

COMPARISON OF ESTIMATED BUDGET EFFECTS OF
NEW YORK LIBERTY ZONE PROVISIONS ("NYLZ") CONTAINED IN TITLE III. OF H.R. 2884, AS PASSED BY THE HOUSE OF REPRESENTATIVES ON DECEMBER 13, 2001, AND
NEW YORK RECOVERY ZONE PROVISIONS ("NYRZ") CONTAINED IN H.R. 3090 SCHEDULED FOR CONSIDERATION ON THE SENATE FLOOR

Fiscal Years 2002 - 2011

[Millions of Dollars]

Provision	Effective	NYLZ in H.R. 2884, as Passed by the House on 12/13/01							NYRZ in H.R. 3090 Scheduled for Consideration by the Senate							
		2002	2003	2004	2005	2006	2002-06	2002-11	2002	2003	2004	2005	2006	2002-06	2002-11	
Relief Provisions for New York City {S} and Other Distressed Areas [1]																
1. 30% bonus depreciation for property placed in service in the Zone:																
a. Property included in H.R. 3090; sunset 12/31/06	ppisa 9/11/01	-621	-584	-527	-474	-415	-2,622	-811	----- No Provision -----							
b. Residential and non-residential new structures and building improvements; sunset 12/31/09	ppisa 9/11/01	-164	-216	-257	-287	-289	-1,212	-2,102	----- No Provision -----							
2. 5-year life for leasehold improvements in the Zone; sunset 12/31/06 [2]	ppisa 9/11/01	-27	-43	-66	-94	-120	-350	-706	----- No Provision -----							
3. Treat the Zone like an empowerment zone for purposes of section 179 expensing benefits; sunset 12/31/06 [3]	ppisa 9/11/01	-42	-50	-37	-29	-23	-182	-46	----- No Provision -----							
4. Expansion of Work Opportunity Tax Credit targeted categories to include certain employees in New York City - add individuals working in or relocated from the Zone as a targeted group eligible for a modified WOTC (40% on first \$12,000; allow against the AMT) (sunset 12/31/02)	wpoifwpa 9/10/01	----- No Provision -----							-1,199	-558	-165	-61	-18	-2,000	-2,000	
5. Authorize issuance of tax-exempt private activity bonds for rebuilding the portion of New York City damaged in the 9/11/01 terrorist attack - {H} bonds capped at \$15 billion for replacement/reconstruction of office space and private utility infrastructure to be issued within the next 3 years; exempt from AMT; {S} similar to House except bonds to be issued in calendar year 2002 (with 3-year carryforward of unused authority)	H = bia 12/31/01 S = bia DOE	-15	-59	-150	-239	-266	-729	-2,057	-21	-82	-145	-199	-245	-693	-1,986	
6. Bank carrying cost exception for tax-exempt reconstruction bonds	bia DOE	----- No Provision -----							-17	-51	-58	-80	-82	-288	-698	
7. Incentive for reinvestment in New York City through 2006 - {H} extension of replacement period to 5 years for certain property involuntarily converted in the Zone on 9/11/01, and substantially all of the use of the replacement property is in New York City; {S} deduction for insurance proceeds received for tangible personal property and qualified leasehold improvement property damaged in New York City in the September 11, 2001, terrorist attack to the extent reinvested in eligible property in New York City before January 1, 2007	[4]	-163	-181	-18	1	2	-358	-327	-584	-358	-122	-8	98	-973	-432	

Provision	Effective	NYLZ in H.R. 2884, as Passed by the House on 12/13/01							NYRZ in H.R. 3090 Scheduled for Consideration by the Senate						
		2002	2003	2004	2005	2006	2002-06	2002-11	2002	2003	2004	2005	2006	2002-06	2002-11
8. Re-enact exceptions for qualified mortgage bond financed loans to victims of Presidentially-declared disasters for calendar year 2002	[5]	----- No Provision -----							-3	-7	-8	-8	-8	-33	-73
9. One-year expansion of authority for Indian tribes to issue tax-exempt private activity bonds - authorize issuance of up to \$10 million tax-exempt private activity bonds for qualified Indian tribal governments for calendar year 2002 with 3-year carryforward; exempt from AMT	DOE	----- No Provision -----							-1	-4	-8	-13	-16	-41	-121
NET TOTAL		-1,032	-1,133	-1,055	-1,122	-1,111	-5,453	-6,049	-1,825	-1,060	-506	-369	-271	-4,028	-5,310

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

Legend: {H} = NYLZ Provisions Contained in Title III. of H.R. 2884, as Passed by the House of Representatives on December 13, 2001
 {S} = NYRZ Provisions Contained in H.R. 3090 Scheduled for Consideration by the Senate

Legend for "Effective" column:

bia = bonds issued after
 DOE = date of enactment

ppisa = property placed in service after
 wpoifwpa = wages paid or incurred for work performed after

- [1] The New York City {H} Liberty {S} Recovery Zone (the "Zone") is defined as all business addresses located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the Borough of Manhattan, New York, NY.
- [2] Leasehold improvements that are recovered over a 5-year life are not eligible for bonus depreciation.
- [3] The taxpayer must be the first user of the property in the Zone, and substantially all of the use of the property is in connection with a trade or business of the taxpayer located in the Zone.
- [4] Effective for involuntary conversions in the Zone as a result of the terrorist attacks that occurred on September 11, 2001.
- [5] Effective for bonds issued during calendar year 2002 and for qualified mortgage bonds issued during calendar year 2002.