

113TH CONGRESS  
1ST SESSION

# H. R. 2137

To amend the Internal Revenue Code of 1986 to provide tax relief for damages relating to Hurricane Sandy, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2013

Mr. PASCARELL (for himself, Mr. RUNYAN, Mr. GRIMM, Mr. LANCE, Mr. KING of New York, Mr. REED, Mr. FRELINGHUYSEN, Mr. LOBIONDO, Mr. SMITH of New Jersey, Mr. RANGEL, Mr. CROWLEY, Mr. LARSON of Connecticut, Mr. MEEKS, Mr. COURTNEY, Ms. DELAURO, Mr. BISHOP of New York, Mrs. MCCARTHY of New York, Mr. LANGEVIN, Mr. PAYNE, Mr. SERRANO, Mr. PALLONE, Mr. NADLER, Mr. SIRES, Mr. ANDREWS, Mr. ENGEL, Mr. CICILLINE, Mr. ISRAEL, Ms. MENG, and Mr. HOLT) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide tax relief for damages relating to Hurricane Sandy, 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, ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Hurricane Sandy Tax Relief Act of 2013”.

1 (b) AMENDMENT OF 1986 CODE.—Except as other-  
 2 wise expressly provided, whenever in this Act an amend-  
 3 ment or repeal is expressed in terms of an amendment  
 4 to, or repeal of, a section or other provision, the reference  
 5 shall be considered to be made to a section or other provi-  
 6 sion of the Internal Revenue Code of 1986.

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

- Sec. 1. Short title, etc.
- Sec. 2. Waiver of adjusted gross income limitation for losses and increase in standard deduction by disaster casualty losses attributable to Hurricane Sandy.
- Sec. 3. Expensing of qualified disaster expenses.
- Sec. 4. Net operating losses attributable to federally declared disasters.
- Sec. 5. Waiver of certain mortgage revenue bond requirements following federally declared disasters.
- Sec. 6. Increased expensing for Hurricane Sandy qualified disaster assistance property.
- Sec. 7. Increased limitation on charitable contributions for disaster relief.
- Sec. 8. Increase in new markets tax credit for investments in community development entities serving Hurricane Sandy disaster areas.
- Sec. 9. Extension of expensing for environmental remediation costs.
- Sec. 10. Special rule for public utility casualty losses.
- Sec. 11. Determination of earned income for purposes of earned income credit and child tax credit.
- Sec. 12. Work Opportunity Credit.
- Sec. 13. Hurricane Sandy Bonds.
- Sec. 14. Additional low-income housing credit may be allocated in States damaged by Hurricane Sandy.
- Sec. 15. Special rules for use of retirement funds.

9 **SEC. 2. WAIVER OF ADJUSTED GROSS INCOME LIMITATION**  
 10 **FOR LOSSES AND INCREASE IN STANDARD**  
 11 **DEDUCTION BY DISASTER CASUALTY LOSSES**  
 12 **ATTRIBUTABLE TO HURRICANE SANDY.**

13 (a) IN GENERAL.—Subclause (I) of section  
 14 165(h)(3)(B)(i) is amended by striking “January 1,

1 2010” and inserting “January 1, 2010, or the Hurricane  
2 Sandy federally declared disaster”.

3 (b) HURRICANE SANDY FEDERALLY DECLARED DIS-  
4 ASTER.—Paragraph (3) of section 165(h) is amended by  
5 adding at the end the following new subparagraph:

6 “(D) APPLICATION TO HURRICANE  
7 SANDY.—

8 “(i) IN GENERAL.—Personal casualty  
9 losses shall be treated as described in sub-  
10 paragraph (B)(i) if such losses—

11 “(I) are attributable to the Hur-  
12 ricane Sandy federally declared dis-  
13 aster, and

14 “(II) occur in the Hurricane  
15 Sandy disaster area.

16 “(ii) HURRICANE SANDY FEDERALLY  
17 DECLARED DISASTER.—For purposes of  
18 clause (i), the term ‘Hurricane Sandy fed-  
19 erally declared disaster’ means the disaster  
20 occurring by reason of Hurricane Sandy  
21 and determined by the President before  
22 November 4, 2012, to warrant individual  
23 or individual and public assistance from  
24 the Federal Government under the Robert

1 T. Stafford Disaster Relief and Emergency  
2 Assistance Act.

3 “(iii) HURRICANE SANDY DISASTER  
4 AREA.—The term ‘Hurricane Sandy dis-  
5 aster area’ means the area so determined  
6 to warrant such assistance.”.

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this subsection shall apply to taxable years ending after  
9 October 28, 2012.

10 **SEC. 3. EXPENSING OF QUALIFIED DISASTER EXPENSES.**

11 (a) IN GENERAL.—Paragraph (2) of 198A(b) is  
12 amended—

13 (1) in subparagraph (A) by striking “January  
14 1, 2010” and inserting “January 1, 2010, or re-  
15 leased in the Hurricane Sandy disaster area on ac-  
16 count of the Hurricane Sandy federally declared dis-  
17 aster, as defined by section 165(h)(3)(D)”,

18 (2) in subparagraph (B) by striking “such  
19 date” and inserting “such date or which is business-  
20 related property in the Hurricane Sandy disaster  
21 area that is damaged or destroyed as a result of the  
22 Hurricane Sandy federally declared disaster (as so  
23 defined)”, and

24 (3) in subparagraph (C) by striking “such  
25 date” and inserting “such date or which is business-

1 related property in the Hurricane Sandy disaster  
2 area that is damaged as a result of the Hurricane  
3 Sandy federally declared disaster (as so defined)”.

4 (b) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to amounts paid or incurred after  
6 October 28, 2012.

7 **SEC. 4. NET OPERATING LOSSES ATTRIBUTABLE TO FED-**  
8 **ERALLY DECLARED DISASTERS.**

9 (a) IN GENERAL.—Subsection (j) of section 172 is  
10 amended by adding at the end the following new para-  
11 graph:

12 “(5) APPLICATION TO HURRICANE SANDY.—

13 “(A) IN GENERAL.—Losses shall be treat-  
14 ed as described in paragraph (1)(A)(i) if such  
15 losses are attributable to the Hurricane Sandy  
16 federally declared disaster (as defined in section  
17 165(h)(3)(D)) and occur in the Hurricane  
18 Sandy disaster area (as so defined).

19 “(B) SPECIAL RULE.—For purposes of  
20 subparagraph (A), paragraph (4) shall not  
21 apply.”.

22 (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply to taxable years ending after Octo-  
24 ber 28, 2012.

1 **SEC. 5. WAIVER OF CERTAIN MORTGAGE REVENUE BOND**  
2 **REQUIREMENTS FOLLOWING FEDERALLY DE-**  
3 **CLARED DISASTERS.**

4 (a) **IN GENERAL.**—Subparagraphs (A)(i) and (B)(i)  
5 of section 143(k)(12), as added by the Tax Extenders and  
6 Alternative Minimum Tax Relief Act of 2008, are each  
7 amended by striking “January 1, 2010” and inserting  
8 “January 1, 2010, or in the case of a residence located  
9 in the Hurricane Sandy disaster area on October 29,  
10 2012, by reason of the Hurricane Sandy federally declared  
11 disaster, as defined by section 165(h)(3)(D)”.

