

AMENDMENT NO. _____ Calendar No. _____

Purpose: To amend the Internal Revenue Code of 1986 to provide tax relief for victims of the terrorist attacks against the United States, and for other purposes.

IN THE SENATE OF THE UNITED STATES—107th Cong., 1st Sess.

H.R. 2884

To amend the Internal Revenue Code of 1986 to provide tax relief for victims of the terrorist attacks against the United States on September 11, 2001.

Referred to the Committee on _____
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by Mr. BAUCUS

Viz:

1 Strike all after the enacting clause and insert the fol-
2 lowing:

3 **SECTION 1. SHORT TITLE; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Victims of Terrorism Tax Relief Act of 2001”.

6 (b) AMENDMENT OF 1986 CODE.—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference
2 shall be considered to be made to a section or other provi-
3 sion of the Internal Revenue Code of 1986.

4 (c) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—RELIEF PROVISIONS FOR VICTIMS OF TERRORIST
ATTACKS

Sec. 101. Income and employment taxes of victims of terrorist attacks.

Sec. 102. Estate tax reduction.

Sec. 103. Payments by charitable organizations treated as exempt payments.

Sec. 104. Exclusion of certain cancellations of indebtedness.

Sec. 105. Treatment of certain structured settlement payments and disability trusts.

Sec. 106. No impact on social security trust funds.

TITLE II—GENERAL RELIEF FOR VICTIMS OF DISASTERS AND
TERRORISTIC OR MILITARY ACTIONS

Sec. 201. Exclusion for disaster relief payments.

Sec. 202. Authority to postpone certain deadlines and required actions.

Sec. 203. Internal Revenue Service disaster response team.

Sec. 204. Application of certain provisions to terroristic or military actions.

Sec. 205. Clarification of due date for airline excise tax deposits.

Sec. 206. Coordination with Air Transportation Safety and System Stabilization Act.

TITLE III—DISCLOSURE OF TAX INFORMATION IN TERRORISM
AND NATIONAL SECURITY INVESTIGATIONS

Sec. 301. Disclosure of tax information in terrorism and national security investigations.

1 **TITLE I—RELIEF PROVISIONS**
2 **FOR VICTIMS OF TERRORIST**
3 **ATTACKS**

4 **SEC. 101. INCOME AND EMPLOYMENT TAXES OF VICTIMS**
5 **OF TERRORIST ATTACKS.**

6 (a) IN GENERAL.—Section 692 (relating to income
7 taxes of members of Armed Forces on death) is amended
8 by adding at the end the following new subsection:

9 “(d) INDIVIDUALS DYING AS A RESULT OF CERTAIN
10 TERRORIST ATTACKS.—

11 “(1) IN GENERAL.—In the case of any indi-
12 vidual who dies as a result of wounds or injury in-
13 curred as a result of the terrorist attacks against the
14 United States on April 19, 1995, or September 11,
15 2001, or who dies as a result of illness incurred as
16 a result of a terrorist attack involving anthrax oc-
17 ccurring on or after September 11, 2001, and before
18 January 1, 2002, any tax imposed by this subtitle
19 shall not apply—

20 “(A) with respect to the taxable year in
21 which falls the date of such individual’s death,
22 and

23 “(B) with respect to any prior taxable year
24 in the period beginning with the last taxable

1 year ending before the taxable year in which the
2 wounds, injury, or illness were incurred.

3 “(2) EXCEPTIONS.—

4 “(A) TAXATION OF CERTAIN BENEFITS.—

5 Subject to such rules as the Secretary may pre-
6 scribe, paragraph (1) shall not apply to the
7 amount of any tax imposed by this subtitle
8 which would be computed by only taking into
9 account the items of income, gain, or other
10 amounts attributable to—

11 “(i) amounts payable in the taxable
12 year by reason of the death of an indi-
13 vidual described in paragraph (1) which
14 would have been payable in such taxable
15 year if the death had occurred by reason of
16 an event other than an event described in
17 paragraph (1), or

18 “(ii) amounts payable in the taxable
19 year which would not have been payable in
20 such taxable year but for an action taken
21 after the date of the applicable terrorist at-
22 tack.

