPECT TO HURRICANE KATRINA.—In the case of any taxpayer determined by the Secretary of the Treasury to be affected by the Presidentially declared

disaster relating to Hurricane Katrina, any relief provided by the Secretary of the Treasury under section 7508A of the Internal Revenue Code of 1986 shall be for a period ending not earlier than February 28, 2006, and shall be treated as applying to the filing of returns relating to, and the payment of, employment and excise taxes.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply for any period for performing an act which has not expired before August 25, 2005.

##### SEC. 404. SPECIAL RULES FOR MORTGAGE REVENUE BONDS.

(a) IN GENERAL.—In the case of financing provided with respect to a qualified Hurricane Katrina recovery residence, subsection (d) of section 143 of the Internal Revenue Code of 1986 shall be applied as if such residence were a targeted area residence.

(b) QUALIFIED HURRICANE KATRINA RECOVERY RESIDENCE.—For purposes of this section, the term “qualified Hurricane Katrina recovery residence” means—

(1) any residence in the core disaster area, and

(2) any other residence if—

(A) such other residence is located in the same State as the principal residence referred to in subparagraph (B), and

(B) the mortgagor with respect to such other residence owned a principal residence on August 28, 2005, which—

(i) was located in the Hurricane Katrina disaster area, and

(ii) was rendered uninhabitable by reason of Hurricane Katrina.

(c) SPECIAL RULE FOR HOME IMPROVEMENT LOANS.—In the case of any loan with respect to a residence in the Hurricane Katrina disaster area, section 143(k)(4) of such Code shall be applied by substituting \$150,000 for the dollar amount contained therein to the extent such loan is for the repair of damage by reason of Hurricane Katrina.

(d) APPLICATION.—Subsection (a) shall not apply to financing provided after December 31, 2007.

##### SEC. 405. EXTENSION OF REPLACEMENT PERIOD FOR NONRECOGNITION OF GAIN FOR PROPERTY LOCATED IN HURRICANE KATRINA DISASTER AREA.

Clause (i) of section 1033(a)(2)(B) of the Internal Revenue Code of 1986 shall be applied by substituting “5 years” for “2 years” with respect to property in the Hurricane Katrina disaster area which is compulsorily or involuntarily converted on or after August 25, 2005, by reason of Hurricane Katrina, but only if substantially all of the use of the replacement property is in such area.

##### SEC. 406. SPECIAL RULE FOR DETERMINING EARNED INCOME.

(a) IN GENERAL.—In the case of a qualified individual, if the earned income of the taxpayer for the taxable year which includes August 25, 2005, is less than the earned income of the taxpayer for the preceding taxable year, the credits allowed under sections 24(d) and 32 of the Internal Revenue Code of 1986 may, at the election of the taxpayer, be determined by substituting—

(1) such earned income for the preceding taxable year, for

(2) such earned income for the taxable year which includes August 25, 2005.

(b) QUALIFIED INDIVIDUAL.—For purposes of this section, the term “qualified individual” means any individual whose principal place of abode on August 25, 2005, was located—

(1) in the core disaster area, or

(2) in the Hurricane Katrina disaster area (but outside the core disaster area) and such individual was displaced from such principal place of abode by reason of Hurricane Katrina.

(c) EARNED INCOME.—For purposes of this section, the term “earned income” has the

meaning given such term under section 32(c) of such Code.

(d) SPECIAL RULES.—

(1) APPLICATION TO JOINT RETURNS.—For purpose of subsection (a), in the case of a joint return for a taxable year which includes August 25, 2005—

(A) such subsection shall apply if either spouse is a qualified individual, and

(B) the earned income of the taxpayer for the preceding taxable year shall be the sum of the earned income of each spouse for such preceding taxable year.

(2) UNIFORM APPLICATION OF ELECTION.—Any election made under subsection (a) shall apply with respect to both section 24(d) and section 32 of such Code.