12 (b) **CONFORMING AMENDMENTS.**—Subparagraph  
13 (A)(ii) of such section is amended by striking “such date”  
14 and inserting “such date or by reason of the Hurricane  
15 Sandy federally declared disaster (as so defined)”.

16 (c) **EFFECTIVE DATE.**—The amendments made by  
17 this section shall apply to disasters occurring after Octo-  
18 ber 28, 2012.

19 **SEC. 6. INCREASED EXPENSING FOR HURRICANE SANDY**  
20 **QUALIFIED DISASTER ASSISTANCE PROP-**  
21 **ERTY.**

22 (a) **IN GENERAL.**—Subsection (e) of section 179 is  
23 amended to read as follows:

24 “(e) **SPECIAL RULES FOR HURRICANE SANDY.**—

25 “(1) **IN GENERAL.**—If a taxpayer elects the ap-  
26 plication of this subsection for a taxable year and

1 places in service during the taxable year any Hurri-  
2 cane Sandy qualified disaster assistance property—

3 “(A) the dollar amount in effect under  
4 subsection (b)(1) for the taxable year shall be  
5 increased by the qualified disaster limitation  
6 amount, and

7 “(B) the dollar amount in effect under  
8 subsection (b)(2) for the taxable year shall be  
9 increased by the qualified disaster limitation re-  
10 duction amount.

11 “(2) QUALIFIED DISASTER LIMITATION  
12 AMOUNT.—For purposes of paragraph (1), the term  
13 ‘qualified disaster limitation amount’ means the less-  
14 er of—

15 “(A) \$500,000, or

16 “(B) the cost of Hurricane Sandy qualified  
17 disaster assistance property placed in service  
18 during the taxable year.

19 “(3) QUALIFIED DISASTER LIMITATION REDUC-  
20 TION AMOUNT.—For purposes of paragraph (1), the  
21 term ‘qualified disaster limitation amount’ means  
22 the lesser of—

23 “(A) \$2,000,000, or

1           “(B) the cost of Hurricane Sandy qualified  
2           disaster assistance property placed in service  
3           during the taxable year.

4           “(4) HURRICANE SANDY QUALIFIED DISASTER  
5           ASSISTANCE PROPERTY.—For purposes of this sub-  
6           section—

7           “(A) IN GENERAL.—The term ‘Hurricane  
8           Sandy qualified disaster assistance property’  
9           means section 179 property (as defined in sub-  
10          section (d)) and qualified property—

11          “(i) the original use of which in the  
12          Hurricane Sandy disaster area commences  
13          with the taxpayer on or after October 29,  
14          2012,

15          “(ii) substantially all of the use of  
16          which is in the Hurricane Sandy disaster  
17          area, and

18          “(iii) which—

19                 “(I) rehabilitates property dam-  
20                 aged, or replaces property destroyed  
21                 or condemned, as a result of the Hur-  
22                 ricane Sandy federally declared dis-  
23                 aster, except that, for purposes of this  
24                 clause, property shall be treated as re-  
25                 placing property destroyed or con-



1 demned if, as part of an integrated  
2 plan, such property replaces property  
3 which is included in a continuous area  
4 which includes real property destroyed  
5 or condemned, and

6 “(II) is located in the same coun-  
7 ty as the property being rehabilitated  
8 or replaced,

9 “(iv) which is placed in service or ac-  
10 quired by the taxpayer by purchase (as de-  
11 fined in subsection (d)) on or after October  
12 29, 2012, but only if no written binding  
13 contract for the acquisition was in effect  
14 before such date, and

15 “(v) which is placed in service by the  
16 taxpayer on or after October 29, 2012, and  
17 before December 31, 2015 (December 31,  
18 2016, in the case of nonresidential real  
19 property and residential rental property).

20 “(B) QUALIFIED PROPERTY.—The term  
21 ‘qualified property’ means property which is—

22 “(i) tangible property to which section  
23 168 applies and which has a recovery pe-  
24 riod of 39 years or less, or

1           “(ii) computer software (as defined in  
2           section 167(f)(1)(B)) for which a deduc-  
3           tion is allowable under section 167(a).

4           “(C) EXCEPTIONS.—

5           “(i) ALTERNATIVE DEPRECIATION  
6           PROPERTY.—Such term shall not include  
7           any property to which the alternative de-  
8           preciation system under section 168(g) ap-  
9           plies, determined without regard to para-  
10          graph (7) thereof (relating to election to  
11          have system apply).

12          “(ii) TAX-EXEMPT BOND FINANCED  
13          PROPERTY.—Such term shall not include  
14          any property any portion of which is fi-  
15          nanced with the proceeds of any obligation  
16          the interest on which is exempt from tax  
17          under section 103.

18          “(D) ELECTION.—An election under this  
19          subsection for any taxable year shall—

20          “(i) specify the items of Hurricane  
21          Sandy qualified disaster assistance prop-  
22          erty to which the election applies and the  
23          portion of the cost of each of such items  
24          which is to be taken into account under  
25          paragraph (1), and

1           “(ii) be made on the taxpayer’s return  
2           of the tax imposed by this chapter for the  
3           taxable year.

4           “(E) SPECIAL RULES.—For purposes of  
5           this subsection, rules similar to the rules of  
6           subparagraph (E) of section 168(k)(2) shall  
7           apply, except that such subparagraph shall be  
8           applied—

9           “(i) by substituting ‘the date of the  
10           Hurricane Sandy federally declared dis-  
11           aster’ for ‘December 31, 2007’ each place  
12           it appears therein,

13           “(ii) by substituting ‘January 1,  
14           2016’ for ‘January 1, 2014’ in clause (i)  
15           thereof, and

16           “(iii) by substituting ‘Hurricane  
17           Sandy qualified section 179 disaster assist-  
18           ance property’ for ‘qualified property’ in  
19           clause (iv) thereof.

20           “(5) TERMS RELATING TO HURRICANE  
21           SANDY.—For purposes of this subsection, the terms  
22           ‘Hurricane Sandy federally declared disaster’ and  
23           ‘Hurricane Sandy disaster area’ have the meanings  
24           given such terms by section 165(h)(3)(D).

1           “(6) RECAPTURE.—For purposes of this sub-  
2 section, rules similar to the rules under subsection  
3 (d)(10) shall apply with respect to any qualified sec-  
4 tion 179 disaster assistance property which ceases to  
5 be qualified section 179 disaster assistance prop-  
6 erty.”.

7           (b) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to taxable years ending after Octo-  
9 ber 28, 2012.