23 “(B) NO RELIEF FOR PERPETRATORS.—

24 Paragraph (1) shall not apply with respect to
25 any individual identified by the Attorney Gen-

1 eral to have been a participant or conspirator in
2 any event described in paragraph (1), or a rep-
3 resentative of such individual.”.

4 (b) REFUND OF OTHER TAXES PAID.—Section 692,
5 as amended by subsection (a), is amended by adding at
6 the end the following new subsection:

7 “(e) REFUND OF OTHER TAXES PAID.—In deter-
8 mining the amount of tax under this section to be credited
9 or refunded as an overpayment with respect to any indi-
10 vidual for any period, such amount shall be increased by
11 an amount equal to the amount of taxes imposed and col-
12 lected under chapter 21 and sections 3201(a), 3211(a)(1),
13 and 3221(a) with respect to such individual for such pe-
14 riod.”.

15 (c) CONFORMING AMENDMENTS.—

16 (1) Section 5(b)(1) is amended by inserting
17 “and victims of certain terrorist attacks” before “on
18 death”.

19 (2) Section 6013(f)(2)(B) is amended by insert-
20 ing “and victims of certain terrorist attacks” before
21 “on death”.

22 (d) CLERICAL AMENDMENTS.—

23 (1) The heading of section 692 is amended to
24 read as follows:

1 **“SEC. 692. INCOME AND EMPLOYMENT TAXES OF MEMBERS**
2 **OF ARMED FORCES AND VICTIMS OF CER-**
3 **TAIN TERRORIST ATTACKS ON DEATH.”.**

4 (2) The item relating to section 692 in the table
5 of sections for part II of subchapter J of chapter 1
6 is amended to read as follows:

“Sec. 692. Income and employment taxes of members of Armed
Forces and victims of certain terrorist attacks on
death.”.

7 (e) **EFFECTIVE DATE; WAIVER OF LIMITATIONS.—**

8 (1) **EFFECTIVE DATE.—**The amendments made
9 by this section shall apply to taxable years ending
10 before, on, or after September 11, 2001.

11 (2) **WAIVER OF LIMITATIONS.—**If refund or
12 credit of any overpayment of tax resulting from the
13 amendments made by this section is prevented at
14 any time before the close of the 1-year period begin-
15 ning on the date of the enactment of this Act by the
16 operation of any law or rule of law (including res ju-
17 dicata), such refund or credit may nevertheless be
18 made or allowed if claim therefor is filed before the
19 close of such period.

20 **SEC. 102. ESTATE TAX REDUCTION.**

21 (a) **IN GENERAL.—**Section 2201 is amended to read
22 as follows:

1 **“SEC. 2201. COMBAT ZONE-RELATED DEATHS OF MEMBERS**
2 **OF THE ARMED FORCES AND DEATHS OF VIC-**
3 **TIMS OF CERTAIN TERRORIST ATTACKS.**

4 “(a) IN GENERAL.—Unless the executor elects not to
5 have this section apply, in applying section 2001 to the
6 estate of a qualified decedent, the rate schedule set forth
7 in subsection (c) shall be deemed to be the rate schedule
8 set forth in section 2001(c).

9 “(b) QUALIFIED DECEDENT.—For purposes of this
10 section, the term ‘qualified decedent’ means—

11 “(1) any citizen or resident of the United
12 States dying while in active service of the Armed
13 Forces of the United States, if such decedent—

14 “(A) was killed in action while serving in
15 a combat zone, as determined under section
16 112(c), or

17 “(B) died as a result of wounds, disease,
18 or injury suffered while serving in a combat
19 zone (as determined under section 112(c)), and
20 while in the line of duty, by reason of a hazard
21 to which such decedent was subjected as an in-
22 cident of such service, or

23 “(2) any individual who died as a result of
24 wounds or injury incurred as a result of the terrorist
25 attacks against the United States on April 19, 1995,
26 or September 11, 2001, or who died as a result of

1 illness incurred as a result of a terrorist attack in-
 2 volving anthrax occurring on or after September 11,
 3 2001, and before January 1, 2002.