(3) ERRORS TREATED AS MATHEMATICAL ERROR.—For purposes of section 6213 of such Code, an incorrect use on a return of earned income pursuant to subsection (a) shall be treated as a mathematical or clerical error.

(4) NO EFFECT ON DETERMINATION OF GROSS INCOME, ETC.—Except as otherwise provided in this section, the Internal Revenue Code of 1986 shall be applied without regard to any substitution under subsection (a).

##### SEC. 407. SECRETARIAL AUTHORITY TO MAKE ADJUSTMENTS REGARDING TAXPAYER AND DEPENDENCY STATUS.

With respect to taxable years beginning in 2005 or 2006, the Secretary of the Treasury or the Secretary’s delegate may make such adjustments in the application of the internal revenue laws as may be necessary to ensure that taxpayers do not lose any deduction or credit or experience a change of filing status by reason of temporary relocations by reason of Hurricane Katrina. Any adjustments made under the preceding sentence shall ensure that an individual is not taken into account by more than one taxpayer with respect to the same tax benefit.

#### TITLE V—EMERGENCY REQUIREMENT

##### SEC. 501. EMERGENCY REQUIREMENT.

Any provision of this Act causing an effect on receipts, budget authority, or outlays is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Louisiana (Mr. MCCREY) and the gentleman from New York (Mr. RANGEL) each will control 20 minutes.

The Chair recognizes the gentleman from Louisiana (Mr. MCCREY).

#### GENERAL LEAVE

Mr. MCCREY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the subject matter of the resolution under consideration, H. Res. 454.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. MCCREY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill before us today is a bicameral, bipartisan compromise on the bill that we passed through this House last week dealing with tax relief primarily for individuals who were affected by Hurricane Katrina. The Senate, as you know, Mr. Speaker, passed a slightly different bill, and in the time since the passage in the House and the Senate, we have gotten together with our colleagues from the other body and worked out those differences, and

today we have on the floor a bill that, when it passes the House today, should immediately pass the Senate thereafter and be sent to the President for his signature.

I am pleased to say that the level of cooperation across the aisle and across the Capitol with respect to taking care of the needs of individuals who were affected by Hurricane Katrina continues in a manner that does us all proud.

So the bill today on the floor, Mr. Speaker, as I said, primarily provides for individual tax relief. There are several provisions which provide tax relief to businesses in the affected areas, but of course those businesses, we hope, will be employing and paying residents of the affected areas. So at least indirectly, even those provisions promote the welfare of those individuals who were affected by Hurricane Katrina.

Just to enumerate some of the provisions in this bill that will help individuals over these troubled times for them, any loss of tax benefits that would occur under current law, due to the relocation of that individual or family, would not take place because this House will pass this bill. In other words, this bill will hold harmless those families and individuals who might have lost some tax benefit due to a temporary relocation that was necessary due to the storm. Any debt that is forgiven to these individuals, those individuals will not be taxed on that debt. The debt forgiveness will not be counted as income to those individuals, as it would be under current law.

Also, anybody that provides housing assistance to dislocated persons will, under this bill, be given a tax deduction of \$500 per person they are housing, up to a maximum of \$2,000 tax deduction. And, of course, that is meant to help with the burden of bringing people into one's home and thereby encouraging people to house dislocated persons from that affected area.

Also, under current law, there is a deduction for personal casualty losses, but there is a limit on that deduction. This bill would waive that limit and allow individuals to fully deduct their loss.

This bill would allow affected individuals to withdraw from their IRAs and pensions. For those individuals, the 10 percent penalty or 10 percent tax for early withdrawal of those funds, up to a maximum of \$100,000, those affected people could withdraw from those vehicles and put that money into their home, helping them with repairs and so forth, and that would be a big help to those individuals. There are provisions that would allow those folks to repay their IRA over time and avoid any tax on those withdrawals as well.

Several of these provisions, as I said, help businesses, help employers; and, of course, we are trying to encourage employers in these affected areas to bring workers back and to create jobs so that people can come back and have an income. One thing that we will extend to employers in this area is the work op-

portunity tax credit. The credit will give a 40 percent credit for the first \$6,000 of wages paid to an employee in the first year, so up to \$2,400 tax credit for hiring somebody in these affected areas.

