United States Senate
Committee on Finance

Sen. Chuck Grassley · Iowa
Ranking Member

http://finance.senate.gov
Press_Office@finance-rep.senate.gov

For Immediate Release
Thursday, Sept. 25, 2008

Grassley: House Disaster Relief Tax Bill is "Measly for the Midwest"

WASHINGTON – Sen. Chuck Grassley of Iowa today said the House of Representatives-passed disaster relief tax package shortchanges Iowa and other Midwestern states that suffered floods and tornadoes this spring. Grassley's version of Midwestern disaster tax relief passed the Senate 93 to 2 earlier this week. The disaster tax relief package is separate from additional federal dollars for disaster recovery that Congress may provide in year-end appropriations legislation.

"The Senate passed a tax relief bill including narrowly targeted help for Iowa and the other states that suffered fatal tornadoes and 500-year floods this spring," Grassley said. "The House passed a bill that dilutes and minimizes disaster tax relief over the entire country, over four years, this year through 2011. That's measly for the Midwest. It's like pennies verses dollars. When New York was attacked and New Orleans was under water, Congress dropped everything to offer tailored tax relief packages to help those cities rebuild. Now the Midwest needs the same consideration, and the House leaders are telling us to take what they want to give us, which is nothing more than to put us in line with every other state that had a disaster this year and might have one between now and 2011. It's insulting to Iowans. We deserve equitable treatment. The House tax relief bill is a lot of nothing for Iowa."

The House-passed *Disaster Tax Relief Act of 2008* (H.R. 7006), authored by Ways and Means Committee Chairman Charles B. Rangel (D-NY) and Committee Member Ron Kind (D-WI), would create a national disaster relief fund that would provide relief to taxpayers affected by federally-declared disasters nationwide, declared after January 1, 2008, and before December 31, 2011. A House press release says that "unlike the Senate-passed disaster relief package, H.R. 7006 would provide every area in the country with equal relief in the event of a federally-declared disaster." The House disaster tax relief bill includes $8 billion in tax relief, spread out over the entire country, well into the future. Iowa would receive only a small portion of that relief, Grassley said.

The Senate-passed disaster tax relief bill includes a $4.6 billion package exclusively to help Iowa and nine other Midwestern states recover and rebuild from the spring 2008 floods and tornadoes. The bill includes another $3.5 billion for general disaster tax relief for other disasters nationwide, including those in Iowa. It also includes $638 million in tax relief for areas damaged by Hurricane Ike. The tax relief package, which Grassley authored, passed the Senate 93 to 2 as part of a carefully crafted tax bill to extend a series of expiring tax provisions.

"The House is trying to play games with extenders and tax relief," Grassley said. "The Senate extenders bill was drafted in consultation with House members and includes House members' priorities. The Senate majority leader's got it right that the game is over. He said that if the House doesn't pass the Senate extenders bill, '… the full responsibility of this not passing is theirs, not ours.' Our bill got overwhelming bipartisan support with a 93 to 2 vote. Meanwhile, the House leaders' disregard for Midwestern disaster victims is shameful. The victims of the Midwest's 500-year floods deserve equitable treatment to victims of Sept. 11 and Hurricane Katrina, and the Senate bill provides it. What's more, the Senate compromise is the only package that the White House has indicated the President will sign. It's time to focus on making law on these time-sensitive issues. The House can't ignore the fact that if they approve the Senate package, it will become law. All the other machinations and maneuvers won't."

The Senate's disaster relief tax package is modeled after what was passed for Hurricane Katrina victims three years ago. Grassley has kept the pressure on congressional leaders all summer to take similar action for natural disaster victims in Iowa and throughout the Midwest. In 2005, while Grassley was chairman of the tax-writing committee in the Senate, a major individual tax relief package was signed into law within three weeks of the Katrina disaster. A few months later, Congress followed up with an infrastructure and business relief tax package.

Grassley's disaster relief tax package was cosponsored this summer by every member of Iowa's congressional delegation and Republican and Democratic senators from nine other states hard hit this year by severe weather. Original co-sponsors included Illinois Sens. Barack Obama and Richard Durbin.