10 **SEC. 7. INCREASED LIMITATION ON CHARITABLE CON-**  
11 **TRIBUTIONS FOR DISASTER RELIEF.**

12           (a) INDIVIDUALS.—Paragraph (1) of section 170(b)  
13 is amended by redesignating subparagraphs (F) and (G)  
14 as subparagraphs (G) and (H), respectively, and by insert-  
15 ing after subparagraph (E) the following new subpara-  
16 graph:

17                           “(F) QUALIFIED HURRICANE SANDY DIS-  
18                           ASTER CONTRIBUTIONS.—

19   “(i) IN GENERAL.—Any qualified  
20   Hurricane Sandy disaster contribution  
21   shall be allowed to the extent that the ag-  
22   gregate of such contributions does not ex-  
23   ceed the excess of 80 percent of the tax-  
24   payer’s contribution base over the amount

1 of all other charitable contributions allow-  
2 able under this paragraph.

3 “(ii) QUALIFIED HURRICANE SANDY  
4 DISASTER CONTRIBUTION.—For purposes  
5 of this subparagraph, the term ‘qualified  
6 Hurricane Sandy disaster contribution’  
7 means any charitable contribution if—

8 “(I) such contribution—

9 “(aa) is paid during the pe-  
10 riod beginning on October 29,  
11 2012, and ending on December  
12 31, 2013, in cash to an organiza-  
13 tion described in subparagraph  
14 (A), and

15 “(bb) is made for relief ef-  
16 forts in the Hurricane Sandy dis-  
17 aster area related to the Hurri-  
18 cane Sandy federally declared  
19 disaster,

20 “(II) the taxpayer obtains from  
21 such organization contemporaneous  
22 written acknowledgment (within the  
23 meaning of subsection (f)(8)) that  
24 such contribution was used (or is to  
25 be used) for relief efforts in the Hur-

1           ricane Sandy disaster area related to  
2           the Hurricane Sandy federally de-  
3           clared disaster, and

4                   “(III) the taxpayer has elected  
5           the application of this subparagraph  
6           with respect to such contribution.

7                   “(iii) EXCEPTION.—A qualified Hurri-  
8           cane Sandy disaster contribution shall not  
9           include a contribution by a donor if the  
10          contribution is—

11                   “(I) to an organization described  
12          in section 509(a)(3), or

13                   “(II) for establishment of a new,  
14          or maintenance of an existing, donor  
15          advised fund (as defined in section  
16          4966(d)(2)).

17                   “(iv) CARRYOVER.—

18                   “(I) IN GENERAL.—If the aggre-  
19          gate amount of contributions de-  
20          scribed in clause (i) exceeds the limi-  
21          tation under clause (i), such excess  
22          shall be treated (in a manner con-  
23          sistent with the rules of subsection  
24          (d)(1)) as a charitable contribution to

1 which clause (i) applies in each of the  
2 5 succeeding years in order of time.

3 “(II) COORDINATION WITH  
4 OTHER SUBPARAGRAPHS.—For pur-  
5 poses of applying this subparagraph  
6 and subsection (d)(1), contributions  
7 described in clause (i) shall not be  
8 treated as described in subparagraph  
9 (A) and such subparagraph shall be  
10 applied without regard to such con-  
11 tributions.

12 “(v) APPLICATION OF ELECTION TO  
13 PARTNERSHIPS AND S CORPORATIONS.—In  
14 the case of a partnership or S corporation,  
15 the election under subparagraph  
16 (F)(ii)(III) shall be made separately by  
17 each partner or shareholder.

18 “(vi) HURRICANE SANDY FEDERALLY  
19 DECLARED DISASTER AND DISASTER  
20 AREA.—For purposes of this subpara-  
21 graph, the terms ‘Hurricane Sandy feder-  
22 ally declared disaster’ and ‘Hurricane  
23 Sandy disaster area’ have the meanings  
24 given such terms by section  
25 165(h)(3)(D).”.

1 (b) CORPORATIONS.—

2 (1) IN GENERAL.—Paragraph (2) of section  
3 170(b) is amended by redesignating subparagraph  
4 (C) as subparagraph (D) and by inserting after sub-  
5 paragraph (B) the following new subparagraph:

6 “(C) QUALIFIED DISASTER CONTRIBU-  
7 TIONS.—

8 “(i) IN GENERAL.—Any qualified  
9 Hurricane Sandy disaster contribution  
10 shall be allowed to the extent that the ag-  
11 gregate of such contributions does not ex-  
12 ceed the excess of 20 percent of the tax-  
13 payer’s taxable income over the amount of  
14 charitable contributions allowed under sub-  
15 paragraph (A).

16 “(ii) CARRYOVER.—If the aggregate  
17 amount of contributions described in clause  
18 (i) exceeds the limitation under clause (i),  
19 such excess shall be treated (in a manner  
20 consistent with the rules of subsection  
21 (d)(1)) as a charitable contribution to  
22 which clause (i) applies in each of the 5  
23 succeeding years in order of time.

24 “(iii) QUALIFIED DISASTER CON-  
25 TRIBUTION.—The term ‘qualified Hurri-



1           cane Sandy disaster contribution’ has the  
2           meaning given such term under paragraph  
3           (1)(F).”.

4           (2) CONFORMING AMENDMENTS.—

5           (A) Subparagraph (A) of section 170(b)(2)  
6           is amended by striking “subparagraph (B) ap-  
7           plies” and inserting “subparagraphs (B) and  
8           (C) apply”.

9           (B) Subparagraph (B) of section 170(b)(2)  
10          is amended by striking “subparagraph (A)” and  
11          inserting “subparagraphs (A) and (C)”.

12          (c) EFFECTIVE DATE.—The amendments made by  
13          this section shall apply to taxable years ending after the  
14          date of the enactment of this Act.

15       **SEC. 8. INCREASE IN NEW MARKETS TAX CREDIT FOR IN-**  
16                               **VESTMENTS IN COMMUNITY DEVELOPMENT**  
17                               **ENTITIES SERVING HURRICANE SANDY DIS-**  
18                               **ASTER AREAS.**

19          (a) IN GENERAL.—Paragraph (1) of section 45D(f)  
20          is amended by striking the period at the end of subpara-  
21          graph (G) and inserting “, and” and by adding at the end  
22          the following:

23                               “(H) in the case of the Hurricane Sandy  
24                               Federal disaster area, \$250,000,000.”.

1 (b) RULES RELATING TO HURRICANE SANDY.—Sub-  
2 section (f) of section 45D is amended by adding at the  
3 end the following new paragraph:

4 “(4) INCREASED SPECIAL ALLOCATION FOR  
5 COMMUNITY DEVELOPMENT ENTITIES SERVING HUR-  
6 RICANE SANDY FEDERAL DISASTER AREAS.—

7 “(A) IN GENERAL.—The limitation under  
8 paragraph (1)(H) shall be allocated among  
9 qualified community development entities to  
10 make qualified low-income community invest-  
11 ments within the Hurricane Sandy disaster area  
12 (as defined in section 165(h)(3)(D)).