There is also an employee retention tax credit, which is very important. As you know, Mr. Speaker, many of the businesses in these affected areas are basically out of business now. Their businesses were destroyed, so they have no ongoing business at this time. Yet many of those employers have the wherewithal to continue paying their employees until their business can get back up and running. And while we certainly congratulate those employers, we know they cannot do that, many of them cannot do that for long. Because we want to encourage them to continue paying their employees even though their business is not up and going, we have an employee retention tax credit available to those employers who wish to continue paying their employees.

With respect to replacing damaged property, under current law, if it is business property, the insurance proceeds are not taxable if they replace that business property within 2 years. And for individuals replacing individual property, they have 4 years to replace that property. This bill will make the time period 5 years for either businesses or individuals.

Also, another help to businesses and employers in this bill is an extension of the deadline for paying excise and employment taxes. That is going to be a problem for some of those businesses, particularly small businesses who were destroyed by the storm.

Also, on the business side, Mr. Speaker, we encourage cash donations by corporations by removing the limit on those corporate donations, as well as we provide the same charitable donation the deduction for charitable donation of food inventory to S corporations, partnerships, and sole proprietors that is now available under the law to C corporations.

So, in sum, Mr. Speaker, this bill provides a number of tax benefits to both individuals and businesses to help them get over these very difficult times that they are experiencing because of their losses due to Hurricane Katrina, and also starts us on the way to rebuilding a business infrastructure, a jobs infrastructure, in these affected areas which will be so critical to the overall recovery of the area.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

First, let me thank the leadership on the other side of the aisle for the cooperation that they have given. I have worked very closely with the chairman, the gentleman from California (Mr. THOMAS), and I am so pleased the gentleman from Louisiana (Mr. MCCRERY) and the gentleman from Louisiana (Mr. JEFFERSON), who come from the affected areas, have been able

to work together to assist the Congress, and especially those of us on the committee, to see how fast we could get some type of assistance to the victims of this horrendous disaster.

As the gentleman from Louisiana (Mr. MCCRERY) stated, this is a temporary provision that is not meant to indicate that the Congress has completed its work on this task. As a matter of fact, it is hardly even a beginning, but that is what we thought we could do.

The good that has come out of this is a sense of bipartisanship, that Katrina was not a Republican or a Democratic disaster, it was one that struck America. And I think the President of the United States has definitely set the tone as to what most all Americans, and certainly people from all over the world realize, that this is not just building or rebuilding a city, it is not just restoring a culture, but it certainly is making the people there whole. So as we pass this bill on the consent calendar, I hope that the tone that has been set on the other side of the aisle can continue to be a bipartisan and bicameral effort in order to do the best we can in terms of restoring the dignity and the culture of this great city.

To do this, some of us are working very closely with the people that come from this area, hoping that we can get an authority on the empowerment zone concept that goes far beyond the limitations that we have on the tax-writing committee. We hope that we can get the local officials, the State officials, as well as the business people, to come up with a comprehensive plan that would allow all of us, no matter what committees that we sit on, to be a part of this great American recovery effort.

□ 1245

We also have to make certain that the people that are providing the assistance down there are held accountable and that every effort is made to make certain that, one, the people who were forced to leave the area have an opportunity to return; and to some extent our tax policy will reflect what we can do to provide incentives for them to come back home. It is also important that we take into consideration the environmental conditions that exist there to make certain that it is not contaminated when the people come back.

We would also like to see an independent commission that goes far beyond what has been suggested by the Speaker to make certain that as we move forward that we do not make the same mistakes that were made in the past, and where there have been mistakes, we do not give medals of honor to those people who made them, but rather work to correct them and make certain we have competent bipartisan workers doing the Nation's business to rebuild the area that has been affected.