"Iowans deserve to have every kind of help that Washington can provide," Grassley said. "The appropriations bill is very valuable, but it treats businesses like an afterthought. Our tax relief gives businesses the help the need. This translates into real help for small businesses that need every tool they can access in order to rebuild and keep operating after the devastating storms. It lowers their tax liability and puts small business owners in a better position to start turning a profit, keep existing jobs, and create new jobs for Iowans. Small businesses will be able to more quickly write off the demolition and remediation expenses. They will be able to take a tax credit for retaining employees they'd otherwise have to lay off."

Among other provisions, the legislation would let disaster victims with damage to their primary residence tap their assets and access cash by withdrawing money from retirement plans without tax penalties; suspend limits on tax incentives for charitable contributions, strengthening local and other fundraising drives collecting money to help small businesses and families recover; create tax-credit bond authority to help local governments rebuild infrastructure; increase the amount of tax-exempt bond authority to help businesses receive below-market interest rate financing; remove limitations on deducting casualty losses due to natural disaster; and reduce the 2008 tax burden for small and mid-sized businesses by substantially increasing the 2008 deductions for the depreciation and expensing of business property.

Grassley is ranking member and former chairman of the Senate Committee on Finance, with exclusive Senate jurisdiction over tax policy.

Here's a summary of what's in the Senate tax-extenders bill for disaster tax relief.

MIDWESTERN DISASTER TAX RELIEF

Midwestern Disaster Area Tax Relief. The proposal provides tax relief for victims of the Midwestern disaster in Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska and Wisconsin. The proposals are applicable to floods, severe storms, and tornadoes that are declared by FEMA on or after May 20, 2008, and before August 1, 2008. Disasters that occur prior to this period qualify for tax relief if the FEMA disaster declaration occurs during this period.

A. *RELIEF FOR ALL COUNTIES DECLARED ELIGIBLE FOR ASSISTANCE*

The proposals immediately below benefit taxpayers located in all counties in the ten states mentioned above that are presidentially-declared (FEMA) major disaster areas determined to warrant individual assistance, individual and public assistance, or public only assistance due to flooding, tornadoes, or severe storms.

Qualified Disaster Recovery Assistance Distributions. The proposal waives the 10 percent penalty tax if a distribution from an individual retirement account ("IRA") or taxfavored retirement plan (e.g., Code sections 401(k), 403(b), or 457(b) plans) is considered a qualified Disaster Recovery Assistance distribution ("qualified distribution"). A distribution is considered a qualified distribution if it is made on or after the presidentially-declared disaster date ("applicable declaration date") and before January 1, 2010, and is made to an individual whose principal residence on the applicable declaration date is located in a Midwestern disaster area and who sustained an economic loss by reason of the disaster. Other principal features include the following: (i) the waiver is limited to amounts up to $100,000; (ii) the mandatory withholding rules applicable to eligible rollover distributions would not apply; (iii) participants receiving a qualified distribution would be permitted to spread the income tax resulting from receipt of the distribution ratably over three years; and (iv) amounts distributed may be recontributed to the plan over a three-year period following the distribution and such recontributed amounts would not be includible in income in the tax year in which the distribution was made (e.g., if a participant received a qualified distribution in 2008 and subsequently re-contributed the distribution amount in 2009, the participant may file an amended return requesting a refund for the amount taxable in 2008). *The estimated revenue loss of this proposal is $42 million over ten years.*

Recontribution of Withdrawals for Home Purchases. The proposal allows distributions for home purchases that were made from a Code section 401(k) or 403(b) plan or IRA after the date which is 6 months before the applicable declaration date and before the day after the applicable declaration date and that were not finalized because of the tornadoes and floods giving rise to the designation of the area as a disaster area to be re-contributed to the plan or IRA tax-free (i.e., the recontributions would be treated as rollovers). Amounts must be re-contributed within 5 months from the date of enactment of this bill in order to receive favorable tax treatment. *The proposal is estimated to have a negligible revenue effect over ten years.*

Loans from Qualified Plans. The proposal effectively doubles the limitation on loans from a 401(k), 403(b), or a governmental 457(b) plan by allowing participants located in a Midwestern disaster area and who sustained economic loss by reason of the tornadoes and floods giving rise to the designation of the area as a disaster area to receive loans up to the lesser of $100,000, or 100 percent of the vested accrued benefit for loans made after the date of enactment and before January 1, 2010. In addition, outstanding loan payments due on or after the applicable declaration date and before January 1, 2010, may be deferred an additional 12 months, with appropriate adjustments for interest. *The proposal is estimated to have a negligible revenue effect over ten years.*

