

109TH CONGRESS
1ST SESSION

S. _____

To provide tax relief for the victims of Hurricane Katrina, to provide incentives for charitable giving, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. GRASSLEY (for himself, Mr. BAUCUS, Mr. LOTT, Ms. LANDRIEU, Mr. VITTER, Mr. COCHRAN, and Mr. SHELBY) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To provide tax relief for the victims of Hurricane Katrina, to provide incentives for charitable giving, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;**

4 **TABLE OF CONTENTS.**

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

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-
9 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference
2 shall be considered to be made to a section or other provi-
3 sion of the Internal Revenue Code of 1986.

4 (c) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:

- Sec. 1. Short title; amendment of 1986 Code; table of contents.
- Sec. 2. Hurricane Katrina disaster area.

TITLE I. PENALTY FREE USE OF RETIREMENT FUNDS BY NATURAL DISASTER VICTIMS

- Sec. 101. Penalty free withdrawals from retirement plans for victims of feder-ally declared natural disasters.
- Sec. 102. Income averaging for disaster-relief distributions related to Hurricane Katrina.
- Sec. 103. Recontributions of withdrawals for home purchases cancelled due to Hurricane Katrina.
- Sec. 104. Loans from qualified plans to victims of Hurricane Katrina.
- Sec. 105. Provisions relating to plan amendments.

TITLE II. EMPLOYMENT RELIEF

- Sec. 201. Work opportunity tax credit for Hurricane Katrina employee sur-
vivors.
- Sec. 202. Payroll maintenance tax credit for employers affected by Hurricane
Katrina.

TITLE III. CHARITABLE GIVING INCENTIVES

- Sec. 301. Temporary increase in limitation on individual and corporate chari-
table cash contributions.
- Sec. 302. Tax-free distributions from individual retirement accounts for chari-
table purposes.
- Sec. 303. Charitable deduction for contributions of food inventories.
- Sec. 304. Charitable deduction for contributions of book inventories.
- Sec. 305. Additional personal exemption amount for Hurricane Katrina house-
guest.
- Sec. 306. Increase in standard mileage rate for charitable use of passenger
automobile.

TITLE IV. ADDITIONAL TAX RELIEF PROVISIONS

- Sec. 401. Exclusions of certain cancellations of indebtedness for victims of Hur-
ricane Katrina.
- Sec. 402. Modification to casualty loss rules for victims of Hurricane Katrina.
- Sec. 403. Required exercise of authority under section 7508A for tax relief for
victims of Hurricane Katrina.
- Sec. 404. Renewal of special mortgage financing rules for residences located in
Hurricane Katrina disaster area.
- Sec. 405. Extension of replacement period for nonrecognition of gain for prop-
erty located in Hurricane Katrina disaster area.

TITLE V. ADDITIONAL PROVISIONS

Sec. 501. Disclosure to State officials of proposed actions related to exempt organizations.

Sec. 502. Dedication and use of certain fees.

1 SEC. 2. HURRICANE KATRINA DISASTER AREA.

2 For purposes of this Act, the term “Hurricane
3 Katrina disaster area” means an area—

4 (1) with respect to which a major disaster has
5 been declared by the President before September 14,
6 2005, under section 401 of the Robert T. Stafford
7 Disaster Relief and Emergency Assistance Act in
8 connection with Hurricane Katrina, and

9 (2) which is determined by the President before
10 such date to warrant individual assistance, or indi-
11 vidual and public assistance, from the Federal Gov-
12 ernment under such Act.

**13 TITLE I—PENALTY FREE USE OF
14 RETIREMENT FUNDS BY NAT-
15 URAL DISASTER VICTIMS****16 SEC. 101. PENALTY FREE WITHDRAWALS FROM RETIRE-
17 MENT PLANS FOR VICTIMS OF FEDERALLY
18 DECLARED NATURAL DISASTERS.**

19 (a) IN GENERAL.—Paragraph (2) of section 72(t)
20 (relating to 10-percent additional tax on early distribu-
21 tions from qualified retirement plans) is amended by add-
22 ing at the end the following new subparagraph:

1 “(G) DISTRIBUTIONS FROM RETIREMENT
2 PLANS TO VICTIMS OF FEDERALLY DECLARED
3 NATURAL DISASTERS.—

4 “(i) IN GENERAL.—Any qualified dis-
5 aster-relief distribution.

6 “(ii) AMOUNT DISTRIBUTED MAY BE
7 REPAID.—

8 “(I) IN GENERAL.—Any indi-
9 vidual who receives a qualified dis-
10 aster-relief distribution may, at any
11 time during the 3-year period begin-
12 ning on the day after the date on
13 which such distribution was made,
14 make one or more contributions in an
15 aggregate amount not to exceed the
16 amount of such distribution to an eli-
17 gible retirement plan (as defined in
18 section 402(c)(8)(B)) of which such
19 individual is a beneficiary and to
20 which a rollover contribution of such
21 distribution could be made under sec-
22 tion 402(c), 403(a)(4), 403(b)(8), or
23 408(d)(3), as the case may be.

24 “(II) TREATMENT OF REPAY-
25 MENTS FOR DISTRIBUTIONS FROM EL-

1 extent of the amount of the contribu-
2 tion, the qualified disaster-relief dis-
3 tribution shall be treated as a dis-
4 tribution described in section
5 408(d)(3) and as having been trans-
6 ferred to the eligible retirement plan
7 in a direct trustee to trustee transfer
8 within 60 days of the distribution.

9 “(IV) APPLICATION TO GOVERN-
10 MENTAL SECTION 457 PLANS.—In de-
11 termining whether any distribution is
12 a qualified disaster-relief distribution
13 for purposes of this clause, an eligible
14 deferred compensation plan (as de-
15 fined in section 457(b)) maintained by
16 an employer described in section
17 457(e)(1)(A) shall be treated as a
18 qualified retirement plan.

19 “(iii) QUALIFIED DISASTER-RELIEF
20 DISTRIBUTION.—For purposes of this sub-
21 paragraph, the term ‘qualified disaster-re-
22 lief distribution’ means any distribution—

23 “(I) to an individual who has
24 sustained a loss as a result of a major
25 disaster declared under section 401 of

1 the Robert T. Stafford Disaster Relief
2 and Emergency Assistance Act and
3 who has a principal place of abode im-
4 mediately before the declaration in a
5 qualified disaster area, and

6 “(II) which is made during the 1-
7 year period beginning on the date
8 such declaration is made.