Some Members on this side will share their experiences with 9/11, some of the

things that did and did not happen; and I would hope that we would be able to share those views today and as we move forward to make certain that when we do have a plan, there are jobs there and we deal with housing, schools, and deal with all of these things with the same vigor as the President had indicated that we would do.

Again, I would like to thank the gentleman from California (Chairman THOMAS), the gentleman from Louisiana (Mr. MCCRERY), and the members of the Committee on Ways and Means for the speed with which we reacted to this. I hope it has set a tone, if not for the entire Congress as we relate to other things, at least to begin with Hurricane Katrina and see what we can do to set an example for the other committees in working together.

Mr. Speaker, I reserve the balance of my time.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise just to thank the gentleman from New York (Mr. RANGEL), the distinguished ranking member of the Committee on Ways and Means, for his work in putting together not only this bill but also in gathering ideas from his experiences with New York following 9/11 and also ideas that he has gathered from Members on his side of the aisle with how we best deal with the tragedy that has occurred and the rebuilding efforts that necessarily have to follow, not only in terms of the jurisdiction of our committee, but other areas that this Congress must address to adequately ensure the recovery of the devastated areas along the gulf coast. I thank the gentleman for his help.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. MALONEY), who has done a great deal of work on 9/11; and she would like to share some of her views with us today.

(Mrs. MALONEY asked and was given permission to revise and extend her remarks.)

Mrs. MALONEY. Mr. Speaker, I thank the gentleman from New York (Mr. RANGEL) for his leadership. This country is united and determined to help the victims of Hurricane Katrina. By passing this important bill, we can quickly move refunds into the hands of families and businesses that have worked hard and paid their taxes.

I do want to provide and share with my colleagues a report that the New York delegation, under the leadership of the gentleman from New York (Mr. RANGEL) and others, developed for our gulf coast colleagues that outlines the experiences that we had, the challenges that we had in the recovery process in our efforts to help New Yorkers.

I thank this body for their swift and committed help in helping New Yorkers. But despite the efforts of our entire delegation to get a report about

what exactly happened in the seven tax benefit programs that came into New York, we asked for a GAO report, again under the leadership of the gentleman from New York (Mr. RANGEL) and others, and they have told us that they do not track this information and do not have any information on whether the tax benefits were used, who they went to, or if anyone even benefited from them.

I share that experience with my colleagues so they might want to add to the legislation, if it is not already in it, that there be a mandate that the impact of what we are trying to do to help people in fact is tracked when we are spending, or may spend, billions of dollars. The taxpayers, the victims, and this body deserve an accurate tracking of what exactly happened and if our intentions to help people really was realized in dollars in their pockets and dollars in economic development. I want to share with my colleagues from the gulf region this report.

Our recovery in New York is still ongoing 4 years afterwards. I hope we are not here 4 years from now waving a similar report from Louisiana, Mississippi and Alabama trying to find out what happened with the efforts that I truly support today to help families and victims of Hurricane Katrina, and I strongly support this legislation.

Mr. Speaker, anyone interested in viewing the reports mentioned in my speech please visit my website at [www.house.gov/maloney](http://www.house.gov/maloney).

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Speaker, I will vote for this bill; but I have to hand it to this administration, they want to lower your taxes so earnestly that they will even lower your wages to do it.

Through an executive order, the President lowered the wages workers will be paid to rebuild the hurricane-affected region. He suspended the Davis-Bacon Act, a 74-year-old law which requires that companies receiving Federal contracts pay the average wage to employees hired to perform those Federal contracts. With smaller incomes, workers will pay less.

But corporate income, unlike worker incomes, will rise. The corporate contractors will be able to keep more of the contract for themselves through a combination of setting lower wages for workers and receiving tax exemptions under the provisions of H.R. 3768. Suspension of the Davis-Bacon Act will give contractors unprecedented power to set wages. That is because the hurricane destroyed the labor market in the region. Nearly everyone is out of work; nearly everyone needs a job. After losing everything, how many people will be able to hold out for higher wages? Not many.

