

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1770

To amend the Internal Revenue Code of 1986 to provide for advance payment of the earned income tax credit and the child tax credit for 2005 in order to provide needed funds to victims of Hurricane Katrina and to stimulate local economies.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 26, 2005

Mr. OBAMA (for himself, Mrs. MURRAY, Mr. CORZINE, Mr. KERRY, and Mr. LEVIN) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide for advance payment of the earned income tax credit and the child tax credit for 2005 in order to provide needed funds to victims of Hurricane Katrina and to stimulate local economies.

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.**

4       This Act may be cited as the “Hurricane Katrina  
5       Fast-Track Refunds for Working Families Act of 2005”.

1 **SEC. 2. FINDINGS.**

2 (1) An estimated 1.3 million households were  
3 affected by Hurricane Katrina, many of which were  
4 working families left with no material belongings  
5 and minimal assets following the storm.

6 (2) It will be difficult for these working families  
7 to immediately find new employment opportunities  
8 and to restore lost wages, thus depleting their re-  
9 sources for food, housing, clothing, and other neces-  
10 sities.

11 (3) These working families can be expected to  
12 spend their fast-tracked tax refunds on immediate  
13 necessities which will stimulate local economic activ-  
14 ity.

15 (4) These families have worked hard, earned  
16 their Child Tax Credit and Earned Income Tax  
17 Credit refunds and should receive them now rather  
18 than later.

19 **SEC. 3. ADVANCE PAYMENT OF EARNED INCOME TAX**  
20 **CREDIT AND CHILD TAX CREDIT FOR 2005**  
21 **FOR VICTIMS OF HURRICANE KATRINA.**

22 (a) IN GENERAL.—Subchapter B of chapter 61 of the  
23 Internal Revenue Code of 1986 (relating to rules of special  
24 application) is amended by adding at the end the following  
25 new section:

1 **“SEC. 6430. ADVANCE PAYMENT OF EARNED INCOME TAX**  
2 **CREDIT AND CHILD TAX CREDIT FOR 2005**  
3 **FOR VICTIMS OF HURRICANE KATRINA.**

4 “(a) IN GENERAL.—Each eligible taxpayer shall be  
5 treated as having made a payment against the tax imposed  
6 by chapter 1 for the taxpayer’s last taxable year ending  
7 in 2004 in an amount equal to—

8 “(1) the child tax credit refund amount (if any)  
9 for such taxable year, and

10 “(2) the earned income credit refund amount  
11 (if any) for such taxable year.

12 “(b) DEFINITIONS.—For purposes of this section—

13 “(1) ELIGIBLE TAXPAYER.—The term ‘eligible  
14 taxpayer’ means any taxpayer—

15 “(A) who was allowed a credit under sec-  
16 tion 24 (relating to child tax credit) or section  
17 32 (relating to earned income credit) for the  
18 taxpayer’s last taxable year ending in 2004,  
19 and

20 “(B) whose address on such taxpayer’s re-  
21 turn for such last taxable year was within an  
22 area determined by the President to warrant in-  
23 dividual or individual and public assistance  
24 from the Federal Government under the Robert  
25 T. Stafford Disaster Relief and Emergency As-  
26 sistance Act by reason of Hurricane Katrina.

1           “(2) CHILD TAX CREDIT REFUND AMOUNT.—

2           The child tax credit refund amount is the amount of  
3           the credit which would have been allowed under sec-  
4           tion 24 for such last taxable year if only qualifying  
5           children (as defined in section 24(c)) of the taxpayer  
6           for such year who had not attained age 17 as of De-  
7           cember 31, 2005, were taken into account.

8           “(3) EARNED INCOME CREDIT REFUND

9           AMOUNT.—The earned income credit refund amount  
10          is the amount of the credit which would have been  
11          allowed under section 32 for such last taxable year  
12          if—

13                 “(A) the amount in section 32(b)(2)(B)  
14                 were \$2,000, and

15                 “(B) an individual is treated as meeting  
16                 the age requirements under section 32 only if  
17                 such requirements are met as of December 31,  
18                 2005.

19          “(c) TIMING OF PAYMENTS.—In the case of any over-  
20          payment attributable to this section, the Secretary shall,  
21          subject to the provisions of this title, refund or credit such  
22          overpayment as rapidly as possible and shall ensure that  
23          adequate systems and delivery mechanisms are in place  
24          for the prompt delivery of refunds to eligible recipients.

25          “(d) COORDINATION WITH CREDITS.—

1           “(1) IN GENERAL.—The amount of credit  
 2           which would (but for this subsection and section 26)  
 3           be allowed under sections 24 and 32, as the case  
 4           may be, for the taxpayer’s first taxable year begin-  
 5           ning in 2005 shall be reduced (but not below zero)  
 6           by so much of the payment made to the taxpayer  
 7           under this section as is attributable to such section  
 8           24 or 32. Any failure to so reduce the credit shall  
 9           be treated as arising out of a mathematical or cler-  
 10          ical error and assessed according to section  
 11          6213(b)(1).

12           “(2) JOINT RETURNS.—In the case of a pay-  
 13          ment under this section with respect to a joint re-  
 14          turn, half of such payment shall be treated as hav-  
 15          ing been made to each individual filing such return.

16          “(e) NO INTEREST.—No interest shall be allowed on  
 17          any overpayment attributable to this section.”.

18          (b) CLERICAL AMENDMENT.—The table of sections  
 19          for such subchapter B is amended by adding at the end  
 20          the following new item:

“Sec. 6430. Advance payment of earned income tax credit and child tax credit  
 for 2005 for victims of Hurricane Katrina.”.

21          (c) EFFECTIVE DATE.—The amendments made by  
 22          this section shall take effect on the date of the enactment  
 23          of this Act.

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