13 “(B) ALLOCATION OF INCREASE.—The  
14 limitation under subparagraph (A) shall be allo-  
15 cated by the Secretary under paragraph (2) to  
16 qualified community development entities and  
17 shall give priority to such entities with a record  
18 of having successfully provided capital or tech-  
19 nical assistance to businesses or communities  
20 within the Hurricane Sandy disaster area.

21 “(C) SEPARATE CARRYOVER OF UNUSED  
22 LIMITATION.—Paragraph (3) shall be applied  
23 separately with respect to the limitation under  
24 paragraph (1)(H).”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to calendar years beginning after  
3 2011.

4 **SEC. 9. EXTENSION OF EXPENSING FOR ENVIRONMENTAL**  
5 **REMEDATION COSTS.**

6 (a) IN GENERAL.—Section 198 is amended by adding  
7 at the end the following:

8 “(i) EXTENSION RELATING TO HURRICANE  
9 SANDY.—Subsection (h) shall not apply in the case of any  
10 qualified environmental remediation expenditure paid or  
11 incurred after the date of the Hurricane Sandy federally  
12 declared disaster (as defined in section 165(h)(3)(D)) and  
13 before January 1, 2015, by reason of such disaster at a  
14 qualified contaminated site located in the Hurricane  
15 Sandy disaster area (as so defined).”.

16 (b) EFFECTIVE DATE.—The amendment made by  
17 subsection (a) shall apply to expenditures paid or incurred  
18 after October 28, 2012.

19 **SEC. 10. SPECIAL RULE FOR PUBLIC UTILITY CASUALTY**  
20 **LOSSES.**

21 (a) IN GENERAL.—Subsection (f) of section 172 is  
22 amended by adding at the end the following:

23 “(7) HURRICANE SANDY PUBLIC UTILITY CAS-  
24 UALTY LOSSES.—

1           “(A) IN GENERAL.—The amount described  
2 in paragraph (1)(A) for any taxable year shall  
3 be increased by the Hurricane Sandy public  
4 utility casualty loss for such taxable year.

5           “(B) HURRICANE SANDY PUBLIC UTILITY  
6 CASUALTY LOSS.—For purposes of this para-  
7 graph, the term ‘Hurricane Sandy public utility  
8 casualty loss’ means any casualty loss of public  
9 utility property (as defined in section  
10 168(i)(10)) located in the Hurricane Sandy dis-  
11 aster area if—

12                   “(i) such loss is allowed as a deduc-  
13 tion under section 165 for the taxable  
14 year,

15                   “(ii) such loss is by reason of Hurri-  
16 cane Sandy, and

17                   “(iii) the taxpayer elects the applica-  
18 tion of this paragraph with respect to such  
19 loss.

20           “(C) REDUCTION FOR GAINS FROM INVOL-  
21 UNTARY CONVERSION.—The amount of any  
22 Hurricane Sandy public utility casualty loss  
23 which would (but for this subparagraph) be  
24 taken into account under subparagraph (A) for  
25 any taxable year shall be reduced by the

1 amount of any gain recognized by the taxpayer  
2 for such year from the involuntary conversion  
3 by reason of Hurricane Sandy of public utility  
4 property (as so defined) located in the Hurri-  
5 cane Sandy disaster area.

6 “(D) HURRICANE SANDY DISASTER  
7 AREA.—For purposes of this paragraph, the  
8 term ‘Hurricane Sandy disaster area’ has the  
9 meaning given such term by section  
10 165(h)(3)(D).

11 “(E) COORDINATION WITH GENERAL DIS-  
12 ASTER LOSS RULES.—Section 168(k) and sec-  
13 tion 165(i) shall not apply to any Hurricane  
14 Sandy public utility casualty loss to the extent  
15 such loss is taken into account under subpara-  
16 graph (A).

17 “(F) ELECTION.—Any election under sub-  
18 paragraph (B)(iii) shall be made in such man-  
19 ner as may be prescribed by the Secretary and  
20 shall be made by the due date (including exten-  
21 sions of time) for filing the taxpayer’s return  
22 for the taxable year of the loss. Such election,  
23 once made for any taxable year, shall be irrev-  
24 ovable for such taxable year.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall apply to losses arising in taxable years  
3 ending after October 28, 2012.

4 **SEC. 11. DETERMINATION OF EARNED INCOME FOR PUR-**  
5 **POSES OF EARNED INCOME CREDIT AND**  
6 **CHILD TAX CREDIT.**

7 (a) EARNED INCOME CREDIT.—Section 32 is amend-  
8 ed by adding at the end the following new subsection:

9 “(n) SPECIAL RULE RELATING TO HURRICANE  
10 SANDY.—For purposes of this section and section 24(d)—

11 “(1) IN GENERAL.—In the case of a qualified  
12 individual, if the earned income of the taxpayer for  
13 the taxable year which includes the applicable date  
14 is less than the earned income of the taxpayer for  
15 the preceding taxable year, the credit allowed under  
16 subsection (a) may, at the election of the taxpayer,  
17 be determined by substituting—

18 “(A) such earned income for the preceding  
19 taxable year, for

20 “(B) such earned income for the taxable  
21 year which includes the applicable date.

22 “(2) QUALIFIED INDIVIDUAL.—For purposes of  
23 this subsection, the term ‘qualified individual’ means  
24 any individual—

1           “(A) whose principal place of abode on the  
2 applicable date was located in the Hurricane  
3 Sandy disaster area and such individual was  
4 displaced from such principal place of abode by  
5 reason of the Hurricane Sandy federally de-  
6 clared disaster, or

7           “(B) who performed substantially all em-  
8 ployment services in the disaster area and was  
9 so employed on the applicable date.

10           “(3) OTHER DEFINITIONS.—For purposes of  
11 this subsection—

12           “(A) APPLICABLE DATE.—The term ‘appli-  
13 cable date’ means any day on or after October  
14 29, 2012, and on or before November 3, 2012.

15           “(B) HURRICANE SANDY FEDERALLY DE-  
16 CLARED DISASTER AND DISASTER AREA.—The  
17 terms ‘Hurricane Sandy federally declared dis-  
18 aster’ and ‘Hurricane Sandy disaster area’ have  
19 the meanings given such terms by section  
20 165(h)(3)(D).

21           “(4) SPECIAL RULES.—

22           “(A) APPLICATION TO JOINT RETURNS.—  
23 For purposes of paragraph (1), in the case of  
24 a joint return for a taxable year which includes  
25 the applicable date—

1                   “(i) such paragraph shall apply if ei-  
2                   ther spouse is a qualified individual, and

3                   “(ii) the earned income of the tax-  
4                   payer for the preceding taxable year shall  
5                   be the sum of the earned income of each  
6                   spouse for such preceding taxable year.

7                   “(B) UNIFORM APPLICATION OF ELEC-  
8                   TION.—Any election made under paragraph (1)  
9                   shall apply with respect to both this section and  
10                  section 24(d).

11                  “(C) ERRORS TREATED AS MATHEMATICAL  
12                  ERROR.—For purposes of section 6213, an in-  
13                  correct use on a return of earned income pursu-  
14                  ant to paragraph (1) shall be treated as a  
15                  mathematical or clerical error.