9 “(iv) QUALIFIED DISASTER AREA.—
10 For purposes of this subparagraph, the
11 term ‘qualified disaster area’ means an
12 area—

13 “(I) with respect to which a
14 major disaster has been declared by
15 the President under section 401 of the
16 Robert T. Stafford Disaster Relief
17 and Emergency Assistance Act, and

18 “(II) which is determined by the
19 President to warrant individual assist-
20 ance, or individual and public assist-
21 ance, from the Federal Government
22 under such Act.”.

23 (b) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE
24 TO TRUSTEE TRANSFER AND WITHHOLDING RULES.—
25 Paragraph (4) of section 402(c) (relating to eligible roll-

1 over distribution) is amended by striking “and” at the end
2 of subparagraph (B), by striking the period at the end
3 of subparagraph (C) and inserting “, and”, and by insert-
4 ing at the end the following new subparagraph:

5 “(D) any qualified disaster-relief distribu-
6 tion (within the meaning of section
7 72(t)(2)(G)).”.

8 (e) CONFORMING AMENDMENTS.—

9 (1) Section 401(k)(2)(B)(i) is amended by
10 striking “or” at the end of subclause (III), by strik-
11 ing “and” at the end of subclause (IV) and inserting
12 “or”, and by inserting after subclause (IV) the fol-
13 lowing new subclause:

14 “(V) the date on which a period
15 referred to in section
16 72(t)(2)(G)(iii)(II) begins (but only to
17 the extent provided in section
18 72(t)(2)(G)), and”.

19 (2) Section 403(b)(7)(A)(ii) is amended by in-
20 sserting “sustains a loss as a result of a major dis-
21 aster declared under section 401 of the Robert T.
22 Stafford Disaster Relief and Emergency Assistance
23 Act (but only to the extent provided in section
24 72(t)(2)(G)),” before “or”.

1 (3) Section 403(b)(11) is amended by striking
2 “or” at the end of subparagraph (A), by striking the
3 period at the end of subparagraph (B) and inserting
4 “, or”, and by inserting after subparagraph (B) the
5 following new subparagraph:

6 “(C) for distributions to which section
7 72(t)(2)(G) applies.”.

8 (d) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to distributions received after Au-
10 gust 28, 2005.

11 **SEC. 102. INCOME AVERAGING FOR DISASTER-RELIEF DIS-**
12 **TRIBUTIONS RELATED TO HURRICANE**
13 **KATRINA.**

14 (a) IN GENERAL.—In the case of any qualified dis-
15 aster-relief distribution (within the meaning of section
16 72(t)(2)(G) of the Internal Revenue Code of 1986) from
17 a qualified retirement plan (as defined in section 4974(c)
18 of such Code) to a qualified individual, unless the taxpayer
19 elects not to have this section apply for any taxable year,
20 any amount required to be included in gross income for
21 such taxable year shall be so included ratably over the 3-
22 taxable year period beginning with such taxable year.

23 (b) SPECIAL RULES.—

24 (1) APPLICATION TO GOVERNMENTAL SECTION
25 457 PLANS.—In determining whether any distribu-

1 tion is a qualified disaster-relief distribution (as so
2 defined) for purposes of this section, an eligible de-
3 ferred compensation plan (as defined in section
4 457(b) of such Code) maintained by an employer de-
5 scribed in section 457(e)(1)(A) of such Code shall be
6 treated as a qualified retirement plan (as so defined)

7 (2) CERTAIN RULES TO APPLY.—Rules similar
8 to the rules of subparagraph (E) of section
9 408A(d)(3) of such Code shall apply for purposes of
10 this section.

11 (c) QUALIFIED INDIVIDUAL.—For purposes of this
12 section, the term “qualified individual” means an indi-
13 vidual who has sustained a loss as a result of the major
14 disaster declared under section 401 of the Robert T. Staf-
15 ford Disaster Relief and Emergency Assistance Act (42
16 U.S.C. 5170) in connection with Hurricane Katrina and
17 who has a principal place of abode immediately before the
18 declaration in a Hurricane Katrina disaster area.

19 **SEC. 103. RECONTRIBUTIONS OF WITHDRAWALS FOR HOME**
20 **PURCHASES CANCELLED DUE TO HURRI-**
21 **CANE KATRINA.**

22 (a) RECONTRIBUTIONS.—

23 (1) IN GENERAL.—Any individual who received
24 a qualified distribution may, at any time during the
25 6-month period beginning on the day after the dis-

1 aster declaration date, make one or more contribu-
2 tions in an aggregate amount not to exceed the
3 amount of such qualified distribution to an eligible
4 retirement plan (as defined in section 402(c)(8)(B)
5 of the Internal Revenue Code of 1986) of which such
6 individual is a beneficiary and to which a rollover
7 contribution of such distribution could be made
8 under section 402(c), 403(a)(4), 403(b)(8),
9 408(d)(3), or 457(e)(16) of such Code, as the case
10 may be.

11 (2) TREATMENT OF REPAYMENTS.—

12 (A) TREATMENT OF REPAYMENTS FOR
13 DISTRIBUTIONS FROM ELIGIBLE RETIREMENT
14 PLANS OTHER THAN IRAS.—For purposes of
15 the Internal Revenue Code of 1986, if a con-
16 tribution is made pursuant to paragraph (1)
17 with respect to a qualified distribution from an
18 eligible retirement plan (as so defined) other
19 than an individual retirement plan (as defined
20 in section 7701(a)(37) of such Code), then the
21 taxpayer shall, to the extent of the amount of
22 the contribution, be treated as having received
23 the qualified distribution in an eligible rollover
24 distribution (as defined in section 402(c)(4) of
25 such Code) and as having transferred the

1 amount to the eligible retirement plan in a di-
2 rect trustee to trustee transfer within 60 days
3 of the distribution.

4 (B) TREATMENT OF REPAYMENTS FOR
5 DISTRIBUTIONS FROM IRAS.—For purposes of
6 the Internal Revenue Code of 1986, if a con-
7 tribution is made pursuant to paragraph (1)
8 with respect to a qualified distribution from an
9 individual retirement plan (as so defined), then,
10 to the extent of the amount of the contribution,
11 the qualified distribution shall be treated as a
12 distribution described in section 408(d)(3) of
13 such Code and as having been transferred to
14 the eligible retirement plan (as so defined) in a
15 direct trustee to trustee transfer within 60 days
16 of the distribution.

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

18 (1) QUALIFIED DISTRIBUTION.—The term
19 “qualified distribution” means any distribution—

20 (A) described in section
21 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii),
22 403(b)(11)(B), 457(d)(1)(A)(iii), or 72(t)(2)(F)
23 of the Internal Revenue Code of 1986,

24 (B) received after February 28, 2005, and
25 before August 29, 2005, and

1 (C) which was to be used to purchase or
2 construct a principal residence in a Hurricane
3 Katrina disaster area, but which was not so
4 purchased or constructed.