Suspension of Casualty Loss Limitations. Under present law, non-business casualty losses are deductible by taxpayers who itemize only to the extent they exceed ten percent of adjusted gross income and a one-hundred dollar floor. In some circumstances, taxpayers are permitted to include a current-year casualty loss on an amended prior year return. The proposal eliminates the ten percent and one-hundred dollar floor for casualty losses resulting from the Midwestern disaster and incurred in the disaster area, including those claimed on amended returns. *The estimated revenue loss of this proposal is $61 million over ten years.*

Special Look-Back Rule for EIC and Refundable Child Credit. To deal with the situation where 2008 records are lost or destroyed in a disaster, this proposal allows low-income working families an election to use their 2007 income amount for purposes of determining their eligibility for the refundable earned income credit and the refundable child tax credit. *The estimated revenue loss of this proposal is $89 million over ten years.*

Additional Personal Exemption for Housing Victims. Current law provides a personal exemption for taxpayers, their spouses, and dependents. The proposal allows taxpayers who house up to four dislocated persons from the Midwestern disaster for a minimum of sixty days in their principal residences an additional personal exemption of $500 per dislocated person (maximum additional personal exemption increase of $2,000). Family members (other than spouses and dependents) staying with the taxpayer may qualify, and the housing must be provided rent-free. This proposal would not affect any deductions or exemptions for the dislocated person on the dislocated person's tax return. The deduction can be claimed in 2008 and 2009, but cannot be claimed in both years with respect to the same person. *The estimated revenue loss of this proposal is $10 million over ten years.*

Exclusion for Certain Cancellations of Indebtedness. Under current law, gross income generally includes any amount realized from the discharge of indebtedness. The proposal ensures that individuals are not taxed on personal debt that is discharged in response to damage suffered from the Midwestern disaster. For example, if a house is damaged or destroyed and the mortgage lender discharges all or part of this mortgage debt, the amount discharged is not treated as income as a result of the proposal. *The estimated revenue loss of this proposal is $6 million over ten years.*

Extension of Replacement Period for Property Lost Due to Floods or Tornadoes in the Midwestern Disaster Zone. Present law allows taxpayers not to recognize gain with respect to homes that are damaged or destroyed as a result of a presidentially-declared disaster if the taxpayer replaces the property within a four-year period. Business property that is destroyed must be replaced within a two-year period to avoid gain recognition. The proposal extends the replacement period to five years for principal residences and business property that was damaged or destroyed within any presidentially-declared disaster area for the Midwestern disaster, and the replacement property must be located in the same county. *The estimated revenue loss of this proposal is $65 million over ten years.*

B. RELIEF FOR ALL COUNTIES DECLARED ELIGIBLE FOR INDIVIDUAL ASSISTANCE OR INDIVIDUAL AND PUBLIC ASSISTANCE

The proposals immediately below benefit individuals and businesses located in all counties in the ten states above presidentially-declared (FEMA) major disaster areas determined to warrant individual assistance, or individual and public assistance, due to flooding, tornadoes, or severe storms.

Relief for Individuals and Families

Employee Retention Credit. This proposal provides a 40 percent tax credit for wages paid up to $6,000 if paid after the applicable disaster date, and before January 1, 2009, by employers with 200 or fewer employees located in the Midwestern disaster area who continue to pay their employees while their business is inoperable. *The estimated revenue loss of this proposal is $93 million over ten years.*

Expansion of Hope Scholarship and Lifetime Learning Credit. Current law allows a Hope Scholarship Credit in the first two years of post-secondary education equal to 100% of the first $1,000 of qualified tuition and related expenses, and 50% of the next $1,000 for a maximum credit of $1,500. There is also a Lifetime Learning Credit available to students enrolled in one or more courses at the undergraduate or graduate level (whether or not pursuing a degree), equal to 20% of the first $10,000 in qualified tuition and related expenses. The proposal doubles the Hope Credit dollar amounts so the maximum credit would be $3,000, and doubles the Lifetime Learning Credit percentage from 20% to 40%, for a maximum Lifetime Learning Credit of $4,000 for students attending undergraduate or graduate institutions in the Midwestern disaster area. Room, board, books and fees would also be considered qualified expenses. This proposal applies to tax years 2008 and 2009. *The estimated revenue loss of this proposal is $121 million over ten years.*