4 Paragraph (2) shall not apply with respect to any indi-
 5 vidual identified by the Attorney General to have been a
 6 participant or conspirator in any such terrorist attack, or
 7 a representative of such individual.

8 “(c) RATE SCHEDULE.—

“If the amount with respect to which the tentative tax to be computed is: The tentative tax is:

Not over \$150,000	1 percent of the amount by which such amount exceeds \$100,000.
Over \$150,000 but not over \$200,000.	\$500 plus 2 percent of the excess over \$150,000.
Over \$200,000 but not over \$300,000.	\$1,500 plus 3 percent of the excess over \$200,000.
Over \$300,000 but not over \$500,000.	\$4,500 plus 4 percent of the excess over \$300,000.
Over \$500,000 but not over \$700,000.	\$12,500 plus 5 percent of the excess over \$500,000.
Over \$700,000 but not over \$900,000.	\$22,500 plus 6 percent of the excess over \$700,000.
Over \$900,000 but not over \$1,100,000.	\$34,500 plus 7 percent of the excess over \$900,000.
Over \$1,100,000 but not over \$1,600,000.	\$48,500 plus 8 percent of the excess over \$1,100,000.
Over \$1,600,000 but not over \$2,100,000.	\$88,500 plus 9 percent of the excess over \$1,600,000.
Over \$2,100,000 but not over \$2,600,000.	\$133,500 plus 10 percent of the excess over \$2,100,000.
Over \$2,600,000 but not over \$3,100,000.	\$183,500 plus 11 percent of the excess over \$2,600,000.
Over \$3,100,000 but not over \$3,600,000.	\$238,500 plus 12 percent of the excess over \$3,100,000.
Over \$3,600,000 but not over \$4,100,000.	\$298,500 plus 13 percent of the excess over \$3,600,000.
Over \$4,100,000 but not over \$5,100,000.	\$363,500 plus 14 percent of the excess over \$4,100,000.
Over \$5,100,000 but not over \$6,100,000.	\$503,500 plus 15 percent of the excess over \$5,100,000.
Over \$6,100,000 but not over \$7,100,000.	\$653,500 plus 16 percent of the excess over \$6,100,000.
Over \$7,100,000 but not over \$8,100,000.	\$813,500 plus 17 percent of the excess over \$7,100,000.

“If the amount with respect to which the tentative tax to be computed is:	The tentative tax is:
Over \$8,100,000 but not over \$9,100,000.	\$983,500 plus 18 percent of the excess over \$8,100,000.
Over \$9,100,000 but not over \$10,100,000.	\$1,163,500 plus 19 percent of the excess over \$9,100,000.
Over \$10,100,000	\$1,353,500 plus 20 percent of the excess over \$10,100,000.

1 “(d) DETERMINATION OF UNIFIED CREDIT.—In the
2 case of an estate to which this section applies, subsection
3 (a) shall not apply in determining the credit under section
4 2010.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 2011 is amended by striking sub-
7 section (d) and by redesignating subsections (e), (f),
8 and (g) as subsections (d), (e), and (f), respectively.

9 (2) Section 2053(d)(3)(B) is amended by strik-
10 ing “section 2011(e)” and inserting “section
11 2011(d)”.

12 (3) Paragraph (9) of section 532(c) of the Eco-
13 nomic Growth and Tax Relief Reconciliation Act of
14 2001 is repealed.

15 (c) CLERICAL AMENDMENT.—The item relating to
16 section 2201 in the table of sections for subchapter C of
17 chapter 11 is amended to read as follows:

“Sec. 2201. Combat zone-related deaths of members of the Armed
Forces and deaths of victims of certain terrorist at-
tacks.”.

