

ESTIMATED REVENUE EFFECTS OF H.R. 3768,  
THE "HURRICANE KATRINA TAX RELIEF ACT OF 2005," [1]  
AS AMENDED BY THE SENATE ON SEPTEMBER 15, 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. Penalty Free Use of Retirement Funds in the Case of Hurricane Katrina</b>													
1. Penalty-free withdrawals from retirement plans for distributions related to Hurricane Katrina (capped at \$100,000 per taxpayer).....	dra 8/28/05	-64	4	-2	-3	-2	-1	-1	-1	-1	-1	-67	-72
2. Income averaging for disaster-relief distributions related to Hurricane Katrina.....	DOE	-11	-18	16	11	---	---	---	---	---	---	-2	-2
3. Recontributions of withdrawals for home purchases cancelled due to Hurricane Katrina.....	dma 2/28/05 & before 8/29/05	----- Negligible Revenue Effect -----											
4. Loans from qualified plans in connection with Hurricane Katrina.....	[2]	----- Negligible Revenue Effect -----											
5. Provisions relating to plan amendments.....	DOE	----- No Revenue Effect -----											
<b>Total of Penalty Free Use of Retirement Funds in the Case of Hurricane Katrina .....</b>		<b>-75</b>	<b>-14</b>	<b>14</b>	<b>8</b>	<b>-2</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-69</b>	<b>-74</b>
<b>II. Employment Relief</b>													
1. Work opportunity tax credit for certain individuals affected by Hurricane Katrina (sunset 2/28/06 for employers outside disaster areas, and 8/28/07 for employers inside disaster areas).....	wpoio/a 8/28/05	-13	-31	-27	-12	-6	-3	-1	---	---	---	-90	-95
2. Employee retention credit for employers affected by Hurricane Katrina.....	apa 8/28/05 & before 1/1/06	-79	-26	-13	-6	-3	---	---	---	---	---	-127	-127
<b>Total of Employment Relief .....</b>		<b>-92</b>	<b>-57</b>	<b>-40</b>	<b>-18</b>	<b>-9</b>	<b>-3</b>	<b>-1</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-217</b>	<b>-222</b>
<b>III. Charitable Giving Incentives</b>													
1. Temporary suspension of limitations for qualified corporate and individual charitable contributions (qualified corporate contributions must be for relief efforts related to Hurricane Katrina).....	[3]	-835	58	18	-2	-3	-14	-26	-26	-26	-26	-764	-882
2. Charitable deduction for contributions of food inventories.....	cma 8/28/05 & before 1/1/06	-150	---	---	---	---	---	---	---	---	---	-150	-150
3. Charitable deduction for contributions of book inventories.....	cma 8/28/05 & before 1/1/06	-17	---	---	---	---	---	---	---	---	---	-17	-17
4. Additional \$500 personal exemption for Hurricane Katrina displaced individuals (staying as houseguests for at least 60 days) subject to maximum additional exemptions of \$2,000, personal exemption phase out does not apply, and exemption applies for AMT [4].....	tybi 2005 & 2006	-156	-52	---	---	---	---	---	---	---	---	-207	-207