Secretarial Authority to Adjust Taxpayer and Dependency Status for Taxpayers. The Midwestern disaster has displaced thousands of individuals. Under present law, a prolonged change in a family's living situation could affect its eligibility for various tax benefits. The proposal gives the Treasury Department the authority to ensure taxpayers do not lose deductions, credits or filing status because of dislocations from the Midwestern disaster. *The proposal is estimated to have a negligible revenue effect over ten years.*

Mortgage Revenue Bonds. Section 143(d) requires that 95 percent of net proceeds of mortgage revenue bonds are used to finance residences of mortgagors who had no present ownership interest in their principal residences at any time during the 3-year period ending on the date their mortgage is executed. The proposal permits states to issue tax-exempt bonds to finance low-interest loans to taxpayers whose principal residence has been damaged as a result of a disaster. Disaster victims could use these low-interest loans to repair or reconstruct their homes. The provision is effective for qualified disasters occurring after December 31, 2007, and before January 1, 2010. *The proposal is included in the estimate below on Tax-exempt Bonds.*

Tax Relief for Businesses

Tax-exempt Bonds. Provides Iowa, Arkansas, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri and Wisconsin the authority to issue a special class of qualified private activity bonds, called Midwestern disaster area bonds, outside of the state volume caps. The maximum aggregate bond authority with respect to any state cannot exceed $1,000 times the portion of the state population which is located in a Midwestern disaster area. Midwestern disaster area bonds can be issued by States and municipalities. Bond proceeds can be used to pay for acquisition, construction, and renovation of nonresidential real property, qualified low income residential rental housing, and public utility property (e.g., gas, water, electric and telecommunication lines) located in the Midwestern disaster area. The current low-income housing targeting rules are relaxed so that more bond proceeds can be used to rebuild housing in the Midwestern disaster area. Interest payments on the bonds are not subject to the AMT. The authority to issue Midwestern disaster area bonds expires after December 31, 2010. In the case of project involving a private business use, either the person using the property suffered a loss in a trade or business attributable to severe storms, tornadoes or flooding or is a person designated by the Governor of the State as a person carrying on a trade or business replacing a trade or business with respect to which another person suffered such loss. In

the case of a project relating to public utility property, the project must involve the repair or reconstruction of public utility property damaged by sever storms, tornados or flooding. *The total estimated revenue loss of this proposal and the proposal for mortgage revenue bonds is $1.320 billion over ten years.*

Low Income Housing. Under current law, States receive allocations of low-income housing tax credits based on population. The proposal allows States to allocate volumes of additional housing credit amounts in years 2008, 2009, 2010 of $8 per person in the Midwestern disaster area measured by population data issued before the earliest applicable disaster date for Midwestern disaster areas within the applicable state. *The total estimated revenue loss of this proposal and the proposal for representations regarding income eligibility is $2.203 billion over ten years.*

Expensing Property. Current law permits certain small businesses to deduct up to $250,000 of the cost of property used in the business. The proposal would increase this amount to $350,000 for qualifying expenditures made in the disaster area through December 31, 2011 (December 31, 2012 for nonresidential real property and residential rental property). This proposal would also increase the level of investment at which benefits phase out from $350,000 to $1.4 million of qualifying purchases, thus allowing more businesses to use this tax benefit in rebuilding. This proposal applies to businesses that suffered property damage in the Midwestern disaster area and that placed property in service in the Midwestern disaster area after the date of the applicable disaster. *The estimated revenue loss of this proposal is $2 million over ten years.*

Additional Depreciation. Permits businesses that suffered damage as a result of the Midwestern disasters to claim an additional first-year depreciation deduction equal to 50 percent of the cost of new real and personal property investments made in the Midwestern disaster area. The additional deduction applies to purchased computer software, leasehold improvements, certain commercial and residential real estate expenditures and equipment. All depreciation deductions (including bonus depreciation) would be exempt from the AMT. The proposal applies to property placed in service through December 31, 2011 (December 31, 2012 for real property). In addition, the Department of Treasury would be granted authority, on a case-by-case basis, to extend the bonus depreciation deadline for placing long-lived property in service in certain circumstances for the Presidentially-declared disaster area for up to one year. *The estimated revenue loss of the proposal for additional depreciation of personal property is $8 million over ten years. The estimated revenue loss of the proposal for additional depreciation of real property is $171 million over ten years. The total estimated revenue loss of this proposal is $179 million over ten years.*