5 (2) DISASTER DECLARATION DATE.—The term
6 “disaster declaration date” means the date on which
7 the President designated the area as a Hurricane
8 Katrina disaster area.

9 **SEC. 104. LOANS FROM QUALIFIED PLANS TO VICTIMS OF**
10 **HURRICANE KATRINA.**

11 (a) INCREASE IN LIMIT ON LOANS NOT TREATED AS
12 DISTRIBUTIONS.—In the case of any loan from a qualified
13 employer plan (as defined under section 72(p)(4) of the
14 Internal Revenue Code of 1986) to a qualified individual
15 (as defined in section 102(c)) made after the date of en-
16 actment of this Act and before the date which is 1 year
17 after the disaster declaration date (as defined in section
18 103(b)(2))—

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

22 (2) clause (ii) of such section shall be applied
23 by substituting “the present value of the nonforfeit-
24 able accrued benefit of the employee under the plan”
25 for “one-half of the present value of the nonforfeit-

1 able accrued benefit of the employee under the
2 plan”.

3 (b) DELAY OF REPAYMENT.—In the case of a quali-
4 fied individual (as defined in section 102(c)) with an out-
5 standing loan on or after August 26, 2005, from a quali-
6 fied employer plan (as defined in section 72(p)(4) of the
7 Internal Revenue Code of 1986)—

8 (1) if the due date pursuant to subparagraph
9 (B) or (C) of section 72(p)(2) of such Code for any
10 repayment with respect to such loan occurs during
11 the period beginning after August 29, 2005, and
12 ending before August 30, 2006, such due date shall
13 be delayed for 1 year,

14 (2) any subsequent repayments with respect to
15 any such loan shall be appropriately adjusted to re-
16 flect the delay in the due date under paragraph (1)
17 and any interest accruing during such delay, and

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

22 **SEC. 105. PROVISIONS RELATING TO PLAN AMENDMENTS.**

23 (a) IN GENERAL.—If this section applies to any plan
24 or contract amendment—

1 (1) such plan or contract shall be treated as
2 being operated in accordance with the terms of the
3 plan during the period described in subsection
4 (b)(2)(A), and

5 (2) except as provided by the Secretary of the
6 Treasury, such plan shall not fail to meet the re-
7 quirements of section 411(d)(6) of the Internal Rev-
8 enue Code of 1986 and section 204(g) of the Em-
9 ployee Retirement Income Security Act of 1974 by
10 reason of such amendment.

11 (b) AMENDMENTS TO WHICH SECTION APPLIES.—

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

15 (A) pursuant to any amendment made by
16 this title, or pursuant to any regulation issued
17 by the Secretary of the Treasury or the Sec-
18 retary of Labor under this title, and

19 (B) on or before the last day of the first
20 plan year beginning on or after January 1,
21 2007, or such later date as the Secretary of the
22 Treasury may prescribe.

23 In the case of a governmental plan (as defined in
24 section 414(d) of the Internal Revenue Code of
25 1986), subparagraph (B) shall be applied by sub-

1 stituting the date which is 2 years after the date
2 otherwise applied under subparagraph (B).

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

5 (A) during the period—

6 (i) beginning on the date the legisla-
7 tive or regulatory amendment described in
8 paragraph (1)(A) takes effect (or in the
9 case of a plan or contract amendment not
10 required by such legislative or regulatory
11 amendment, the effective date specified by
12 the plan), and

13 (ii) ending on the date described in
14 paragraph (1)(B) (or, if earlier, the date
15 the plan or contract amendment is adopt-
16 ed),

17 the plan or contract is operated as if such plan
18 or contract amendment were in effect; and

19 (B) such plan or contract amendment ap-
20 plies retroactively for such period.

21 **TITLE II—EMPLOYMENT RELIEF**

22 **SEC. 201. WORK OPPORTUNITY TAX CREDIT FOR HURRI- 23 CANE KATRINA EMPLOYEE SURVIVORS.**

24 (a) IN GENERAL.—For purposes of section 51 of the
25 Internal Revenue Code of 1986, a Hurricane Katrina em-

1 ployee survivor shall be treated as a member of a targeted
2 group.

3 (b) HURRICANE KATRINA EMPLOYEE SURVIVOR.—

4 For purposes of this section, the term “Hurricane Katrina
5 employee survivor” means any individual who is certified
6 by the designated local agency (as defined in section
7 51(d)(11) of such Code) as an individual who—

8 (1) on August 28, 2005, had a principal place
9 of abode in a Hurricane Katrina disaster area, and

10 (2) became unemployed as a result of Hurri-
11 cane Katrina.

12 (c) SPECIAL RULES FOR DETERMINING CREDIT.—

13 For purposes of applying subpart F of part IV of sub-
14 chapter A of chapter 1 of such Code to wages paid or in-
15 curred to any Hurricane Katrina employee survivor—

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

18 (2) except in the case of an employee of the em-
19 ployer (within the meaning of section 51 of such
20 Code) on August 28, 2005, section 51(i)(2) of such
21 Code shall not apply.

22 (d) APPLICATION OF SECTION.—This section shall
23 apply to wages (within the meaning on section 51(c) of
24 such Code) paid or incurred to any individual who begins
25 work—

1 (1) for an employer during the 1-year period
2 beginning on August 29, 2005, or

3 (2) in the case of an individual who is being
4 hired for a position the principal place of employ-
5 ment of which is located in a Hurricane Katrina dis-
6 aster area, for any employer during the 3-year pe-
7 riod beginning on such date.

8 **SEC. 202. EMPLOYEE RETENTION CREDIT FOR EMPLOYERS**
9 **AFFECTED BY HURRICANE KATRINA.**

10 (a) IN GENERAL.—In the case of an eligible em-
11 ployer, there shall be allowed as a credit against the tax
12 imposed by chapter 1 of the Internal Revenue Code of
13 1986 for the taxable year an amount equal to 40 percent
14 of the qualified wages with respect to each eligible em-
15 ployee for such taxable year. For purposes of the pre-
16 ceding sentence, the amount of qualified wages which may
17 be taken into account with respect to any individual shall
18 not exceed \$6,000.

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

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

22 (A) which conducted an active trade or
23 business on August 28, 2005, in a Hurricane
24 Katrina disaster area, and

1 (B) with respect to whom the trade or
2 business described in subparagraph (A) is inop-
3 erable on any day after August 28, 2005, and
4 before January 1, 2006, as a result of damage
5 sustained in connection with Hurricane
6 Katrina.