16                  “(D) NO EFFECT ON DETERMINATION OF  
17                  GROSS INCOME, ETC.—Except as otherwise pro-  
18                  vided in this subsection, this title shall be ap-  
19                  plied without regard to any substitution under  
20                  paragraph (1).”.

21                  (b) CHILD TAX CREDIT.—Subsection (d) of section  
22                  24 is amended by adding at the end the following new  
23                  paragraph:

24                         “(5) SPECIAL RULE RELATING TO HURRICANE  
25                         SANDY.—See section 32(n) for determination of



1       earned income with respect to the Hurricane Sandy  
2       federally declared disaster.”.

3       (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years ending after Octo-  
5 ber 28, 2012.

6 **SEC. 12. WORK OPPORTUNITY CREDIT.**

7       (a) IN GENERAL.—Paragraph (1) of section 51(d) is  
8 amended by striking “or” at the end of subparagraph (H),  
9 by striking the period at the end of subparagraph (I) and  
10 inserting “, or”, and by inserting after subparagraph (I)  
11 the following new subparagraph:

12                       “(J) a Hurricane Sandy employee.”.

13       (b) HURRICANE SANDY EMPLOYEE.—Subsection (d)  
14 of section 51 is amended by adding at the end the fol-  
15 lowing:

16                       “(15) HURRICANE SANDY EMPLOYEE.—

17                       “(A) IN GENERAL.—The term ‘Hurricane  
18 Sandy employee’ means any individual—

19                               “(i) who, on or after October 29,  
20                               2012, and on or before November 3, 2012,  
21                               had a principal place of abode in the Hur-  
22                               ricane Sandy disaster area,

23                               “(ii) who did not apply for or receive  
24                               unemployment compensation under State  
25                               or Federal law in 2012 before October 29,

1           2012, but first applied for or received such  
2           compensation after such date and before  
3           February 15, 2013,

4           “(iii) who receives such compensation  
5           without a break until the earlier of ex-  
6           hausting such compensation under Federal  
7           or State law or the hiring date, and

8           “(iv) whose hiring date for a position  
9           the principal place of employment of which  
10          is located in the Hurricane Sandy disaster  
11          area (as defined in section 165(h)(3)(D))  
12          is before January 1, 2014.

13          “(B) REASONABLE IDENTIFICATION AC-  
14          CEPTABLE.—In lieu of the certification require-  
15          ment under subparagraph (A) of paragraph  
16          (13), an individual may provide to the employer  
17          reasonable evidence that the individual is a  
18          Hurricane Sandy employee, and subparagraph  
19          (B) of such paragraph shall be applied as if  
20          such evidence were a certification described in  
21          such subparagraph.

22          “(C) SPECIAL RULES.—For purposes of  
23          this paragraph—

24                 “(i) subsection (c)(4) shall not apply,  
25                 and

1                   “(ii) subsection (i)(2) shall not apply  
2                   with respect to the first hire of such em-  
3                   ployee as a Hurricane Sandy employee, un-  
4                   less such employee was an employee of the  
5                   employer on October 28, 2012.”.

6           (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years ending after Octo-  
8 ber 28, 2012.

9 **SEC. 13. HURRICANE SANDY BONDS.**

10           (a) IN GENERAL.—Subpart A of part IV of sub-  
11 chapter B of chapter 1 is amended by inserting after sec-  
12 tion 146 the following new section:

13 **“SEC. 146A. HURRICANE SANDY BONDS.**

14           “(a) IN GENERAL.—For purposes of this title, any  
15 qualified Hurricane Sandy Bond shall—

16                   “(1) be treated as an exempt facility bond, and

17                   “(2) not be subject to section 146.

18           “(b) QUALIFIED HURRICANE SANDY BOND.—For  
19 purposes of this section, the term ‘qualified Hurricane  
20 Sandy bond’ means any bond issued as part of an issue  
21 if—

22                   “(1) 95 percent or more of the net proceeds of  
23 such issue are to be used for qualified project costs,

1           “(2) such bond is issued by a State or any po-  
2           litical subdivision thereof any part of which is in the  
3           Hurricane Sandy disaster area,

4           “(3) the Governor of the issuing State des-  
5           ignates such bond for purposes of this section, and

6           “(4) such bond is issued after the date of the  
7           enactment of this section and before January 1,  
8           2016.

9           “(c) LIMITATION ON AMOUNT OF BONDS.—

10           “(1) IN GENERAL.—The maximum aggregate  
11           face amount of bonds which may be designated  
12           under this section shall not exceed—

13                   “(A) \$3,200,000,000 in the case of Con-  
14                   necticut,

15                   “(B) \$9,200,000,000 in the case of New  
16                   Jersey, and

17                   “(C) \$9,200,000,000 in the case of New  
18                   York.

19           “(2) REDUCTION FOR FAILURE TO ISSUE  
20           BONDS.—

21                   “(A) 2013.—If after the date of enactment  
22                   of this section and before January 1, 2014, less  
23                   than 10 percent of the face amount of the bond  
24                   limitation for a State has been issued, the au-  
25                   thorized limitation for such State under para-

1 graph (1) shall be reduced by the amount by  
2 which 10 percent of the face amount of the  
3 bond limitation for such State exceeds the face  
4 amount of issued bonds.

5 “(B) 2014.—If after the date of enactment  
6 of this section and before January 1, 2015, less  
7 than 30 percent of the face amount of the bond  
8 limitation for a State has been issued, the au-  
9 thorized limitation for such State shall be re-  
10 duced by the amount by which 10 percent of  
11 the face amount of the bond limitation for such  
12 State exceeds the face amount of issued bonds.

13 “(3) MOVABLE PROPERTY.—No bonds shall be  
14 issued which are to be used for movable fixtures and  
15 equipment.

16 “(4) TREATMENT OF CURRENT REFUNDING  
17 BONDS.—Paragraph (1) shall not apply to any bond  
18 (or series of bonds) issued to refund a qualified  
19 Hurricane Sandy bond, if—

20 “(A) the average maturity date of the issue  
21 of which the refunding bond is a part is not  
22 later than the average maturity date of the  
23 bonds to be refunded by such issue,

1           “(B) the amount of the refunding bond  
2           does not exceed the outstanding amount of the  
3           refunded bond, and

4           “(C) the net proceeds of the refunding  
5           bond are used to redeem the refunded bond not  
6           later than 90 days after the date of the  
7           issuance of the refunding bond.

8           For purposes of subparagraph (A), average maturity  
9           shall be determined in accordance with section  
10          147(b)(2)(A).

11          “(d) QUALIFIED PROJECT COSTS.—For purposes of  
12          this section, the term ‘qualified project costs’ means the  
13          cost of acquisition, construction, reconstruction, and ren-  
14          ovation of—

15               “(1) residential rental property (as defined in  
16               section 142(d)),

17               “(2) nonresidential real property (including  
18               fixed improvements associated with such property),

19               “(3) a facility described in paragraph (2) or (3)  
20               of section 142(a), or

21               “(4) public utility property (as defined in sec-  
22               tion 168(i)(10)),

23          which is located in the Hurricane Sandy Disaster area and  
24          was damaged or destroyed by reason of the Hurricane  
25          Sandy federally declared disaster.