Expensing Demolition and Clean-up Costs. Under the proposal, 50 percent of the costs (that would otherwise be capitalized) related to site cleanup and demolition would be deductible by businesses. Effective for amounts paid or incurred beginning on the applicable disaster date and ending on December 31, 2010. *The estimated revenue loss of this proposal is $3 million over ten years.*

Expensing Environmental Remediation Costs. The proposal extends the deductibility of costs of cleaning up a qualified contamination site, if the release (or threat of release) or disposal of a hazardous substance is attributable to the disaster described in the Presidential declaration in the Midwestern disaster area. Effective for expenditures paid or incurred beginning on the applicable disaster date and ending on January 1, 2011. *The estimated revenue loss of this proposal is less than $500,000 over ten years.*

Increase in Rehabilitation Credit. For buildings that were damaged or destroyed in an applicable disaster, the rehabilitation credit is raised from 10 percent to 13 percent of qualified expenditures for any qualified rehabilitated building other than a certified historic structure, and the rehabilitation credit is raised from 20 percent to 26 percent of qualified expenditures for any certified historic structure. *The estimated revenue loss of this proposal is $3 million over ten years.*

Five-year Net Operating Loss Carryback for Certain Amounts. The proposal extends the net operating loss carryback period from 2 to 5 years for net operating losses attributable to (i) new investment and repairing existing investment in the areas damaged by the Midwestern disaster; (ii) business casualty losses caused by the Midwestern disaster; and (iii) moving expenses and temporary housing expenses for employees working in areas damaged by the Midwestern disaster. The proposal is effective on the date of enactment. *The estimated revenue loss of this proposal is $37 million over ten years.*

Tax Credit Bonds. Authorizes Midwestern disaster States to issue debt service tax credit bonds providing credits against Federal income tax instead of interest payments, so that these States can provide assistance to communities unable to meet their debt service requirements as a result of the flooding, tornadoes, and severe storms. The maturity of the bonds cannot exceed 2 years. At least 95 percent of bond proceeds must be used to redeem or to pay principal, interest or premiums on an outstanding bond, and such proceeds so used must be matched by an equal amount of State funds. The maximum amount of tax credit bonds shall not exceed $100 million for any state with an aggregate population located in the Midwestern disaster areas within such state of at least 2 million; $50 million for states with such populations of at least 1 million but less than 2 million; and zero for any other state. *The estimated revenue loss of this proposal is $152 million over ten years.*

Tax Incentives for Charitable Giving Temporary Suspension of Limitations on Charitable Contributions. The amount allowed as a charitable deduction in any taxable year may not exceed ten percent of the corporation's taxable income or fifty percent of an individual's adjusted gross income. The proposal temporarily waives these limits regarding charitable cash contributions dedicated to Midwestern disaster relief efforts. The proposal is effective for contributions paid during the period beginning on the earliest applicable disaster date for all States and ending on December 31, 2008. The estimated revenue loss of this proposal *is $433 million over ten years.*

Increase in Standard Mileage Rate for Charitable Use of Vehicles. The mileage rate individuals may use to compute a tax deduction for personal vehicle expenses associated with charitable work is statutory and has not been increased since 1997 and is currently at 14 cents per mile. For a taxpayer assisting in relief efforts related to the Midwestern disaster, the proposal sets the charitable mileage rate at seventy percent of the current standard business mileage rate, beginning on the applicable disaster date and ending on December 31, 2008. *The estimated revenue loss of this proposal is $9 million over ten years.*

Exclusion from Income of Mileage Reimbursements for Charitable Volunteers. In general, reimbursements received for operating expenses of a personal vehicle used in connection with charitable work in excess of the statutory charitable mileage rate are taxable income to the recipient. However, reimbursements for charitable mileage attributable to the Midwestern disaster up to the amount of the standard business mileage rate will not be considered taxable income through December 31, 2008. *The estimated revenue loss of this proposal is $1 million over ten years.*

Tax benefits not available with respect to certain property. The proposals relating to additional first-year depreciation, increased expensing, and the five-year carryback of NOLs do not apply with respect to certain property. Specifically, as was done in the tax relief package for the Katrina disaster, the tax relief provisions do not apply with respect to golf courses, country clubs, massage parlors, hot tub facilities, suntan facilities, or liquor stores. The proposals also do not apply with respect to any property used directly in connection with gambling, animal racing, or the on-site viewing of such racing, and with respect to buildings or portions of buildings dedicated to such activities (except if the portion so dedicated is less than 100 square feet).

