

ESTIMATED REVENUE EFFECTS OF H.R. 4440,  
THE "GULF OPPORTUNITY ZONE ACT OF 2005,"  
AS PASSED BY THE HOUSE OF REPRESENTATIVES AND SENATE ON DECEMBER 16, 2005

Fiscal Years 2006 - 2015

[Millions of Dollars]

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
<b>I. Establishment of the Gulf Opportunity Zone [1]:</b>													
1. Tax Benefits for the Gulf Opportunity Zone													
a. Special allocation of private activity bond financing (\$2,500 per capita).....	bia DOE & before 1/1/11	-15	-51	-94	-137	-181	-210	-217	-217	-217	-217	-478	-1,556
b. Advance refundings of certain tax-exempt bonds (\$7.875 billion of bonds) [2].....	ara DOE & before 1/1/11	-54	-104	-119	-113	-101	-89	-69	-45	-29	-16	-493	-741
c. Low-income housing credit (additional credit cap, no carryforward of additional credit cap and other modifications) (sunset 12/31/08).....	tyea 8/27/05	-6	-29	-71	-123	-149	-149	-149	-149	-149	-149	-378	-1,123
d. Special allowance for certain property acquired on or after 8/28/05 [3]:													
1. Equipment (sunset 12/31/07) .....	ppisa 8/27/05	-785	-696	59	355	267	217	163	111	72	43	-800	-194
2. Structures (sunset 12/31/08) .....	ppisa 8/27/05	-542	-588	-655	-259	-16	9	31	47	58	64	-2,059	-1,850
e. Increase expensing under section 179 (sunset 12/31/07) [3].....	ppisa 8/27/05	-31	-27	-2	17	12	9	7	5	3	2	-31	-7
f. Partial expensing for certain demolition and clean-up costs (sunset 12/31/07).....	apoia 8/27/05	-84	-39	-5	3	3	3	3	3	3	3	-121	-105
g. Extend and expand to petroleum products expensing for environmental remediation costs (sunset 12/31/07).....	epoia 8/27/05	-26	-44	-15	6	6	7	6	5	4	4	-74	-48
h. Increase rehabilitation credit (sunset 12/31/08).....	epoia 8/27/05	-11	-24	-21	-10	-3	-2	-2	-2	-1	-1	-69	-78
i. Increase reforestation expensing from \$10,000 to \$20,000 for expenses incurred in the GO Zone and the Rita GO Zone [4] and Wilma GO Zone (sunset 12/31/07) [7].....	potya 10/23/05	-2	-1	[5]	1	1	1	1	1	[6]	[6]	-1	[5]
j. Treat small timber growers as farmers for purposes of the 5-year NOL carryback in section 172(b)(1)(G) for losses incurred in the GO Zone and the Rita GO Zone [4], and Wilma GO Zone [7] (sunset 12/31/06).....	potya 8/27/05 & potya 9/23/05	-1	[5]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	-1	[5]
k. 10-year NOL carryback for certain GO Zone related public utility casualty losses.....	tyiwelo	-221	-40	39	33	28	24	20	17	15	13	-161	-71
l. Treatment of net operating losses attributable to GO Zone losses [3].....	DOE	-1,003	-319	92	166	160	136	115	98	83	71	-904	-401
m. Credit to holders of Gulf Tax Credit Bonds.....	bia 12/31/05 & before 1/1/07	-7	-17	-14	-3	-3	-3	-3	-3	-3	-3	-43	-57
n. Application of New Markets Tax Credit to investments in community development entities serving GO Zone.....	tyea 8/27/05	---	-20	-43	-50	-54	-59	-59	-59	-36	-8	-166	-387
o. Treatment of representations regarding income eligibility for purposes of qualified residential rental project requirements.....	DOE	----- Negligible Revenue Effect -----											