1       “(e) SPECIAL RULES.—In applying this title to any  
2 qualified Hurricane Sandy Bond, the following modifica-  
3 tions shall apply:

4           “(1) Section 147(d) (relating to acquisition of  
5 existing property not permitted) shall be applied by  
6 substituting ‘50 percent’ for ‘15 percent’ each place  
7 it appears.

8           “(2) Section 148(f)(4)(C) (relating to exception  
9 from rebate for certain proceeds to be used to fi-  
10 nance construction expenditures) shall apply to the  
11 available construction proceeds of bonds issued  
12 under this section. For purposes of the preceding  
13 sentence, the following spending requirements shall  
14 apply in lieu of the requirements in clause (ii) of  
15 such section:

16           “(A) 40 percent of such available construc-  
17 tion proceeds are spent for the governmental  
18 purposes of the issue within the 2-year period  
19 beginning on the date the bonds are issued,

20           “(B) 60 percent of such proceeds are spent  
21 for such purposes within the 3-year period be-  
22 ginning on such date,

23           “(C) 80 percent of such proceeds are spent  
24 for such purposes within the 4-year period be-  
25 ginning on such date, and

1           “(D) 100 percent of such proceeds are  
2           spent for such purposes within the 5-year pe-  
3           riod beginning on such date.

4           “(3) Repayments of principal on financing pro-  
5           vided by the issue—

6                   “(A) may not be used to provide financing,  
7           and

8                   “(B) must be used not later than the close  
9           of the 1st semiannual period beginning after  
10          the date of the repayment to redeem bonds  
11          which are part of such issue.

12          The requirement of subparagraph (B) shall be treat-  
13          ed as met with respect to amounts received within  
14          5 years after the date of issuance of the issue (or,  
15          in the case of a refunding bond, the date of issuance  
16          of the original bond) if such amounts are used by  
17          the close of such 5 years to redeem bonds which are  
18          part of such issue.

19           “(4) Section 57(a)(5) shall not apply.

20           “(f) SEPARATE ISSUE TREATMENT OF PORTIONS OF  
21 AN ISSUE.—This section shall not apply to the portion of  
22 an issue which (if issued as a separate issue) would be  
23 treated as a qualified bond or as a bond that is not a  
24 private activity bond (determined without regard to para-  
25 graph (1)), if the issuer elects to so treat such portion.



1       “(g) HURRICANE SANDY FEDERALLY DECLARED  
2 DISASTER AND DISASTER AREA.—The terms ‘Hurricane  
3 Sandy federally declared disaster’ and ‘Hurricane Sandy  
4 disaster area’ have the meanings given such terms by sec-  
5 tion 165(h)(3)(D).”.

6       (b) CLERICAL AMENDMENT.—The table of sections  
7 for subpart A of part IV of subchapter B of chapter 1  
8 is amended by inserting after the item relating to section  
9 146 the following new item:

“Sec. 146A. Hurricane Sandy Bonds.”.

10       (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to obligations issued after the date  
12 of the enactment of this Act.

13 **SEC. 14. ADDITIONAL LOW-INCOME HOUSING CREDIT MAY**  
14 **BE ALLOCATED IN STATES DAMAGED BY**  
15 **HURRICANE SANDY.**

16       (a) IN GENERAL.—Paragraph (3) of section 42(h)  
17 (relating to limitation on aggregate credit allowable with  
18 respect to projects located in a State) is amended by add-  
19 ing at the end the following new subparagraph:

20               “(J) INCREASE IN STATE HOUSING CREDIT  
21 FOR STATES DAMAGED BY HURRICANE  
22 SANDY.—

23               “(i) IN GENERAL.—In the case of cal-  
24 endar year 2013, the State housing credit  
25 ceiling of each State any portion of which

1 includes any portion of the Hurricane  
2 Sandy disaster area shall be increased by  
3 so much of the aggregate housing credit  
4 dollar amount as does not exceed the appli-  
5 cable limitation allocated by the State  
6 housing credit agency of such State for  
7 such calendar year to buildings located in  
8 such disaster area.

9 “(ii) APPLICABLE LIMITATION.—For  
10 purposes of clause (i), the applicable limi-  
11 tation is the greater of—

12 “(I) \$8 multiplied by the popu-  
13 lation of the area described in clause  
14 (vii)(I), or

15 “(II) 50 percent of the State  
16 housing credit ceiling (determined  
17 without regard to this subparagraph)  
18 for 2013.

19 “(iii) APPLICABLE PERCENTAGE.—  
20 For purposes of this section, the applicable  
21 percentage with respect to any building to  
22 which amounts allocated under clause (i)  
23 shall be determined under subsection  
24 (b)(2), except that subparagraph (A)  
25 thereof shall be applied by substituting

1           ‘December 31, 2015’ for ‘December 31,  
2           2013’.

3           “(iv) ALLOCATIONS TREATED AS  
4           MADE FIRST FROM ADDITIONAL ALLOCA-  
5           TION AMOUNT FOR PURPOSES OF DETER-  
6           MINING CARRYOVER.—For purposes of de-  
7           termining the unused State housing credit  
8           ceiling under subparagraph (C) for any  
9           calendar year, any increase in the State  
10          housing credit ceiling under clause (i) shall  
11          be treated as an amount described in  
12          clause (ii) of such subparagraph.

13          “(v) DIFFICULT DEVELOPMENT  
14          AREA.—

15                 “(I) IN GENERAL.—In the case  
16                 of property placed in service during  
17                 2013, 2014, or 2015, the Hurricane  
18                 Sandy disaster area shall be treated  
19                 as a difficult development area des-  
20                 ignated under subclause (I) of sub-  
21                 section (d)(5)(B)(iii), and shall not be  
22                 taken into account for purposes of ap-  
23                 plying the limitation under subclause  
24                 (II) of such subsection.

1                   “(II)       APPLICATION       OF  
2                   CLAUSE.—Subclause (I) shall apply  
3                   only to—

4                   “(aa) housing credit dollar  
5                   amounts allocated during 2013,  
6                   and

7                   “(bb) to the extent that  
8                   paragraph (1) does not apply to  
9                   any building by reason of para-  
10                  graph (4), only with respect to  
11                  bonds issued after December 31,  
12                  2012.

13                  “(vi) HURRICANE SANDY DISASTER  
14                  AREA AND HURRICANE SANDY FEDERALLY  
15                  DECLARED DISASTER.—For purposes of  
16                  this subparagraph—

17                  “(I) DISASTER AREA.—The term  
18                  ‘Hurricane Sandy disaster area’  
19                  means each county included in the  
20                  geographical area covered by the Hur-  
21                  ricane Sandy federally declared dis-  
22                  aster.