18 (d) EFFECTIVE DATE; WAIVER OF LIMITATIONS.—

1 (1) EFFECTIVE DATE.—The amendments made
2 by this section shall apply to estates of decedents—

3 (A) dying on or after September 11, 2001,
4 and

5 (B) in the case of individuals dying as a
6 result of the April 19, 1995, terrorist attack,
7 dying on or after April 19, 1995.

8 (2) WAIVER OF LIMITATIONS.—If refund or
9 credit of any overpayment of tax resulting from the
10 amendments made by this section is prevented at
11 any time before the close of the 1-year period begin-
12 ning on the date of the enactment of this Act by the
13 operation of any law or rule of law (including res ju-
14 dicata), such refund or credit may nevertheless be
15 made or allowed if claim therefor is filed before the
16 close of such period.

17 **SEC. 103. PAYMENTS BY CHARITABLE ORGANIZATIONS**
18 **TREATED AS EXEMPT PAYMENTS.**

19 (a) IN GENERAL.—For purposes of the Internal Rev-
20 enue Code of 1986—

21 (1) payments made by an organization de-
22 scribed in section 501(c)(3) of such Code by reason
23 of the death, injury, wounding, or illness of an indi-
24 vidual incurred as the result of the terrorist attacks
25 against the United States on September 11, 2001,

1 or a terrorist attack involving anthrax occurring on
2 or after September 11, 2001, and before January 1,
3 2002, shall be treated as related to the purpose or
4 function constituting the basis for such organiza-
5 tion's exemption under section 501 of such Code if
6 such payments are made using an objective formula
7 which is consistently applied, and

8 (2) in the case of a private foundation (as de-
9 fined in section 509 of such Code), any payment de-
10 scribed in paragraph (1) shall not be treated as
11 made to a disqualified person for purposes of section
12 4941 of such Code.

13 (b) EFFECTIVE DATE.—This section shall apply to
14 payments made on or after September 11, 2001.

15 **SEC. 104. EXCLUSION OF CERTAIN CANCELLATIONS OF IN-**
16 **DEBTEDNESS.**

17 (a) IN GENERAL.—For purposes of the Internal Rev-
18 enue Code of 1986—

19 (1) gross income shall not include any amount
20 which (but for this section) would be includible in
21 gross income by reason of the discharge (in whole or
22 in part) of indebtedness of any taxpayer if the dis-
23 charge is by reason of the death of an individual in-
24 curred as the result of the terrorist attacks against
25 the United States on September 11, 2001, or a ter-

1 rorist attack involving anthrax occurring on or after
2 September 11, 2001, and before January 1, 2002,
3 and

4 (2) return requirements under section 6050P of
5 such Code shall not apply to any discharge described
6 in paragraph (1).

7 (b) EFFECTIVE DATE.—This section shall apply to
8 discharges made on or after September 11, 2001, and be-
9 fore January 1, 2002.

10 **SEC. 105. TREATMENT OF CERTAIN STRUCTURED SETTLE-**
11 **MENT PAYMENTS AND DISABILITY TRUSTS.**

12 (a) IMPOSITION OF EXCISE TAX ON PERSONS WHO
13 ACQUIRE CERTAIN STRUCTURED SETTLEMENT PAY-
14 MENTS IN FACTORING TRANSACTIONS.—

15 (1) IN GENERAL.—Subtitle E is amended by
16 adding at the end the following new chapter:

17 **“CHAPTER 55—STRUCTURED**
18 **SETTLEMENT FACTORING TRANSACTIONS**

“Sec. 5891. Structured settlement factoring transactions for cer-
tain victims of terrorism.

19 **“SEC. 5891. STRUCTURED SETTLEMENT FACTORING TRANS-**
20 **ACTIONS FOR CERTAIN VICTIMS OF TER-**
21 **RORISM.**

22 “(a) IMPOSITION OF TAX.—There is hereby imposed
23 on any person who acquires directly or indirectly struc-
24 tured settlement payment rights in a structured settle-

1 ment factoring transaction a tax equal to 40 percent of
2 the factoring discount as determined under subsection
3 (c)(4) with respect to such factoring transaction.