Thus, labor market forces will not determine wages. Instead, hurricane victims and workers who may be brought into the region are at the mercy of Halliburton and Fluor corporations, just to name a couple con-

tractors who have won or will win construction contracts in hurricane reconstruction and which will dictate wage levels.

The bottom line is this: hurricane tax relief means one thing if you are a hurricane victim and another if you are a corporate contractor receiving Federal funds to rebuild the hurricane-affected region. Tax relief for hurricane victims will primarily take the form of paying less taxes on smaller wages. But tax relief means something very different to the corporate contractors. They will be paying less taxes on increased income.

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentlewoman from Ohio (Mrs. JONES), an outstanding member of the Committee on Ways and Means.

Mrs. JONES of Ohio. Mr. Speaker, I would like to compliment both the gentleman from New York (Mr. RANGEL) and the gentleman from Louisiana (Mr. MCCRERY) on the work they have done on this legislation.

I introduced a piece of legislation. This bill's number is H.R. 3768, mine is H.R. 3769. I hope as we go through the process you would take a look at the legislation that I have. The legislation I have has two of the same provisions, the temporary housing tax credit as well as the work opportunity tax credit for Hurricane Katrina victims.

But I would ask Members to consider expanding the low-income tax credit to assist Katrina victims in obtaining affordable housing. This legislation would make the following changes to low-income housing tax credit. It will double the housing tax credit authority for Louisiana, Mississippi, and Alabama for 2006 and 2007 to \$3.70 times State population. The current cap is \$1.85.

It would extend difficult development area designation to Federal disaster areas in Louisiana, Mississippi, Alabama, and Florida through 2007. The difficult development areas are currently those areas with high construction land and utility costs because of their location. In DDAs, the tax credit is based on 130 percent of the project's total cost instead of the normal 100 percent, providing an incentive to developers to invest in these most-distressed areas.

This legislation will make affordable housing projects in Federal disaster areas in Louisiana, Mississippi, Alabama, and Florida eligible for the DDA designation and the basis boost, increasing investment and economic development in the region.

It would also waive the national pool "full subscription" requirement for Louisiana, Mississippi, Alabama, and Florida through 2007. Currently, the low-income housing tax credit not used by States is added to a national pool. The tax credit in that national pool is then distributed to those States that apply for the excess credits. However, to be eligible for those credits, a State must have used all of its previously allocated tax credits, or full subscription.

This legislation waives the requirement for Louisiana, Alabama, Mississippi, and Florida. I would hope that you would take a look at this piece of legislation because I think it will also help Katrina victims.

Last, I would ask you to consider giving them a home buyer tax credit that would encourage people from these States to go back to the States where they lived and they would get a \$5,000 tax credit to rebuild a new home in those communities. I support this legislation. I would encourage you to consider the two areas that I mentioned.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

I want to congratulate the gentlewoman from Ohio, a distinguished member of the Committee on Ways and Means for coming up with some good ideas to assist in getting people back home and into housing. Her ideas are on a list that we are examining. I am very attracted to the substance of her ideas on this matter.

I cannot guarantee that it is going to be in future legislation; but it is something that I am looking at very closely, as are others on the committee, including the gentleman from New York (Mr. RANGEL), I am sure. I think we will be able to get together on some of the gentlewoman's comments. I thank the gentlewoman for her assistance in helping us put together even more legislation following today's bill to help those folks get back home.

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentleman from Illinois (Mr. EMANUEL).

Mr. EMANUEL. Mr. Speaker, I want to commend the gentleman from California (Chairman THOMAS); the ranking member, the gentleman from New York (Mr. RANGEL); and the gentleman from Louisiana (Mr. MCCRERY) for working on a bipartisan basis to bring this legislation to the floor. It will go a long ways towards helping the 1.3 million families devastated by Hurricane Katrina.

I am especially pleased that this bill prevents the loss of tax benefits, like the earned income tax credit and the child credit, by reason of job loss or relocation due to Hurricane Katrina. I believe, as I have talked on the floor, that we can do more in this area.