23                  “(II) HURRICANE SANDY FEDER-  
24                  ALLY DECLARED DISASTER AND DIS-  
25                  ASTER AREA.—The term ‘Hurricane

1                   Sandy federally declared disaster’ has  
 2                   the meaning given such term by sec-  
 3                   tion 165(h)(3)(D).”.

4           (b) EFFECTIVE DATE.—The amendment made by  
 5 this section shall take effect on the date of the enactment  
 6 of this Act.

7 **SEC. 15. SPECIAL RULES FOR USE OF RETIREMENT FUNDS.**

8           (a) EARLY WITHDRAWAL FROM RETIREMENT  
 9 PLANS.—Paragraph (2) of section 72(t) is amended by  
 10 adding at the end the following new subparagraph:

11                   “(H) HURRICANE SANDY DISTRIBUTI-  
 12                   TIONS.—Distributions to an individual which  
 13                   are Hurricane Sandy distributions (as defined  
 14                   in paragraph (11)).”.

15           (b) SPECIAL RULES.—Subsection (t) of section 72 is  
 16 amended by adding at the end the following:

17                   “(11) SPECIAL RULES RELATING TO USE OF  
 18                   RETIREMENT FUNDS RELATING TO HURRICANE  
 19                   SANDY.—

20                   “(A) DISTRIBUTIONS.—For purposes of  
 21                   this paragraph—

22                   “(i) IN GENERAL.—The term ‘Hurri-  
 23                   cane Sandy distribution’ means any dis-  
 24                   tribution from an eligible retirement plan  
 25                   (as defined by section 402(c)(8)(B)) made

1 on or after October 29, 2012, and before  
2 January 1, 2014, to an individual whose  
3 principal place of abode on October 29,  
4 2012, is located in the Hurricane Sandy  
5 disaster area (as defined in section  
6 165(h)(3)(D)) and who has sustained an  
7 economic loss by reason of Hurricane  
8 Sandy.

9 “(ii) AGGREGATE DOLLAR LIMITA-  
10 TION.—

11 “(I) IN GENERAL.—For purposes  
12 of this paragraph, the aggregate  
13 amount of distributions received by an  
14 individual which may be treated as  
15 Hurricane Sandy distributions for any  
16 taxable year shall not exceed the ex-  
17 cess (if any) of—

18 “(aa) \$100,000, over

19 “(bb) the aggregate amounts  
20 treated as Hurricane Sandy dis-  
21 tributions received by such indi-  
22 vidual for all prior taxable years.

23 “(II) TREATMENT OF PLAN DIS-  
24 TRIBUTIONS.—If a distribution to an  
25 individual would (without regard to

1 subclause (I)) be a Hurricane Sandy  
2 distribution, a plan shall not be treat-  
3 ed as violating any requirement of  
4 this title merely because the plan  
5 treats such distribution as a Hurri-  
6 cane Sandy distribution, unless the  
7 aggregate amount of such distribu-  
8 tions from all plans maintained by the  
9 employer (and any member of any  
10 controlled group which includes the  
11 employer) to such individual exceeds  
12 \$100,000.

13 “(III) CONTROLLED GROUP.—

14 For purposes of subclause (II), the  
15 term ‘controlled group’ means any  
16 group treated as a single employer  
17 under subsection (b), (c), (m), or (o)  
18 of section 414.

19 “(iii) AMOUNT DISTRIBUTED MAY BE  
20 REPAID.—

21 “(I) IN GENERAL.—Any indi-  
22 vidual who receives a Hurricane  
23 Sandy distribution may, at any time  
24 during the 3-year period beginning on  
25 the day after the date on which such

1 distribution was received, make one or  
2 more contributions in an aggregate  
3 amount not to exceed the amount of  
4 such distribution to an eligible retire-  
5 ment plan of which such individual is  
6 a beneficiary and to which a rollover  
7 contribution of such distribution could  
8 be made under section 402(c),  
9 403(a)(4), 403(b)(8), 408(d)(3), or  
10 457(e)(16), as the case may be.

11 “(II) TREATMENT OF REPAY-  
12 MENTS OF DISTRIBUTIONS FROM ELI-  
13 GIBLE RETIREMENT PLANS OTHER  
14 THAN IRAS.—For purposes of this  
15 title, if a contribution is made pursu-  
16 ant to subclause (I) with respect to a  
17 Hurricane Sandy distribution from an  
18 eligible retirement plan other than an  
19 individual retirement plan, then the  
20 taxpayer shall, to the extent of the  
21 amount of the contribution, be treated  
22 as having received the Hurricane  
23 Sandy distribution in an eligible roll-  
24 over distribution (as defined in section  
25 402(c)(4)) and as having transferred



1 the amount to the eligible retirement  
2 plan in a direct trustee to trustee  
3 transfer within 60 days of the dis-  
4 tribution.

5 “(III) TREATMENT OF REPAY-  
6 MENTS FOR DISTRIBUTIONS FROM  
7 IRAS.—For purposes of this title, if a  
8 contribution is made pursuant to sub-  
9 clause (I) with respect to a Hurricane  
10 Sandy distribution from an individual  
11 retirement plan (as defined by section  
12 7701(a)(37)), then, to the extent of  
13 the amount of the contribution, the  
14 Hurricane Sandy distribution shall be  
15 treated as a distribution described in  
16 section 408(d)(3) and as having been  
17 transferred to the eligible retirement  
18 plan in a direct trustee to trustee  
19 transfer within 60 days of the dis-  
20 tribution.

21 “(iv) INCOME INCLUSION SPREAD  
22 OVER 3-YEAR PERIOD.—

23 “(I) IN GENERAL.—In the case  
24 of any Hurricane Sandy distribution,  
25 unless the taxpayer elects not to have

1 this clause apply for any taxable year,  
2 any amount required to be included in  
3 gross income for such taxable year  
4 shall be so included ratably over the  
5 3-taxable year period beginning with  
6 such taxable year.

7 “(II) SPECIAL RULE.—For pur-  
8 poses of subclause (I), rules similar to  
9 the rules of subparagraph (E) of sec-  
10 tion 408A(d)(3) shall apply.

11 “(v) SPECIAL RULES.—

12 “(I) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE  
13 TRANSFER AND WITHHOLDING  
14 RULES.—For purposes of sections  
15 401(a)(31), 402(f), and 3405, Hurri-  
16 cane Sandy distributions shall not be  
17 treated as eligible rollover distribu-  
18 tions.

19  
20 “(II) HURRICANE SANDY DIS-  
21 TRIBUTIONS TREATED AS MEETING  
22 PLAN DISTRIBUTION REQUIRE-  
23 MENTS.—For purposes this title, a  
24 Hurricane Sandy distribution shall be  
25 treated as meeting the requirements

1 of sections 401(k)(2)(B)(i),  
2 403(b)(7)(A)(ii), 403(b)(11), and  
3 457(d)(1)(A).