7 (2) ELIGIBLE EMPLOYEE.—The term “eligible
8 employee” means—

9 (A) an employee of an eligible employer
10 whose principal place of employment on August
11 28, 2005, was in a Hurricane Katrina disaster
12 area, or

13 (B) a Ready Reserve-National Guard em-
14 ployee of an eligible employer who is performing
15 qualified active duty and whose principal place
16 of employment immediately before the date on
17 which such employee began performing such
18 qualified active duty was in a Hurricane
19 Katrina disaster area.

20 (3) QUALIFIED WAGES.—The term “qualified
21 wages” means wages (as defined in section 51(c)(1)
22 of the Internal Revenue Code of 1986, but without
23 regard to section 3306(b)(2)(B) of such Code) paid
24 or incurred by an eligible employer with respect to
25 an eligible employee on any day after August 28,

1 2005, and before January 1, 2006, which occurs
2 during the period—

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

8 (B) ending on the date on which such
9 trade or business has resumed significant oper-
10 ations at such principal place of employment.

11 Such term shall include wages paid without regard
12 to whether the employee performs no services, per-
13 forms services at a different place of employment
14 than such principal place of employment, or per-
15 forms services at such principal place of employment
16 before significant operations have resumed.

17 (4) READY RESERVE-NATIONAL GUARD EM-
18 PLOYEE.—The term “Ready Reserve-National
19 Guard employee” means an employee who is a mem-
20 ber of the Ready Reserve of a reserve component of
21 an Armed Force of the United States as described
22 in section 10142 and 10101 of title 10, United
23 States Code and who is performing qualified active
24 duty.

1 (5) QUALIFIED ACTIVE DUTY.—The term
2 “qualified active duty” means—

3 (A) active duty, other than the training
4 duty specified in section 10147 of title 10,
5 United States Code (relating to training re-
6 quirements for Ready Reserve), or section
7 502(a) of title 32, United States Code (relating
8 to required drills and field exercises for the Na-
9 tional Guard), in connection with which an em-
10 ployee is entitled to reemployment rights and
11 other benefits or to a leave of absence from em-
12 ployment under chapter 43 of title 38, United
13 States Code, and

14 (B) hospitalization incident to such duty.

15 (e) CERTAIN RULES TO APPLY.—For purposes of
16 this section, rules similar to the rules of sections 51(i)(1),
17 52, and 280C(a) of the Internal Revenue Code of 1986
18 of the shall apply.

19 (d) NO DOUBLE BENEFIT.—No credit shall be al-
20 lowed under this section with respect to wages for which
21 a credit is determined under section 51 of the Internal
22 Revenue Code of 1986 (after application of section 201).

23 (e) CREDIT TO BE PART OF GENERAL BUSINESS
24 CREDIT.—The credit allowed under this section shall be
25 added to the current year business credit under section

1 38(b) of the Internal Revenue Code of 1986 and shall be
2 treated as a credit allowed under subpart D of part IV
3 of subchapter A of chapter 1 of such Code.

4 **TITLE III—CHARITABLE GIVING**
5 **INCENTIVES**

6 **SEC. 301. TEMPORARY INCREASE IN LIMITATION ON INDI-**
7 **VIDUAL AND CORPORATE CHARITABLE CASH**
8 **CONTRIBUTIONS.**

9 (a) IN GENERAL.—In the case of qualified contribu-
10 tions made during the period beginning on August 29,
11 2005, and ending on December 31, 2005, in the case of
12 any taxable year which includes any portion of such pe-
13 riod—

14 (1) subsection (b)(1)(A) of section 170 of the
15 Internal Revenue Code of 1986 shall be applied sep-
16 arately—

17 (A) first without regard to such contribu-
18 tions, and

19 (B) next with regard to such contributions
20 by substituting “60 percent of the taxpayer’s
21 contribution base less the other contributions
22 allowable under this paragraph for the taxable
23 year” for “50 percent of the taxpayer’s con-
24 tribution base for the taxable year”, and

1 (2) subsection (b)(2) of section 170 of such
2 Code shall be applied separately—

3 (A) first without regard to such contribu-
4 tions, and

5 (B) next with regard to such contributions
6 by substituting “15 percent of the taxpayer’s
7 taxable income less the other charitable con-
8 tributions allowable for the taxable year” for
9 “10 percent of the taxpayer’s taxable income”.

10 (b) QUALIFIED CONTRIBUTIONS.—For purposes of
11 this section, the term “qualified contributions” means any
12 charitable contributions (as defined in section 170(c) of
13 such Code) made in cash to an organization described in
14 section 170(b)(1)(A) of such Code.

15 (c) APPLICATION OF CARRYOVER RULES.—To the
16 extent qualified contributions increase the amount allow-
17 able under section 170 of such Code by reason of sub-
18 section (a), such contributions shall not be taken into ac-
19 count under section 170(d) of such Code.

20 (d) FISCAL YEAR TAXPAYERS.—In the case of a tax-
21 payer whose taxable year ends after August 28, 2005, and
22 before December 31, 2005, subsection (a) shall apply to
23 only the one taxable year that the taxpayer elects.

1 **SEC. 302. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**
2 **TIREMENT ACCOUNTS FOR CHARITABLE**
3 **PURPOSES.**

4 (a) IN GENERAL.—Subsection (d) of section 408 (re-
5 lating to individual retirement accounts) is amended by
6 adding at the end the following new paragraph:

7 “(8) DISTRIBUTIONS FOR CHARITABLE PUR-
8 POSES.—

9 “(A) IN GENERAL.—No amount shall be
10 includible in gross income by reason of a quali-
11 fied charitable distribution.

12 “(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the
13 term ‘qualified charitable distribution’ means
14 any distribution from an individual retirement
15 account—
16

17 “(i) which is made directly by the
18 trustee—

19 “(I) to an organization described
20 in section 170(c), or

21 “(II) to a split-interest entity,
22 and

23 “(ii) which is made on or after—

24 “(I) in the case of any distribu-
25 tion described in clause (i)(I), the
26 date that the individual for whose

1 benefit the account is maintained has
2 attained age 70½, and

3 “(II) in the case of any distribu-
4 tion described in clause (i)(II), the
5 date that such individual has attained
6 age 59½.

7 A distribution shall be treated as a qualified
8 charitable distribution only to the extent that
9 the distribution would be includible in gross in-
10 come without regard to subparagraph (A) and,
11 in the case of a distribution to a split-interest
12 entity, only if no person holds an income inter-
13 est in the amounts in the split-interest entity
14 attributable to such distribution other than one
15 or more of the following: the individual for
16 whose benefit such account is maintained, the
17 spouse of such individual, or any organization
18 described in section 170(c).