NATIONAL DISASTER RELIEF

The proposal provides tax relief for victims of Federally-declared disasters other than the Midwestern disasters and occurring after December 31, 2007 and before January 1, 2010. The same limitations with respect to certain property apply to this relief.

Individual Loss Provision. Individual casualty losses are itemized deductions to extent they exceed $100 per casualty floor and 10 percent of AGI under section 165(h)(1) and (2). The proposal reforms casualty loss rules to allow more disaster victims to claim individual property losses. Under current law, taxpayers can only claim a loss that exceeds $100 and 10 percent of the taxpayer's adjusted gross income. This bill would waive the restrictive 10 percent rule, raise the $100 floor to $500, and allow nonitemizers to use these losses as a standard deduction. The provision is effective for qualified disasters occurring after December 31, 2007 and before January 1, 2010. *The proposal is estimated to cost $934 million over ten years.*

Qualified Disaster Expenses. Environment remediation expenditures incurred after December 31, 2007 are capitalized (expired section 198 allowed current expensing). Demolition costs of buildings are capitalized under section 280B. Debris removal and repairs costs are either currently expensed or capitalized depending on a facts and circumstances test under section 263(a). The proposal allows disaster victims to write off and immediately recover demolition, clean up, repair, and environmental remediation expenses. Under current law, taxpayers may be required to capitalize these expenses and recover the costs over an extended period of time. The provision is effective for qualified disasters occurring after December 31, 2007 and before January 1, 2010. *The proposal is estimated to cost $32 million over ten years.*

Treatment of Net Operating Losses Attributable to Qualified Disaster Casualty Expenses. Net operating losses may be carried back two years under section 172(b)(1). The proposal extends from two to five years the time period taxpayers can claim casualty losses or qualified disaster expenses. When taxpayers carry losses back to prior years, they receive a refund of the taxes that they paid in the earlier year. This prompt refund can help them reinvest in their businesses or make ends meet in the aftermath of a disaster. The provision is effective for qualified disasters occurring after December 31, 2007, and before January 1, 2010. *The proposal is estimated to cost $162 million over ten years.*

Mortgage Revenue Bonds. Section 143(d) requires that 95 percent of net proceeds of mortgage revenue bonds are used to finance residences of mortgagors who had no present ownership interest in their principal residences at any time during the 3-year period ending on the date their mortgage is executed. The proposal permits states to issue taxexempt bonds to finance low-interest loans to taxpayers whose principal residence has been damaged as a result of a disaster. Disaster victims could use these low-interest loans to repair or reconstruct their homes. The provision is effective for qualified disasters occurring after December 31, 2007 and before January 1, 2010. *The proposal is estimated to cost $45 million over ten years.*

Additional Depreciation. Permits businesses that suffered damage as a result of the Presidentially-declared disasters to claim an additional first-year depreciation deduction equal to 50 percent of the cost of new real and personal property investments made in the Presidentially-declared disaster area. The additional deduction applies to purchased computer software, leasehold improvements, certain commercial and residential real estate expenditures and equipment. All depreciation deductions (including bonus depreciation) would be exempt from the AMT. The proposal applies to property placed in service through December 31, 2011 (December 31, 2012 for real property). In addition, the Department of Treasury would be granted authority, on a case-by-case basis, to extend the bonus depreciation deadline for placing long-lived property in service in certain circumstances for the Presidentially-declared disaster area for up to one year. *The total estimated revenue loss of this proposal is $2.3 billion over ten years.*

Expensing Property. Current law permits certain small businesses to deduct up to $250,000 of the cost of property used in the business. The proposal would increase this amount to $350,000 for qualifying expenditures made in the disaster area through December 31, 2011 (December 31, 2012 for nonresidential real property and residential rental property). This proposal would also increase the level of investment at which benefits phase out from $350,000 to $1.4 million of qualifying purchases, thus allowing more businesses to use this tax benefit in rebuilding. The provision is effective for qualified disasters occurring after December 31, 2007 and before January 1, 2010. *The estimated revenue loss of this proposal is $10 million over ten years.*