4 “(B) RECONTRIBUTIONS OF WITH-  
5 DRAWALS FOR HOME PURCHASES.—

6 “(i) IN GENERAL.—Any individual  
7 who received a distribution described in  
8 clause (ii) may, during the applicable pe-  
9 riod, make one or more contributions in an  
10 aggregate amount not to exceed the  
11 amount of such distribution to an eligible  
12 retirement plan (as defined in section  
13 402(c)(8)(B)) of which such individual is a  
14 beneficiary and to which a rollover con-  
15 tribution of such distribution could be  
16 made under section 402(c), 403(a)(4),  
17 403(b)(8), or 408(d)(3), as the case may  
18 be.

19 “(ii) DISTRIBUTION DESCRIBED.—For  
20 purposes of clause (i), a distribution is de-  
21 scribed in this clause if the distribution—

22 “(I) is described in paragraph  
23 (2)(F) or section 401(k)(2)(B)(i)(IV),  
24 403(b)(7)(A)(ii) (but only to the ex-

1           tent such distribution relates to finan-  
2           cial hardship), or 403(b)(11)(B),

3           “(II) is received after April 29,  
4           2012, and before October 30, 2012,  
5           and

6           “(III) was to be used to purchase  
7           or construct a principal residence in  
8           the Hurricane Sandy disaster area (as  
9           defined in section 165(h)(3)(D)), but  
10          which was not so purchased or con-  
11          structed on account of Hurricane  
12          Sandy.

13          “(iii) APPLICABLE PERIOD.—For pur-  
14          poses of this subparagraph, the term ‘ap-  
15          plicable period’ means the period beginning  
16          on October 29, 2012, and ending five  
17          months after the date of enactment of the  
18          Hurricane Sandy Tax Relief Act of 2013.

19          “(iv) TREATMENT OF REPAYMENTS.—  
20          Rules similar to the rules of subclauses  
21          (II) and (III) of subparagraph (A)(iii)  
22          shall apply for purposes of this subpara-  
23          graph.”.

1           (c) LOANS FROM QUALIFIED PLANS.—Subsection  
2 (p) of section 72 is amended by adding at the end the  
3 following:

4                   “(6) SPECIAL RULES RELATING TO HURRICANE  
5 SANDY.—

6                           “(A) INCREASE IN LIMIT ON LOANS NOT  
7 TREATED AS DISTRIBUTIONS.—In the case of  
8 any loan from a qualified employer plan to a  
9 qualified individual made during the applicable  
10 period—

11                                   “(i) paragraph (2)(A)(i) shall be ap-  
12 plied by substituting ‘\$100,000’ for  
13 ‘\$50,000’, and

14                                   “(ii) paragraph (2)(A)(ii) shall be ap-  
15 plied by substituting ‘the present value of  
16 the nonforfeitable accrued benefit of the  
17 employee under the plan’ for ‘one-half of  
18 the present value of the nonforfeitable ac-  
19 crued benefit of the employee under the  
20 plan’.

21                           “(B) DELAY OF REPAYMENT.—In the case  
22 of a qualified individual with an outstanding  
23 loan on or after the qualified beginning date  
24 from a qualified employer plan—

1           “(i) if the due date pursuant to sub-  
2           paragraph (B) or (C) of paragraph (2) for  
3           any repayment with respect to such loan  
4           occurs during the period beginning on the  
5           qualified beginning date and ending on De-  
6           cember 31, 2013, such due date shall be  
7           delayed for 1 year,

8           “(ii) any subsequent repayments with  
9           respect to any such loan shall be appro-  
10          priately adjusted to reflect the delay in the  
11          due date under clause (i) and any interest  
12          accruing during such delay, and

13          “(iii) in determining the 5-year period  
14          and the term of a loan under subpara-  
15          graph (B) or (C) of paragraph (2), the pe-  
16          riod described in clause (i) shall be dis-  
17          regarded.

18          “(C) QUALIFIED INDIVIDUAL.—For pur-  
19          poses of this paragraph—

20                 “(i) IN GENERAL.—The term ‘quali-  
21                 fied individual’ means any qualified Hurri-  
22                 cane Sandy individual.

23                 “(ii) QUALIFIED HURRICANE SANDY  
24                 INDIVIDUAL.—The term ‘qualified Hurri-  
25                 cane Sandy individual’ means an individual

1           whose principal place of abode on October  
2           29, 2012, is located in the Hurricane  
3           Sandy disaster area (as defined in section  
4           165(h)(3)(D)) and who has sustained an  
5           economic loss by reason of Hurricane  
6           Sandy.

7           “(D) OTHER DEFINITIONS.—For purposes  
8           of this paragraph—

9                   “(i) APPLICABLE PERIOD.—The appli-  
10                  cable period is the period beginning on the  
11                  date of enactment of the Hurricane Sandy  
12                  Tax Relief Act of 2013 and ending on De-  
13                  cember 31, 2013.

14                   “(ii) QUALIFIED BEGINNING DATE.—  
15                  The qualified beginning date is October 29,  
16                  2012.”.

17           (d) EFFECTIVE DATE.—The amendments made by  
18           this section shall apply to years ending after October 28,  
19           2012.

20           (e) PROVISIONS RELATING TO PLAN AMEND-  
21           MENTS.—

22                   (1) IN GENERAL.—If this subsection applies to  
23                  any amendment to any plan or annuity contract,  
24                  such plan or contract shall be treated as being oper-

1 ated in accordance with the terms of the plan during  
2 the period described in paragraph (2)(B)(i).

3 (2) AMENDMENTS TO WHICH SUBSECTION AP-  
4 PLIES.—

5 (A) IN GENERAL.—This subsection shall  
6 apply to any amendment to any plan or annuity  
7 contract which is made—

8 (i) pursuant to any provision of, or  
9 amendment made by, this section, or pur-  
10 suant to any regulation issued by the Sec-  
11 retary of the Treasury or the Secretary of  
12 Labor under any provision of, or amend-  
13 ment made by, this section, and

14 (ii) on or before the last day of the  
15 first plan year beginning on or after Janu-  
16 ary 1, 2014, or such later date as the Sec-  
17 retary of the Treasury may prescribe.

18 In the case of a governmental plan (as defined  
19 in section 414(d)), clause (ii) shall be applied  
20 by substituting the date which is 2 years after  
21 the date otherwise applied under clause (ii).

22 (B) CONDITIONS.—This subsection shall  
23 not apply to any amendment unless—

24 (i) during the period—



1 (I) beginning on the date that  
2 this section or the regulation de-  
3 scribed in subparagraph (A)(i) takes  
4 effect (or in the case of a plan or con-  
5 tract amendment not required by this  
6 section or such regulation, the effec-  
7 tive date specified by the plan), and  
8 (II) ending on the date described  
9 in subparagraph (A)(ii) (or, if earlier,  
10 the date the plan or contract amend-  
11 ment is adopted), the plan or contract  
12 is operated as if such plan or contract  
13 amendment were in effect; and  
14 (ii) such plan or contract amendment  
15 applies retroactively for such period.

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