I hope in the future tax bills that we look at, we will consider legislation introduced by the gentleman from Georgia (Mr. LEWIS), the gentleman from Mississippi (Mr. TAYLOR), and the gentleman from Louisiana (Mr. MELACON), and I to immediately fast track the earned income tax credit and the child tax credit refunds earned by working families so they receive them now rather than later.

Many constituents of the gentleman from Mississippi (Mr. TAYLOR) and the gentleman from Louisiana (Mr. MELACON) have lost their belongings and their homes. Others have been left destitute with nothing more than the clothes on their backs. The Federal Government can respond as they have

in past instances, advancing the refunds that Hurricane Katrina victims have earned. By taking these steps, we can fast track the refunds to families that have worked, paid taxes and earned them, all the while stimulating local economies. It is a win-win for those families and communities in America.

I would like to draw attention to the Congressional Research Service that on Monday issued a report entitled "Tax Policy Options After Hurricane Katrina." The study says that measures directed at the earned income tax credit and refundable child credits are the best ways to stimulate the local economy.

I understand that the gentleman from California (Chairman THOMAS) and the gentleman from Louisiana (Mr. MCCRERY) plan to introduce a third Hurricane Katrina tax bill in the coming weeks. I hope that they look at this report just issued on Monday by the Congressional Research Service that this would be the best way to help families and local communities through fast-tracking the earned income tax credits and the refundable child credit.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

□ 1300

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the esteemed ranking member for yielding me this time, and I thank the sponsor of this legislation and the bipartisan effort that has been offered here today.

Mr. Speaker, as the Members well know, Hurricane Rita is fast approaching the gulf coast again. My own community of Galveston, Houston, and other surrounding areas that many of us represent is about to face the unknown, and it is important for the face of Congress today to be bipartisan.

I want to congratulate the gentleman from New York (Mr. RANGEL), the gentleman from Louisiana (Mr. MCCRERY), and all of the supporters, the gentleman from Louisiana (Mr. JEFFERSON), all who have lived this in a very unique and special way.

But as we move toward this legislation, might I reinforce some concepts that are so very important, particularly if the New Orleans region is hit again and the tragedy of the levees again spills water into that region, we want to go forward in the reconstruction in a bipartisan way. We want Members and local leaders to be consulted. We also want regional development authorities to be developed. And, particularly, as I was asked today, we want an inspector general or a recovery czar to make sure that, as we give tax relief, that we also give dollars for reconstruction. These dollars will be used effectively and invested not only in the large corporations, the standard bearers of Rebuild America that have gone on to Iraq and other places, but let us put those dollars that will help rebuild small businesses in the hands of

small businesses, minority-owned businesses and women-owned businesses. Let us make sure that the relief that has been given impacts individuals in their properties that still exist in New Orleans, for example, although under water. The physical structure of the house may be leveled, but they will need to have the tax benefits so that they can make sure that they are able to rebuild.

This legislation, for example, exempts income from forgiveness of debt from tax. It prevents loss of tax benefits such as the earned income tax credit, waives the 10 percent penalty on early distributions from retirement plans, provides the work opportunity tax credit, and many others. It also deals with the charitable incentives that will allow people to give.

But I think the main point is we are still facing the forward road. It is time to work together for the rebuilding of the region and to prepare us for whatever the results are of Hurricane Rita.

May God bless those in Houston and the surrounding areas and those who will be facing this horrible storm. May they know that we are focused on their work and on their future. May God bless them, and our prayers are with them.

Mr. RANGEL. Mr. Speaker, I yield back the balance of my time.

Mr. MCCRERY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SHIMKUS). The question is on the motion offered by the gentleman from Louisiana (Mr. MCCRERY) that the House suspend the rules and agree to the resolution, H. Res. 454.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. RANGEL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

#### RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 1 o'clock and 3 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 1330

#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mrs. BIGGERT) at 1 o'clock and 30 minutes p.m.