19 “(C) CONTRIBUTIONS MUST BE OTHER-
20 WISE DEDUCTIBLE.—For purposes of this para-
21 graph—

22 “(i) DIRECT CONTRIBUTIONS.—A dis-
23 tribution to an organization described in
24 section 170(c) shall be treated as a quali-
25 fied charitable distribution only if a deduc-

1 tion for the entire distribution would be al-
2 lowable under section 170 (determined
3 without regard to subsection (b) thereof
4 and this paragraph).

5 “(ii) SPLIT-INTEREST GIFTS.—A dis-
6 tribution to a split-interest entity shall be
7 treated as a qualified charitable distribu-
8 tion only if a deduction for the entire value
9 of the interest in the distribution for the
10 use of an organization described in section
11 170(c) would be allowable under section
12 170 (determined without regard to sub-
13 section (b) thereof and this paragraph).

14 “(D) APPLICATION OF SECTION 72.—Not-
15 withstanding section 72, in determining the ex-
16 tent to which a distribution is a qualified chari-
17 table distribution, the entire amount of the dis-
18 tribution shall be treated as includible in gross
19 income without regard to subparagraph (A) to
20 the extent that such amount does not exceed
21 the aggregate amount which would have been so
22 includible if all amounts were distributed from
23 all individual retirement accounts treated as 1
24 contract under paragraph (2)(A) for purposes
25 of determining the inclusion on such distribu-

1 tion under section 72. Proper adjustments shall
2 be made in applying section 72 to other dis-
3 tributions in such taxable year and subsequent
4 taxable years.

5 “(E) SPECIAL RULES FOR SPLIT-INTEREST
6 ENTITIES.—

7 “(i) CHARITABLE REMAINDER
8 TRUSTS.—Notwithstanding section 664(b),
9 distributions made from a trust described
10 in subparagraph (G)(i) shall be treated as
11 ordinary income in the hands of the bene-
12 ficiary to whom is paid the annuity de-
13 scribed in section 664(d)(1)(A) or the pay-
14 ment described in section 664(d)(2)(A).

15 “(ii) POOLED INCOME FUNDS.—No
16 amount shall be includible in the gross in-
17 come of a pooled income fund (as defined
18 in subparagraph (G)(ii)) by reason of a
19 qualified charitable distribution to such
20 fund, and all distributions from the fund
21 which are attributable to qualified chari-
22 table distributions shall be treated as ordi-
23 nary income to the beneficiary.

24 “(iii) CHARITABLE GIFT ANNU-
25 ITIES.—Qualified charitable distributions

1 made for a charitable gift annuity shall not
2 be treated as an investment in the con-
3 tract.

4 “(F) DENIAL OF DEDUCTION.—Qualified
5 charitable distributions shall not be taken into
6 account in determining the deduction under sec-
7 tion 170.

8 “(G) SPLIT-INTEREST ENTITY DEFINED.—
9 For purposes of this paragraph, the term ‘split-
10 interest entity’ means—

11 “(i) a charitable remainder annuity
12 trust or a charitable remainder unitrust
13 (as such terms are defined in section
14 664(d)) which must be funded exclusively
15 by qualified charitable distributions,

16 “(ii) a pooled income fund (as defined
17 in section 642(c)(5)), but only if the fund
18 accounts separately for amounts attrib-
19 utable to qualified charitable distributions,
20 and

21 “(iii) a charitable gift annuity (as de-
22 fined in section 501(m)(5)).

23 “(H) APPLICATION.—This paragraph shall
24 apply to distributions made after August 28,
25 2005, and before January 1, 2006.”.

1 (b) MODIFICATIONS RELATING TO INFORMATION RE-
2 TURNS BY CERTAIN TRUSTS.—

3 (1) RETURNS.—Section 6034 (relating to re-
4 turns by trusts described in section 4947(a)(2) or
5 claiming charitable deductions under section 642(e))
6 is amended to read as follows:

7 **“SEC. 6034. RETURNS BY TRUSTS DESCRIBED IN SECTION**
8 **4947(a)(2) OR CLAIMING CHARITABLE DEDUC-**
9 **TIONS UNDER SECTION 642(c).**

10 **“(a) TRUSTS DESCRIBED IN SECTION 4947(A)(2).—**
11 Every trust described in section 4947(a)(2) shall furnish
12 such information with respect to the taxable year as the
13 Secretary may by forms or regulations require.

14 **“(b) TRUSTS CLAIMING A CHARITABLE DEDUCTION**
15 **UNDER SECTION 642(C).—**

16 **“(1) IN GENERAL.—**Every trust not required to
17 file a return under subsection (a) but claiming a de-
18 duction under section 642(c) for the taxable year
19 shall furnish such information with respect to such
20 taxable year as the Secretary may by forms or regu-
21 lations prescribe, including—

22 **“(A)** the amount of the deduction taken
23 under section 642(c) within such year,

24 **“(B)** the amount paid out within such year
25 which represents amounts for which deductions

1 under section 642(c) have been taken in prior
2 years,

3 “(C) the amount for which such deductions
4 have been taken in prior years but which has
5 not been paid out at the beginning of such year,

6 “(D) the amount paid out of principal in
7 the current and prior years for the purposes de-
8 scribed in section 642(c),

9 “(E) the total income of the trust within
10 such year and the expenses attributable thereto,
11 and

12 “(F) a balance sheet showing the assets, li-
13 abilities, and net worth of the trust as of the
14 beginning of such year.

15 “(2) EXCEPTIONS.—Paragraph (1) shall not
16 apply to a trust for any taxable year if—

17 “(A) all the net income for such year, de-
18 termined under the applicable principles of the
19 law of trusts, is required to be distributed cur-
20 rently to the beneficiaries, or

21 “(B) the trust is described in section
22 4947(a)(1).”.

23 (2) INCREASE IN PENALTY RELATING TO FIL-
24 ING OF INFORMATION RETURN BY SPLIT-INTEREST
25 TRUSTS.—Paragraph (2) of section 6652(c) (relating

1 to returns by exempt organizations and by certain
2 trusts) is amended by adding at the end the fol-
3 lowing new subparagraph:

4 “(C) SPLIT-INTEREST TRUSTS.—In the
5 case of a trust which is required to file a return
6 under section 6034(a), subparagraphs (A) and
7 (B) of this paragraph shall not apply and para-
8 graph (1) shall apply in the same manner as if
9 such return were required under section 6033,
10 except that—

11 “(i) the 5 percent limitation in the
12 second sentence of paragraph (1)(A) shall
13 not apply,

14 “(ii) in the case of any trust with
15 gross income in excess of \$250,000, the
16 first sentence of paragraph (1)(A) shall be
17 applied by substituting ‘\$100’ for ‘\$20’,
18 and the second sentence thereof shall be
19 applied by substituting ‘\$50,000’ for
20 ‘\$10,000’, and

21 “(iii) the third sentence of paragraph
22 (1)(A) shall be disregarded.

