

106TH CONGRESS  
2D SESSION

# S. 2446

To amend the Internal Revenue Code of 1986 to provide assistance to homeowners and small businesses to repair Formosan termite damage.

---

IN THE SENATE OF THE UNITED STATES

APRIL 13, 2000

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

---

## A BILL

To amend the Internal Revenue Code of 1986 to provide assistance to homeowners and small businesses to repair Formosan termite damage.

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. DEDUCTION FOR INDIVIDUALS FOR LOSSES**  
4 **CAUSED BY FORMOSAN TERMITE DAMAGE.**

5 (a) INCLUSION OF FORMOSAN TERMITE DAMAGE AS  
6 CASUALTY LOSS.—Section 165(c)(3) of the Internal Rev-  
7 enue Code of 1986 (relating to limitation of deduction of  
8 losses of individuals) is amended by inserting “Formosan  
9 termite damage,” after “shipwreck,”.

1 (b) CONFORMING AMENDMENT.—Section 165(h)(3)  
 2 of the Internal Revenue Code of 1986 (defining personal  
 3 casualty gain) is amended by inserting “Formosan termite  
 4 damage,” after “shipwreck.”

5 (c) EFFECTIVE DATE.—The amendments made by  
 6 this section shall apply to taxable years beginning after  
 7 December 31, 1999.

8 **SEC. 2. PROCEEDS OF MORTGAGE REVENUE BONDS AL-**  
 9 **LOWED FOR LOANS TO HOMEOWNERS TO RE-**  
 10 **PAIR FORMOSAN TERMITE DAMAGE.**

11 (a) EXCEPTION FROM INCOME REQUIREMENTS.—  
 12 Section 143(f) of the Internal Revenue Code of 1986 (re-  
 13 lating to income requirements) is amended by adding at  
 14 the end the following new paragraph:

15 “(7) EXCEPTION FOR QUALIFIED HOME IM-  
 16 PROVEMENT LOANS.—Paragraph (1) shall not apply  
 17 with respect to any qualified home improvement loan  
 18 used for the repair of Formosan termite damage.”.

19 (b) AMOUNTS UP TO \$10,000 USED FOR TERMITE  
 20 REPAIR NOT INCLUDED IN CALCULATING LIMIT FOR  
 21 HOME IMPROVEMENT LOAN.—Paragraph (4) of section  
 22 143(k) of the Internal Revenue Code of 1986 (defining  
 23 qualified home improvement loan) is amended by adding  
 24 at the end the following flush sentence: “In calculating  
 25 the \$15,000 amount, any amount up to \$10,000 used for

1 the repair of Formosan termite damage shall not be taken  
2 into account.”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to bonds issued after the date of  
5 the enactment of this Act.

6 **SEC. 3. PROCEEDS OF SMALL ISSUE BONDS ALLOWED FOR**  
7 **LOANS TO LANDLORDS AND SMALL BUSI-**  
8 **NESSES TO REPAIR FORMOSAN TERMITE**  
9 **DAMAGE.**

10 (a) IN GENERAL.—Subparagraph (B) of section  
11 144(a)(12) of the Internal Revenue Code of 1986 (relating  
12 to bonds to finance manufacturing facilities and farm  
13 property) is amended by striking “or” at the end of clause  
14 (i), by striking the period and inserting “, or” at the end  
15 of clause (ii), and by adding at the end the following new  
16 clause:

17 “(iii) any Formosan termite damage  
18 repair loan.”.

19 (b) DEFINITION OF FORMOSAN TERMITE DAMAGE  
20 REPAIR LOAN.—Section 144(a)(12) of the Internal Rev-  
21 enue Code of 1986 is amended by adding at the end the  
22 following new subparagraph:

23 “(D) FORMOSAN TERMITE DAMAGE RE-  
24 PAIR LOAN.—For purposes of this paragraph—

1                   “(i) IN GENERAL.—The term ‘For-  
 2                   mosan termite damage repair loan’ means  
 3                   the financing of repairs on or in connection  
 4                   with residential rental property or property  
 5                   used by a small business by the owner  
 6                   thereof, for damage caused by Formosan  
 7                   termites.