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
p. Treatment of public utility property disaster losses.....	DOE	-128	-17	29	23	19	15	12	10	8	6	-74	-24
2. Expansion of Hope Scholarship and Lifetime Learning Credits for students in the GO Zone.....	tyba 12/31/04 & before 1/1/07	-38	-17	---	---	---	---	---	---	---	---	-55	-55
3. Temporary income exclusion of \$600 monthly for employer-provided lodging in GO Zone; employer credit of 30% of excluded amount.....	[8]	-99	-146	---	---	---	---	---	---	---	---	-246	-246
4. Extension of special rules for mortgage revenue bonds in the Katrina disaster area.....	fpb 1/1/11	---	---	-2	-7	-11	-15	-15	-15	-15	-15	-20	-96
5. Special extension of bonus depreciation placed in service date for taxpayers affected by Hurricanes Katrina, Rita and Wilma.....	DOE	-58	-18	8	7	6	6	5	5	5	5	-54	-29
<b>Total of Establishment of Gulf Opportunity Zone .....</b>		<b>-3,111</b>	<b>-2,197</b>	<b>-814</b>	<b>-90</b>	<b>-16</b>	<b>-100</b>	<b>-151</b>	<b>-189</b>	<b>-199</b>	<b>-198</b>	<b>-6,228</b>	<b>-7,068</b>

**II. Tax Benefits Related to Hurricanes Rita and Wilma [4] [7]**

1. Special Rules for Use of Retirement Funds for Relief Relating to Hurricanes Rita and Wilma:													
a. Penalty-free withdrawals from retirement plans for qualified Hurricane Rita and Wilma distributions (capped at \$100,000 per taxpayer); allow amount of distribution to be repaid to an eligible retirement plan within three years and to be included in income ratably over three years.....	dma 9/22/05 & dma 10/22/05 & before 1/1/07	-173	-41	34	23	-5	-3	-3	-2	-2	-2	-162	-174
b. Recontributions of withdrawals for home purchases cancelled due to Hurricanes Rita and Wilma.....	dma 2/28/05 & before 9/24/05 & 10/24/05	----- <i>Negligible Revenue Effect</i> -----											
c. Loans from qualified plans to individuals sustaining an economic loss due to Hurricane Rita or Wilma.....	[9]	----- <i>Negligible Revenue Effect</i> -----											
2. Retention Credit:													
a. Removal of employer size limitation for Hurricane Katrina employee retention credit.....	wpoia 8/28/05 & before 1/1/06	-56	-18	-9	-4	-2	---	---	---	---	---	-90	-90
b. Employee retention credit for employers of employees affected by Hurricanes Rita and Wilma (no employer size limitation).....	wpoia 9/23/05 & wpoia 10/23/05 & before 1/1/06	-15	-5	-3	-1	[4]	---	---	---	---	---	-24	-24
3. Temporary suspension of limitations on qualified corporate charitable contributions for relief efforts related to Hurricane Rita or Wilma.....	[10]	-85	5	1	[5]	[5]	-1	-3	-3	-3	-3	-78	-91
4. Suspension of the 10% and \$100 thresholds on personal casualty losses for losses which arise in the Hurricanes Rita and Wilma disaster areas.....	lao/a 9/23/05 & lao/a 10/23/05	-528	-611	-35	[5]	---	---	---	---	---	---	-1,174	-1,174
5. Required exercise of IRS administrative authority under Code section 7508A for tax relief for certain taxpayers affected by Hurricanes Rita, Katrina and Wilma.....	DOE	----- <i>No Revenue Effect</i> -----											
6. Special look-back rules for determining EIC and refundable child credit - allow residents of Rita and Wilma GO Zones (and displaced residents of Hurricanes Rita and Wilma disaster areas) as of September 23, 2005 and October 23, 2005 who experienced a loss of income due to Hurricanes Rita and Wilma to elect to use prior year's income in the calculation of the earned income credit and the refundable child tax credit.....	tyi 9/23/05 & tyi 10/23/05	-28	---	---	---	---	---	---	---	---	---	-28	-28
7. Secretarial authority to make adjustments regarding taxpayer and dependency status.....	tybi 2005 or 2006	----- <i>Negligible Revenue Effect</i> -----											