23 In addition to any penalty imposed on the trust
24 pursuant to this subparagraph, if the person re-
25 quired to file such return knowingly fails to file

1 the return, such penalty shall also be imposed
2 on such person who shall be personally liable
3 for such penalty.”.

4 (3) CONFIDENTIALITY OF NONCHARITABLE
5 BENEFICIARIES.—Subsection (b) of section 6104
6 (relating to inspection of annual information re-
7 turns) is amended by adding at the end the fol-
8 lowing new sentence: “In the case of a trust which
9 is required to file a return under section 6034(a),
10 this subsection shall not apply to information re-
11 garding beneficiaries which are not organizations de-
12 scribed in section 170(c).”.

13 (c) EFFECTIVE DATES.—

14 (1) SUBSECTION (a).—The amendment made
15 by subsection (a) shall apply to distributions made
16 after August 28, 2005.

17 (2) SUBSECTION (b).—The amendments made
18 by subsection (b) shall apply to returns for taxable
19 years beginning after December 31, 2004.

20 **SEC. 303. CHARITABLE DEDUCTION FOR CONTRIBUTIONS**
21 **OF FOOD INVENTORIES.**

22 (a) IN GENERAL.—Subsection (e) of section 170 (re-
23 lating to certain contributions of ordinary income and cap-
24 ital gain property) is amended by adding at the end the
25 following new paragraph:

1 “(7) APPLICATION OF PARAGRAPH (3) TO CER-
2 TAIN CONTRIBUTIONS OF FOOD INVENTORY.—For
3 purposes of this section—

4 “(A) EXTENSION TO INDIVIDUALS.—In the
5 case of a charitable contribution of apparently
6 wholesome food—

7 “(i) paragraph (3)(A) shall be applied
8 without regard to whether the contribution
9 is made by a C corporation, and

10 “(ii) in the case of a taxpayer other
11 than a C corporation, the aggregate
12 amount of such contributions for any tax-
13 able year which may be taken into account
14 under this section shall not exceed 10 per-
15 cent of the taxpayer’s net income for such
16 taxable year from all trades or businesses
17 from which such contributions were made
18 for such taxable year, computed without
19 regard to this section.

20 “(B) LIMITATION ON REDUCTION.—In the
21 case of a charitable contribution of apparently
22 wholesome food, notwithstanding paragraph
23 (3)(B), the amount of the reduction determined
24 under paragraph (1)(A) shall not exceed the
25 amount by which the fair market value of such

1 property exceeds twice the basis of such prop-
2 erty.

3 “(C) DETERMINATION OF BASIS.—If a
4 taxpayer—

5 “(i) does not account for inventories
6 under section 471, and

7 “(ii) is not required to capitalize indi-
8 rect costs under section 263A,

9 the taxpayer may elect, solely for purposes of
10 paragraph (3)(B), to treat the basis of any ap-
11 parently wholesome food as being equal to 25
12 percent of the fair market value of such food.

13 “(D) DETERMINATION OF FAIR MARKET
14 VALUE.—In the case of a charitable contribu-
15 tion of apparently wholesome food which is a
16 qualified contribution (within the meaning of
17 paragraph (3), as modified by subparagraph
18 (A) of this paragraph) and which, solely by rea-
19 son of internal standards of the taxpayer or
20 lack of market, cannot or will not be sold, the
21 fair market value of such contribution shall be
22 determined—

23 “(i) without regard to such internal
24 standards or such lack of market and

1 “(ii) by taking into account the price
2 at which the same or substantially the
3 same food items (as to both type and qual-
4 ity) are sold by the taxpayer at the time of
5 the contribution (or, if not so sold at such
6 time, in the recent past).

7 “(E) APPARENTLY WHOLESOME FOOD.—
8 For purposes of this paragraph, the term ‘ap-
9 parently wholesome food’ has the meaning given
10 such term by section 22(b)(2) of the Bill Emer-
11 son Good Samaritan Food Donation Act (42
12 U.S.C. 1791(b)(2)), as in effect on the date of
13 the enactment of this paragraph.

14 “(F) APPLICATION.—This paragraph shall
15 apply to contributions made after August 28,
16 2005, and before January 1, 2006.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to contributions made after August
19 28, 2005.

20 **SEC. 304. CHARITABLE DEDUCTION FOR CONTRIBUTIONS**
21 **OF BOOK INVENTORIES.**

22 (a) IN GENERAL.—Section 170(e)(3) (relating to cer-
23 tain contributions of ordinary income and capital gain
24 property) is amended by redesignating subparagraph (C)

1 as subparagraph (D) and by inserting after subparagraph
2 (B) the following new subparagraph:

3 “(C) SPECIAL RULE FOR CONTRIBUTIONS
4 OF BOOK INVENTORY FOR EDUCATIONAL PUR-
5 POSES.—

6 “(i) CONTRIBUTIONS OF BOOK INVEN-
7 TORY.—In determining whether a qualified
8 book contribution is a qualified contribu-
9 tion, subparagraph (A) shall be applied
10 without regard to whether—

11 “(I) the donee is an organization
12 described in the matter preceding
13 clause (i) of subparagraph (A), and

14 “(II) the property is to be used
15 by the donee solely for the care of the
16 ill, the needy, or infants.

17 “(ii) AMOUNT OF REDUCTION.—Not-
18 withstanding subparagraph (B), the
19 amount of the reduction determined under
20 paragraph (1)(A) shall not exceed the
21 amount by which the fair market value of
22 the contributed property (as determined by
23 the taxpayer using a bona fide published
24 market price for such book) exceeds twice
25 the basis of such property.

1 paragraph), the donee certifies in writing
2 that—

3 “(I) the books are suitable, in
4 terms of currency, content, and quan-
5 tity, for use in the donee’s educational
6 programs, and

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

9 “(vi) BONA FIDE PUBLISHED MARKET
10 PRICE.—For purposes of this subpara-
11 graph, the term ‘bona fide published mar-
12 ket price’ means, with respect to any book,
13 a price—

14 “(I) determined using the same
15 printing and edition,

16 “(II) determined in the usual
17 market in which such a book has been
18 customarily sold by the taxpayer, and

19 “(III) for which the taxpayer can
20 demonstrate to the satisfaction of the
21 Secretary that the taxpayer custom-
22 arily sold such books in arm’s length
23 transactions within 7 years preceding
24 the contribution of such a book.

1 “(vii) APPLICATION.—This subpara-
2 graph shall apply to contributions made
3 after August 28, 2005, and before January
4 1, 2006.”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to contributions made after August
7 28, 2005.

