

1 allowed as deduction) is amended by adding at the end
2 the following: “In the case of expenses paid or incurred
3 during the period beginning on the date of the enactment
4 of this sentence and ending on December 31, 2002, the
5 preceding sentence shall be applied by substituting ‘80
6 percent’ for ‘50 percent’.”.

7 (b) PERSONAL DEDUCTION.—

8 (1) IN GENERAL.—Section 262 of such Code
9 (relating to personal, living, and family expenses) is
10 amended by adding at the end the following new
11 subsection:

12 “(c) DOMESTIC TRAVEL EXPENSES.—

13 “(1) IN GENERAL.—Subsection (a) shall not
14 apply for the first taxable year beginning after De-
15 cember 31, 2001, to an amount equal to 50 percent
16 of domestic travel expenses.

17 “(2) LIMITATION.—The deduction allowed by
18 paragraph (1) for such taxable year shall not exceed
19 the sum of—

20 “(A) \$1,000 (\$2,000 in the case of a joint
21 return) in the case of qualified personal travel
22 expenses, plus

23 “(B) \$500 (\$1,000 in the case of a joint
24 return) in the case of qualified meals, lodging,
25 and entertainment expenses.

1 “(3) QUALIFIED DOMESTIC TRAVEL EXPENSES
2 DEFINED.—For purposes of this subsection, the
3 term ‘domestic travel expenses’ means the sum of—

4 “(A) qualified personal travel expenses,
5 plus

6 “(B) qualified meals, lodging, and enter-
7 tainment expenses.

8 “(4) QUALIFIED PERSONAL TRAVEL EX-
9 PENSES.—

10 “(A) IN GENERAL.—For purposes of para-
11 graph (3), the term ‘qualified personal travel
12 expenses’ means reasonable expenses in connec-
13 tion with a qualifying personal trip for—

14 “(i) travel by aircraft, rail, watercraft,
15 or motor vehicle, and

16 “(ii) lodging while away from home at
17 any commercial lodging facility.

18 Such term does not include expenses for meals,
19 entertainment, amusement, or recreation.

20 “(B) QUALIFYING PERSONAL TRIP.—

21 “(i) IN GENERAL.—The term ‘quali-
22 fying personal trip’ means travel within the
23 United States—

1 “(I) the farthest destination of
2 which is at least 100 miles from the
3 taxpayer’s residence,

4 “(II) involves an overnight stay
5 at a commercial lodging facility, and

6 “(III) which is taken on or after
7 the date of the enactment of this sub-
8 section.

9 “(ii) ONLY PERSONAL TRAVEL IN-
10 CLUDED.—Such term shall not include
11 travel if, without regard to this section,
12 any expenses in connection with such trav-
13 el are deductible in connection with a trade
14 or business or activity for the production
15 of income.

16 “(5) QUALIFIED MEALS, LODGING, AND ENTER-
17 TAINMENT EXPENSES.—For purposes of this sub-
18 section, the term ‘qualified meals, lodging, and en-
19 tertainment expenses’ means expenses for food, bev-
20 erages, lodging at a commercial facility, entertain-
21 ment, amusement, or recreation furnished in a trade
22 or business establishment in New York City during
23 the period beginning on the date of the enactment
24 of this subsection and ending on the last day of the

1 first taxable year beginning after December 31,
2 2001.

3 “(6) COMMERCIAL LODGING FACILITY.—For
4 purposes of this subsection, the term ‘commercial
5 lodging facility’ includes any hotel, motel, resort,
6 rooming house, or campground.

7 “(7) SPECIAL RULES.—

8 “(A) SUBSTANTIATION.—For purposes of
9 this subsection, rules similar to the rules of sec-
10 tion 274(d) shall apply.

11 “(B) RELATED PERSON.—No deduction
12 shall be allowed under paragraph (1) for an ex-
13 pense for food, beverages, lodging, entertain-
14 ment, amusement, or recreation furnished by a
15 related person (within the meaning of section
16 144(a)(3)(A)).

17 “(8) ILLEGAL ACTIVITIES.—No deduction shall
18 be allowed under paragraph (1) for any amount paid
19 or incurred in connection with a violation of a crimi-
20 nal law.

21 “(9) DENIAL OF DOUBLE BENEFIT.—No deduc-
22 tion shall be allowed under paragraph (1) for any
23 expense for which a deduction or credit is allowed
24 under any other provision of this chapter.”.

1 (2) DEDUCTION ALLOWED IN COMPUTING AD-
2 JUSTED GROSS INCOME.—Section 62(a) of such
3 Code is amended by inserting after paragraph (18)
4 the following:

5 “(19) DOMESTIC TRAVEL EXPENSES.—The de-
6 duction allowed by section 262(c).”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to amounts paid or incurred after
9 the date of the enactment of this Act.

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