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
8. Special rules for mortgage revenue bonds in the GO, Rita GO, and Wilma GO Zones.....	fpb 1/1/11	-1	-3	-4	-5	-7	-7	-7	-7	-7	-7	-20	-55
<b>Total of Tax Benefits Related to Hurricanes Rita and Wilma .....</b>		<b>-886</b>	<b>-673</b>	<b>-16</b>	<b>13</b>	<b>-14</b>	<b>-11</b>	<b>-13</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-1,576</b>	<b>-1,636</b>
<b>III. Other Provisions</b>													
1. Designation of certain public debt as Gulf Coast Recovery Bonds .....	DOE	----- <i>No Revenue Effect</i> -----											
2. Inclusion of combat pay in earned income for purposes of the earned income credit at taxpayer's election (sunset 12/31/06).....	tyba 12/31/05	---	-14	---	---	---	---	---	---	---	---	-14	-14
3. Modifications of suspension of interest and penalties where the IRS fails to contact taxpayer.....	[11] & dpo/a DOE	50	---	---	---	---	---	---	---	---	---	50	50
4. Authority for undercover operations (sunset 12/31/06) .....	DOE	[6]	---	---	---	---	---	---	---	---	---	[6]	[6]
5. Disclosures of certain tax return information:													
a. Disclosure of tax return information to facilitate combined employment tax reporting (sunset 12/31/06) .....	da 12/31/05	----- <i>No Revenue Effect</i> -----											
b. Extension of authority to make disclosures regarding terrorist activities (sunset 12/31/06) .....	da 12/31/05	----- <i>No Revenue Effect</i> -----											
c. Disclosure of tax return information to carry out administration of income contingent repayment of student loans (sunset 12/31/06) [12] .....	rma 12/31/05	----- <i>No Revenue Effect</i> -----											
<b>Total of Other Provisions .....</b>		<b>50</b>	<b>-14</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>36</b>	<b>36</b>
<b>IV. Tax Technical Corrections .....</b>	<b>[13]</b>	----- <i>No Revenue Effect</i> -----											
<b>NET TOTAL .....</b>		<b>-3,947</b>	<b>-2,884</b>	<b>-830</b>	<b>-77</b>	<b>-30</b>	<b>-111</b>	<b>-164</b>	<b>-201</b>	<b>-211</b>	<b>-210</b>	<b>-7,768</b>	<b>-8,668</b>

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. Date of enactment is assumed to be December 15, 2005.

Legend for "Effective" column:

apoia = amounts paid or incurred after  
 ara = advance refundings after  
 bia = bonds issued after  
 da = disclosures after  
 dma = distributions made after  
 DOE = date of enactment

dpo/a = documents provided on or after  
 epoia = expenditures paid or incurred after  
 fpb = financing provided before  
 lao/a = losses arising on or after  
 potya = portion of taxable year after  
 rma = requests made after

tyba = taxable years beginning after  
 tybi = taxable years beginning in  
 tyea = taxable years ending after  
 tyi = taxable year including  
 tyiwelo = taxable years in which eligible losses occur  
 wpoia = wages paid or incurred after

[1] The "Gulf Opportunity Zone ('GO Zone')" is defined as 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 the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Katrina. The "Hurricane Katrina disaster area" is defined as an area with respect to which a major disaster has been declared by the President before September 14, 2005, under section 401 of such Act by reason of Hurricane Katrina.

[2] Estimate includes one additional advance refunding of qualified 501(c)(3) bonds.

[3] The provisions relating to additional first-year depreciation, increased expensing under section 179, and the five-year carryback of NOLs attributable to casualty losses, depreciation, or amortization otherwise provided under new Code section 1400N do not apply with respect to certain property. Specifically, the provisions do not apply with respect to any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises. The provisions also do not apply with respect to any gambling or animal racing property.

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**Footnotes for JCX-89-05 R continued:**

- [4] The term "Rita GO Zone" means that portion of the Hurricane Rita disaster area determined by the President to warrant individual or individual and public assistance from the Federal Government under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Rita. The term "Hurricane Rita disaster area" means an area with respect to which a major disaster has been declared by the President before October 6, 2005, under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, by reason of Hurricane Rita.
- [5] Loss of less than \$500,000.
- [6] Gain of less than \$500,000.
- [7] The term "Wilma GO Zone" means that portion of the Hurricane Wilma disaster area determined by the President to warrant individual or individual and public assistance from the Federal government under such Act by reason of Hurricane Wilma. The term "Hurricane Wilma disaster area" is defined as an area with respect to which a major disaster has been declared by the President before November 14, 2005, under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, by reason of Hurricane Rita.
- [8] Effective for lodging provided during the six-month period beginning on the first day of the first month after date of enactment.
- [9] Increase in loan limits effective for loans made after the date of enactment and before January 1, 2007; repayment relief for loans outstanding on or after September 23, 2005, and October 23, 2005.
- [10] Contributions paid during the period beginning August 28, 2005, and ending on December 31, 2005.
- [11] Effective as if included in the provision of the American Jobs Creation Act of 2004 to which it relates.
- [12] Estimate provided by the Congressional Budget Office.
- [13] The technical corrections generally take effect as if included in the original legislation to which each amendment relates.