4 “(b) EXCEPTION FOR CERTAIN APPROVED TRANS-
5 ACTIONS.—

6 “(1) IN GENERAL.—The tax under subsection
7 (a) shall not apply in the case of a structured settle-
8 ment factoring transaction in which the transfer of
9 structured settlement payment rights is approved in
10 advance in a qualified order.

11 “(2) QUALIFIED ORDER.—For purposes of this
12 section, the term ‘qualified order’ means a final
13 order, judgment, or decree which—

14 “(A) finds that the transfer described in
15 paragraph (1)—

16 “(i) does not contravene any Federal
17 or State statute or the order of any court
18 or responsible administrative authority,
19 and

20 “(ii) is in the best interest of the
21 payee, taking into account the welfare and
22 support of the payee’s dependents, and

23 “(B) is issued—

1 “(i) under the authority of an applica-
2 ble State statute by an applicable State
3 court, or

4 “(ii) by the responsible administrative
5 authority (if any) which has exclusive ju-
6 risdiction over the underlying action or
7 proceeding which was resolved by means of
8 the structured settlement.

9 “(3) APPLICABLE STATE STATUTE.—For pur-
10 poses of this section, the term ‘applicable State stat-
11 ute’ means a statute providing for the entry of an
12 order, judgment, or decree described in paragraph
13 (2)(A) which is enacted by—

14 “(A) the State in which the payee of the
15 structured settlement is domiciled, or

16 “(B) if there is no statute described in
17 subparagraph (A), the State in which either the
18 party to the structured settlement (including an
19 assignee under a qualified assignment under
20 section 130) or the person issuing the funding
21 asset for the structured settlement is domiciled
22 or has its principal place of business.

23 “(4) APPLICABLE STATE COURT.—For pur-
24 poses of this section—

1 “(A) IN GENERAL.—The term ‘applicable
2 State court’ means, with respect to any applica-
3 ble State statute, a court of the State which en-
4 acted such statute.

5 “(B) SPECIAL RULE.—In the case of an
6 applicable State statute described in paragraph
7 (3)(B), such term also includes a court of the
8 State in which the payee of the structured set-
9 tlement is domiciled.

10 “(5) QUALIFIED ORDER DISPOSITIVE.—A quali-
11 fied order shall be treated as dispositive for purposes
12 of the exception under this subsection.

13 “(c) DEFINITIONS.—For purposes of this section—

14 “(1) STRUCTURED SETTLEMENT.—The term
15 ‘structured settlement’ means an arrangement—

16 “(A) which is established by—

17 “(i) suit or agreement for the periodic
18 payment of damages excludable from the
19 gross income of the recipient under section
20 104(a)(2), or

21 “(ii) agreement for the periodic pay-
22 ment of compensation under any workers’
23 compensation law excludable from the
24 gross income of the recipient under section
25 104(a)(1), and

1 “(B) under which the periodic payments
2 are—

3 “(i) of the character described in sub-
4 paragraphs (A) and (B) of section
5 130(c)(2), and

6 “(ii) payable by a person who is a
7 party to the suit or agreement or to the
8 workers’ compensation claim or by a per-
9 son who has assumed the liability for such
10 periodic payments under a qualified assign-
11 ment in accordance with section 130.

12 “(2) STRUCTURED SETTLEMENT PAYMENT
13 RIGHTS.—The term ‘structured settlement payment
14 rights’ means rights to receive payments under a
15 structured settlement relating to claims for death,
16 wounding, injury, or illness as a result of the ter-
17 rorist attacks against the United States on Sep-
18 tember 11, 2001, or a terrorist attack involving an-
19 thrax occurring on or after September 11, 2001, and
20 before January 1, 2002.