8 **SEC. 305. ADDITIONAL PERSONAL EXEMPTION AMOUNT**
9 **FOR HURRICANE KATRINA HOUSEGUEST.**

10 (a) IN GENERAL.—In the case of the a taxpayer’s
11 taxable year beginning in 2005, the amount allowed as a
12 deduction in computing taxable income of the taxpayer
13 under section 151 of the Internal Revenue Code of 1986
14 shall be increased by the lesser of—

15 (1) the product of—

16 (A) \$500, and

17 (B) the number of Hurricane Katrina
18 houseguests of the taxpayer, or

19 (2) \$2,000.

20 (b) HURRICANE KATRINA HOUSEGUEST.—For pur-
21 poses of this section, the term “Hurricane Katrina house-
22 guest” means any individual—

23 (1) who would not otherwise qualify for an ex-
24 emption amount with respect to the taxpayer for the
25 taxable year,

1 (2) whose principal place of abode in a Hurri-
2 cane Katrina disaster area was rendered uninhabit-
3 able after August 28, 2005, and

4 (3) is provided without remuneration shelter for
5 not less than 60 days after August 28, 2005, and
6 before January 1, 2006, by the taxpayer in the tax-
7 payer's principal place of abode.

8 **SEC. 306. INCREASE IN STANDARD MILEAGE RATE FOR**
9 **CHARITABLE USE OF PASSENGER AUTO-**
10 **MOBILE.**

11 Notwithstanding section 170(i) of the Internal Rev-
12 enue Code of 1986, for purposes of computing the deduc-
13 tion under section 170 of such Code for use of a passenger
14 automobile for the period beginning on August 29, 2005,
15 and ending before January 1, 2006, the standard mileage
16 rate shall be 50 percent of the standard mileage rate in
17 effect under section 162(a) of such Code at the time of
18 such use. Any increase under this section shall be rounded
19 to the next highest cent.

1 **TITLE IV—ADDITIONAL TAX**
2 **RELIEF PROVISIONS**

3 **SEC. 401. EXCLUSIONS OF CERTAIN CANCELLATIONS OF IN-**
4 **DEBTEDNESS FOR VICTIMS OF HURRICANE**
5 **KATRINA.**

6 (a) **IN GENERAL.**—For purposes of the Internal Rev-
7 enue Code of 1986 gross income shall not include any
8 amount which (but for this section) would be includible
9 in gross income by reason of the discharge (in whole or
10 in part) of indebtedness of a taxpayer by a person regu-
11 larly engaged in the trade or business of commercial lend-
12 ing if the discharge is by reason of the damage sustained
13 by the taxpayer in connection with Hurricane Katrina.

14 (b) **EFFECTIVE DATE.**—This section shall apply to
15 discharges made on or after August 29, 2005, and before
16 January 1, 2007.

17 **SEC. 402. MODIFICATION TO CASUALTY LOSS RULES FOR**
18 **VICTIMS OF HURRICANE KATRINA.**

19 In the case of an individual with a personal casualty
20 loss which arises in connection with Hurricane Katrina—

21 (1) section 165(h)(2)(A) of the Internal Rev-
22 enue Code of 1986 shall not apply, and

23 (2) in applying such section to other personal
24 casualty losses during the taxable year, losses to
25 which this section applies shall be disregarded.

1 **SEC. 403. REQUIRED EXERCISE OF AUTHORITY UNDER SEC-**
2 **TION 7508A FOR TAX RELIEF FOR VICTIMS OF**
3 **HURRICANE KATRINA.**

4 (a) AUTHORITY INCLUDES SUSPENSION OF PAY-
5 MENT OF EMPLOYMENT AND EXCISE TAXES.—Subpara-
6 graphs (A) and (B) of section 7508(a)(1) are amended
7 to read as follows:

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

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

14 (b) APPLICATION TO VICTIMS OF HURRICANE
15 KATRINA.—In the case of any taxpayer determined by the
16 Secretary of the Treasury to be affected by the Presi-
17 dentially declared disaster relating to Hurricane Katrina,
18 any relief provided by the Secretary of the Treasury under
19 section 7508A of the Internal Revenue Code of 1986 shall
20 be for a period ending not earlier than February 28, 2006,
21 and shall be treated as applying to the filing of returns
22 relating to, and the payment of, employment and excise
23 taxes.

24 (c) EFFECTIVE DATE.—The amendment made by
25 subsection (a) shall apply for any period for performing
26 an act which has not expired before August 29, 2005.

1 **SEC. 404. SPECIAL MORTGAGE FINANCING RULES FOR**
2 **RESIDENCES LOCATED IN HURRICANE**
3 **KATRINA DISASTER AREA.**

4 In the case of a residence located in a Hurricane
5 Katrina disaster area, section 143 of the Internal Revenue
6 Code of 1986 shall be applied with the following modifica-
7 tions to financing provided with respect to such residence
8 within 3 years after the date of the disaster declaration:

9 (1) Subsections (d), (e) and (f) of such section
10 143 shall be applied as if such residence were a tar-
11 geted area residence.

12 (2) Subsection (f)(3) of such section 143 shall
13 be applied without regard to subparagraph (A)
14 thereof.

15 (3) The limitation under subsection (k)(4) of
16 such section 143 shall be increased (but not above
17 \$150,000) to the extent the qualified home-improve-
18 ment loan is for the repair of damage caused by
19 Hurricane Katrina.

20

21 This section shall apply only with respect to bonds issued
22 after August 28, 2005, and before August 29, 2008.

1 **SEC. 405. EXTENSION OF REPLACEMENT PERIOD FOR NON-**
2 **RECOGNITION OF GAIN FOR PROPERTY LO-**
3 **CATED IN HURRICANE KATRINA DISASTER**
4 **AREA.**

5 Notwithstanding subsections (g) and (h) of section
6 1033 of the Internal Revenue Code of 1986, clause (i) of
7 section 1033(a)(2)(B) of such Code shall be applied by
8 substituting “5 years” for “2 years” with respect to prop-
9 erty which is compulsorily or involuntarily converted as
10 a result of Hurricane Katrina in a Hurricane Katrina dis-
11 aster area, but only if substantially all of the use of the
12 replacement property is in such area.

