

109TH CONGRESS
2D SESSION

S. 4119

To clarify the tax treatment of certain payments made to homeowners by the Louisiana Recovery Authority and the Mississippi Development Authority.

IN THE SENATE OF THE UNITED STATES

DECEMBER 8, 2006

Ms. LANDRIEU introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To clarify the tax treatment of certain payments made to homeowners by the Louisiana Recovery Authority and the Mississippi Development Authority.

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. CLARIFICATION OF TAX TREATMENT OF CER-**
4 **TAIN PAYMENTS MADE TO HOMEOWNERS BY**
5 **THE LOUISIANA RECOVERY AUTHORITY AND**
6 **THE MISSISSIPPI DEVELOPMENT AUTHORITY.**

7 For purposes of the Internal Revenue Code of 1986,
8 if a taxpayer—

9 (1) receives any amount during the taxable year
10 from the Louisiana Recovery Authority or the Mis-

1 Mississippi Development Authority for the repair or re-
2 construction of such taxpayer's primary residence
3 due to damage sustained as the result of hurricanes
4 occurring during 2005, and
5 (2) in any preceding taxable year claimed a cas-
6 ualty loss deduction under section 165 of such Code
7 with respect to such damage,
8 such amount shall be disregarded in determining the al-
9 lowable portion of such casualty loss deduction and so
10 much of such amount as does not exceed such casualty
11 loss deduction shall be disregarded in determining the tax-
12 payer's basis in such residence.

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