21 “(3) STRUCTURED SETTLEMENT FACTORING
22 TRANSACTION.—

23 “(A) IN GENERAL.—The term ‘structured
24 settlement factoring transaction’ means a trans-
25 fer of structured settlement payment rights (in-

1 including portions of structured settlement pay-
2 ments) made for consideration by means of
3 sale, assignment, pledge, or other form of en-
4 cumbrance or alienation for consideration.

5 “(B) EXCEPTION.—Such term shall not
6 include—

7 “(i) the creation or perfection of a se-
8 curity interest in structured settlement
9 payment rights under a blanket security
10 agreement entered into with an insured de-
11 pository institution in the absence of any
12 action to redirect the structured settlement
13 payments to such institution (or agent or
14 successor thereof) or otherwise to enforce
15 such blanket security interest as against
16 the structured settlement payment rights,
17 or

18 “(ii) a subsequent transfer of struc-
19 tured settlement payment rights acquired
20 in a structured settlement factoring trans-
21 action.

22 “(4) FACTORING DISCOUNT.—The term ‘fac-
23 toring discount’ means an amount equal to the ex-
24 cess of—

1 “(A) the aggregate undiscounted amount
2 of structured settlement payments being ac-
3 quired in the structured settlement factoring
4 transaction, over

5 “(B) the total amount actually paid by the
6 acquirer to the person from whom such struc-
7 tured settlement payments are acquired.

8 “(5) RESPONSIBLE ADMINISTRATIVE AUTHOR-
9 ITY.—The term ‘responsible administrative author-
10 ity’ means the administrative authority which had
11 jurisdiction over the underlying action or proceeding
12 which was resolved by means of the structured set-
13 tlement.

14 “(6) STATE.—The term ‘State’ includes the
15 Commonwealth of Puerto Rico and any possession of
16 the United States.

17 “(d) COORDINATION WITH OTHER PROVISIONS.—

18 “(1) IN GENERAL.—If the applicable require-
19 ments of sections 72, 104(a)(1), 104(a)(2), 130, and
20 461(h) were satisfied at the time the structured set-
21 tlement involving structured settlement payment
22 rights was entered into, the subsequent occurrence
23 of a structured settlement factoring transaction shall
24 not affect the application of the provisions of such
25 sections to the parties to the structured settlement

1 (including an assignee under a qualified assignment
2 under section 130) in any taxable year.

3 “(2) NO WITHHOLDING OF TAX.—The provi-
4 sions of section 3405 regarding withholding of tax
5 shall not apply to the person making the payments
6 in the event of a structured settlement factoring
7 transaction.

8 “(3) NO INFERENCE.—No inference shall be
9 drawn from the application of this subsection to only
10 those payment rights described in subsection
11 (c)(2).”.

12 (2) CLERICAL AMENDMENT.—The table of
13 chapters for subtitle E is amended by adding at the
14 end the following new item:

“Chapter 55. Structured settlement factoring transactions.”.

15 (3) EFFECTIVE DATES.—

16 (A) IN GENERAL.—The amendments made
17 by this subsection (other than the provisions of
18 section 5891(d) of the Internal Revenue Code
19 of 1986, as added by this subsection) shall
20 apply to structured settlement factoring trans-
21 actions (as defined in section 5891(c) of such
22 Code (as so added)) entered into on or after the
23 30th day following the date of the enactment of
24 this Act.

1 (B) CLARIFICATION OF EXISTING LAW.—
2 Section 5891(d) of such Code (as so added)
3 shall apply to structured settlement factoring
4 transactions (as defined in section 5891(c) of
5 such Code (as so added)) entered into on or
6 after such 30th day.