8                   “(ii) SMALL BUSINESSES COVERED.—  
 9                   The term ‘small business’ means, for any  
 10                  taxable year, any corporation or partner-  
 11                  ship if the entity meets the \$5,000,000  
 12                  gross receipts test of section 448(c) for the  
 13                  prior taxable year.”.

14                  (c) AMOUNTS USED IN FORMOSAN TERMITE REPAIR  
 15                  NOT INCLUDED IN CALCULATING LIMIT ON AMOUNT OF  
 16                  BOND.—Clause (i) of section 144(a)(4)(C) of the Internal  
 17                  Revenue Code of 1986 (relating to certain capital expendi-  
 18                  tures not taken into account) is amended by inserting  
 19                  “Formosan termite damage,” after “storm,”.

20                  (d) CONFORMING AMENDMENT.—The heading in sec-  
 21                  tion 144(a)(12)(B) of the Internal Revenue Code of 1986  
 22                  is amended by striking “AND FARM PROPERTY” and in-  
 23                  serting “FARM PROPERTY, AND FORMOSAN TERMITE RE-  
 24                  PAIR”.

1 (e) EFFECTIVE DATE.—The amendment made by  
 2 subsection (a) shall apply to bonds issued after the date  
 3 of the enactment of this Act.

4 **SEC. 4. EXCEPTION FROM VOLUME CAP FOR PRIVATE AC-**  
 5 **TIVITY BONDS USED TO REPAIR FORMOSAN**  
 6 **TERMITE DAMAGE.**

7 (a) EXCEPTION FROM VOLUME CAP.—Section  
 8 146(g) of the Internal Revenue Code of 1986 (relating to  
 9 exception for certain bonds) is amended by striking “and”  
 10 at the end of paragraph (3), by striking the period at the  
 11 end of paragraph (4) and inserting a comma, and by add-  
 12 ing after paragraph (4) the following new paragraphs:

13 “(5) any qualified mortgage bond if 95 percent  
 14 or more of the net proceeds of the bond are to be  
 15 used to provide home improvement loans for the re-  
 16 pair of Formosan termite damage, and

17 “(6) any qualified small issue bond if 95 per-  
 18 cent or more of the net proceeds of the bond are to  
 19 be used to provide Formosan termite damage repair  
 20 loans (as defined in section 144(a)(12)(D)).”.

21 (b) EFFECTIVE DATE.—The amendment made by  
 22 subsection (a) shall apply to bonds issued after the date  
 23 of the enactment of this Act.

1 **SEC. 5. EXEMPTION OF CERTAIN BONDS USED TO REPAIR**  
 2 **FORMOSAN TERMITE DAMAGE FROM RE-**  
 3 **STRICTIONS ON DEDUCTION BY FINANCIAL**  
 4 **INSTITUTIONS FOR INTEREST.**

5 (a) IN GENERAL.—Clause (ii) of section  
 6 265(b)(3)(B) of the Internal Revenue Code of 1986 (de-  
 7 fining qualified tax-exempt obligations) is amended by  
 8 striking “or” at the end of subclause (I), by redesignating  
 9 subclause (II) as subclause (IV), and by inserting after  
 10 subclause (I) the following new subclauses:

11 “(II) any qualified mortgage  
 12 bond if 95 percent or more of the net  
 13 proceeds of the bond are to be used to  
 14 provide home improvement loans for  
 15 the repair of Formosan termite dam-  
 16 age,

17 “(III) any qualified small issue  
 18 bond if 95 percent or more of the net  
 19 proceeds of the bond are to be used to  
 20 provide Formosan termite damage re-  
 21 pair loans (as defined in section  
 22 144(a)(12)(D)), or”.

23 (b) EFFECTIVE DATE.—The amendment made by  
 24 subsection (a) shall apply to bonds issued after the date  
 25 of the enactment of this Act.

○