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-10	2006-15
5. Increase in standard mileage rate for charitable use of passenger vehicle for providing relief related to Hurricane Katrina.....	cmo/a 8/29/05 & before 1/1/07	-17	-12	---	---	---	---	---	---	---	---	-29	-29
6. Mileage reimbursements to charitable volunteers excluded from gross income for providing relief related to Hurricane Katrina up to standard business mileage rate.....	uopaa DOE & before 1/1/07	-2	-1	---	---	---	---	---	---	---	---	-3	-3
<b>Total of Charitable Giving Incentives .....</b>		<b>-1,177</b>	<b>-7</b>	<b>18</b>	<b>-2</b>	<b>-3</b>	<b>-14</b>	---	---	---	---	<b>-1,170</b>	<b>-1,288</b>
<b>IV. Additional Tax Relief Provisions</b>													
1. Exclusions of certain cancellations of indebtedness for certain taxpayers affected by Hurricane Katrina .....	dmo/a 8/29/05 & before 1/1/07	-190	-103	---	---	---	---	---	---	---	---	-293	-293
2. Suspend the 10% and \$100 thresholds on personal casualty losses for losses attributable to Hurricane Katrina.....	DOE	-1,094	-1,264	-73	[5]	---	---	---	---	---	---	-2,431	-2,431
3. Required exercise of IRS administrative authority:													
a. Required exercise of authority under section 7508A for tax relief for certain taxpayers affected by Hurricane Katrina.....	DOE	-10	---	---	---	---	---	---	---	---	---	-10	-10
b. Tax relief under section 7508 by reason of service in a combat zone and under section 7508A for taxpayers affected by natural disasters, terrorist, or military actions.....	aro/a 8/29/05 & bia 8/28/05 & before 8/29/08	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-10	-20
4. Special mortgage financing rules for residences located in Hurricane Katrina disaster area.....		-2	-8	-15	-19	-20	-20	-20	-20	-20	-20	-63	-162
5. Extend replacement period for nonrecognition of gain for property located in Hurricane Katrina disaster area.....	DOE	-837	-1,151	-102	8	15	25	42	53	56	60	-2,067	-1,831
6. Allow residents of Hurricane Katrina disaster area as of August 28, 2005 who experienced a loss of income due to Hurricane Katrina to elect to use prior year's income in the calculation of the earned income credit and the refundable child tax credit [6].....	tyi 8/28/05	-244	---	---	---	---	---	---	---	---	---	-244	-244
7. Secretarial authority to make adjustments regarding taxpayer and dependency status for taxpayers affected by Hurricane Katrina.....	tybi 2005 or 2006	----- <i>Negligible Revenue Effect</i> -----											
<b>Additional Tax Relief Provisions .....</b>		<b>-2,379</b>	<b>-2,528</b>	<b>-192</b>	<b>-13</b>	<b>-7</b>	<b>3</b>	<b>20</b>	<b>31</b>	<b>34</b>	<b>38</b>	<b>-5,118</b>	<b>-4,991</b>
<b>NET TOTAL .....</b>		<b>-3,723</b>	<b>-2,606</b>	<b>-200</b>	<b>-25</b>	<b>-21</b>	<b>-15</b>	<b>-8</b>	<b>4</b>	<b>7</b>	<b>11</b>	<b>-6,574</b>	<b>-6,575</b>

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. Date of enactment is assumed to be October 1, 2005.

[Legend and Footnotes for JCX-66-05 R appear on the following page]

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**Legend and Footnotes for JCX-66-05 R:**

Legend for "Effective" column:

apa = amounts paid after

aro/a = actions required on or after

bia = bonds issued after

cma = contributions made after

cmo/a = contributions made on or after

dma = distributions made after

dmo/a = discharges made on or after

DOE = date of enactment

dra = distributions received after

tybi = taxable years beginning in

tyi = taxable years including

uopaa = use of passenger automobile after

wpoio/a = wages paid or incurred on or after

- [1] 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 the Robert T. Stafford Disaster Relief and Emergency Assistance Act in connection with Hurricane Katrina, and, except as provided in the case of the employment relief provisions (see II.1. and 2. above), is determined by the President before such date to warrant assistance from the Federal government under such Act, and in the case of the employment relief provisions (see II.1. and 2. above), is determined by the President before such date to warrant individual assistance, or individual and public assistance, from the Federal Government under such Act. Estimates subject to change due to the uncertainty of the Hurricane Katrina disaster area.
- [2] Increase in loan limits effective for loans made after the date of enactment and before the date which is one year after the disaster declaration date; repayment relief for loans outstanding on or after August 26, 2005.
- [3] Contributions made during the period beginning August 28, 2005, and ending on December 31, 2005.
- [4] Estimate includes an increase in outlays of \$8 million in fiscal year 2006, and \$3 million in fiscal year 2007.
- [5] Loss of less than \$500,000.
- [6] Estimate includes an increase in outlays of \$240 million in fiscal year 2006.