13 **TITLE V—ADDITIONAL**
14 **PROVISIONS**

15 **SEC. 501. DISCLOSURE TO STATE OFFICIALS OF PROPOSED**
16 **ACTIONS RELATED TO EXEMPT ORGANIZA-**
17 **TIONS.**

18 (a) IN GENERAL.—Subsection (c) of section 6104 is
19 amended by striking paragraph (2) and inserting the fol-
20 lowing new paragraphs:

21 “(2) DISCLOSURE OF PROPOSED ACTIONS RE-
22 LATED TO CHARITABLE ORGANIZATIONS.—

23 “(A) SPECIFIC NOTIFICATIONS.—In the
24 case of an organization to which paragraph (1)
25 applies, the Secretary may disclose to the ap-
26 propriate State officer—

1 “(i) a notice of proposed refusal to
2 recognize such organization as an organi-
3 zation described in section 501(c)(3) or a
4 notice of proposed revocation of such orga-
5 nization’s recognition as an organization
6 exempt from taxation,

7 “(ii) the issuance of a letter of pro-
8 posed deficiency of tax imposed under sec-
9 tion 507 or chapter 41 or 42, and

10 “(iii) the names, addresses, and tax-
11 payer identification numbers of organiza-
12 tions which have applied for recognition as
13 organizations described in section
14 501(c)(3).

15 “(B) ADDITIONAL DISCLOSURES.—Returns
16 and return information of organizations with
17 respect to which information is disclosed under
18 subparagraph (A) may be made available for in-
19 spection by or disclosed to an appropriate State
20 officer.

21 “(C) PROCEDURES FOR DISCLOSURE.—In-
22 formation may be inspected or disclosed under
23 subparagraph (A) or (B) only—

24 “(i) upon written request by an ap-
25 propriate State officer, and

1 “(ii) for the purpose of, and only to
2 the extent necessary in, the administration
3 of State laws regulating such organiza-
4 tions.

5 Such information may only be inspected by or
6 disclosed to representatives of the appropriate
7 State officer designated as the individuals who
8 are to inspect or to receive the returns or re-
9 turn information under this paragraph on be-
10 half of such officer. Such representatives shall
11 not include any contractor or agent.

12 “(D) DISCLOSURES OTHER THAN BY RE-
13 QUEST.—The Secretary may make available for
14 inspection or disclose returns and return infor-
15 mation of an organization to which paragraph
16 (1) applies to an appropriate State officer of
17 any State if the Secretary determines that such
18 inspection or disclosure may facilitate the reso-
19 lution of Federal or State issues relating to the
20 tax-exempt status of such organization.

21 “(3) DISCLOSURE WITH RESPECT TO CERTAIN
22 OTHER EXEMPT ORGANIZATIONS.—Upon written re-
23 quest by an appropriate State officer, the Secretary
24 may make available for inspection or disclosure re-
25 turns and return information of an organization de-

1 scribed in paragraph (2), (4), (6), (7), (8), (10), or
2 (13) of section 501(c) for the purpose of, and to the
3 extent necessary in, the administration of State laws
4 regulating the solicitation or administration of the
5 charitable funds or charitable assets of such organi-
6 zations. Such information may be inspected only by
7 or disclosed only to representatives of the appro-
8 priate State officer designated as the individuals who
9 are to inspect or to receive the returns or return in-
10 formation under this paragraph on behalf of such of-
11 ficer. Such representatives shall not include any con-
12 tractor or agent.

13 “(4) USE IN CIVIL JUDICIAL AND ADMINISTRA-
14 TIVE PROCEEDINGS.—Returns and return informa-
15 tion disclosed pursuant to this subsection may be
16 disclosed in civil administrative and civil judicial pro-
17 ceedings pertaining to the enforcement of State laws
18 regulating such organizations in a manner pre-
19 scribed by the Secretary similar to that for tax ad-
20 ministration proceedings under section 6103(h)(4).

21 “(5) NO DISCLOSURE IF IMPAIRMENT.—Re-
22 turns and return information shall not be disclosed
23 under this subsection, or in any proceeding described
24 in paragraph (4), to the extent that the Secretary

1 determines that such disclosure would seriously im-
2 pair Federal tax administration.

3 “(6) DEFINITIONS.—For purposes of this sub-
4 section—

5 “(A) RETURN AND RETURN INFORMA-
6 TION.—The terms ‘return’ and ‘return informa-
7 tion’ have the respective meanings given to such
8 terms by section 6103(b).

9 “(B) APPROPRIATE STATE OFFICER.—The
10 term ‘appropriate State officer’ means—

11 “(i) the State attorney general,

12 “(ii) in the case of an organization to
13 which paragraph (1) applies, any other
14 State official charged with overseeing orga-
15 nizations of the type described in section
16 501(c)(3), and

17 “(iii) in the case of an organization to
18 which paragraph (3) applies, the head of
19 an agency designated by the State attorney
20 general as having primary responsibility
21 for overseeing the solicitation of funds for
22 charitable purposes.”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) Subsection (a) of section 6103 is amend-
25 ed—

1 (A) by inserting “or any appropriate State
2 officer who has or had access to returns or re-
3 turn information under section 6104(c)” after
4 “this section” in paragraph (2), and

5 (B) by striking “or subsection (n)” in
6 paragraph (3) and inserting “subsection (n), or
7 section 6104(c)”.

8 (2) Subparagraph (A) of section 6103(p)(3) is
9 amended by inserting “and section 6104(c)” after
10 “section” in the first sentence.

11 (3) The heading for paragraph (1) of section
12 6104(c) is amended by inserting “FOR CHARITABLE
13 ORGANIZATIONS” after “RULE”.

14 (4) Paragraph (2) of section 7213(a) is amend-
15 ed by inserting “or under section 6104(c)” after
16 “6103”.

17 (5) Paragraph (2) of section 7213A(a) is
18 amended by inserting “or 6104(c)” after “6103”.

19 (6) Paragraph (2) of section 7431(a) is amend-
20 ed by inserting “(including any disclosure in viola-
21 tion of section 6104(c))” after “6103”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect on the date of the enactment
24 of this Act but shall not apply to requests made before
25 such date.

1 **SEC. 502. DEDICATION AND USE OF CERTAIN FEES.**

2 Notwithstanding section 202(c) of Public Law 108–
3 89, the Secretary of the Treasury may retain and use fees
4 from employee plan and exempt organization letter rulings
5 and determination letters charged under section 7528 of
6 the Internal Revenue Code of 1986—

7 (1) in fiscal years 2005 and 2006—

8 (A) for the administration of the provisions
9 of, and amendments made by, this Act,

10 (B) to provide taxpayer assistance to vic-
11 tims of Hurricane Katrina, and

12 (C) to aid the Internal Revenue Service in
13 repairing, rebuilding, and recovering from the
14 damage to Internal Revenue Service offices,
15 equipment, and support caused by Hurricane
16 Katrina, and

17 (2) in any fiscal year after 2006—

18 (A) on oversight, enforcement, and admin-
19 istration by the Tax-Exempt and Government
20 Entities Division of the Internal Revenue Serv-
21 ice, and

22 (B) on oversight, enforcement, and admin-
23 istration of section 170 of such Code.