7 (C) TRANSITION RULE.—In the case of a
8 structured settlement factoring transaction en-
9 tered into during the period beginning on the
10 30th day following the date of the enactment of
11 this Act and ending on July 1, 2002, no tax
12 shall be imposed under section 5891(a) of such
13 Code if—

14 (i) the structured settlement payee is
15 domiciled in a State (or possession of the
16 United States) which has not enacted a
17 statute providing that the structured set-
18 tlement factoring transaction is ineffective
19 unless the transaction has been approved
20 by an order, judgment, or decree of a court
21 (or where applicable, a responsible admin-
22 istrative authority) which finds that such
23 transaction—

24 (I) does not contravene any Fed-
25 eral or State statute or the order of

1 any court (or responsible administra-
2 tive authority), and

3 (II) is in the best interest of the
4 structured settlement payee or is ap-
5 propriate in light of a hardship faced
6 by the payee, and

7 (ii) the person acquiring the struc-
8 tured settlement payment rights discloses
9 to the structured settlement payee in ad-
10 vance of the structured settlement fac-
11 toring transaction the amounts and due
12 dates of the payments to be transferred,
13 the aggregate amount to be transferred,
14 the consideration to be received by the
15 structured settlement payee for the trans-
16 ferred payments, the discounted present
17 value of the transferred payments (includ-
18 ing the present value as determined in the
19 manner described in section 7520 of such
20 Code), and the expenses required under
21 the terms of the structured settlement fac-
22 toring transaction to be paid by the struc-
23 tured settlement payee or deducted from
24 the proceeds of such transaction.

1 (b) PERSONAL EXEMPTION DEDUCTION FOR CER-
2 TAIN DISABILITY TRUSTS.—

3 (1) IN GENERAL.—Section 642(b) (relating to
4 deduction for personal exemption) is amended—

5 (A) by striking “An estate” and inserting:

6 “(1) IN GENERAL.—An estate”, and

7 (2) by adding at the end the following new
8 paragraph:

9 “(2) FULL PERSONAL EXEMPTION AMOUNT FOR
10 CERTAIN DISABILITY TRUSTS.—Paragraph (1) shall
11 not apply, and the deduction under section 151 shall
12 apply, to any disability trust described in subsection
13 (c)(2)(B)(iv), (d)(4)(A), or (d)(4)(C) of section 1917
14 of the Social Security Act (42 U.S.C. 1396p) for a
15 beneficiary disabled as the result of a wounding, in-
16 jury, or illness as a result of the terrorist attacks
17 against the United States on April 19, 1995, or Sep-
18 tember 11, 2001, or a terrorist attack involving an-
19 thrax occurring on or after September 11, 2001, and
20 before January 1, 2002.”.

21 (2) EFFECTIVE DATE; WAIVER OF LIMITA-
22 TIONS.—

23 (A) EFFECTIVE DATE.—The amendments
24 made by this subsection shall apply to taxable

1 years ending before, on, or after September 11,
2 2001.

3 (B) WAIVER OF LIMITATIONS.—If refund
4 or credit of any overpayment of tax resulting
5 from the amendments made by this subsection
6 is prevented at any time before the close of the
7 1-year period beginning on the date of the en-
8 actment of this Act by the operation of any law
9 or rule of law (including res judicata), such re-
10 fund or credit may nevertheless be made or al-
11 lowed if claim therefor is filed before the close
12 of such period.

13 **SEC. 106. NO IMPACT ON SOCIAL SECURITY TRUST FUND.**

14 (a) IN GENERAL.—Nothing in this title (or an
15 amendment made by this title) shall be construed to alter
16 or amend title II of the Social Security Act (or any regula-
17 tion promulgated under that Act).

18 (b) TRANSFERS.—

19 (1) ESTIMATE OF SECRETARY.—The Secretary
20 of the Treasury shall annually estimate the impact
21 that the enactment of this Act has on the income
22 and balances of the trust funds established under
23 section 201 of the Social Security Act (42 U.S.C.
24 401).

1 (2) TRANSFER OF FUNDS.—If, under para-
2 graph (1), the Secretary of the Treasury estimates
3 that the enactment of this Act has a negative impact
4 on the income and balances of the trust funds estab-
5 lished under section 201 of the Social Security Act
6 (42 U.S.C. 401), the Secretary shall transfer, not
7 less frequently than quarterly, from the general reve-
8 nues of the Federal Government an amount suffi-
9 cient so as to ensure that the income and balances
10 of such trust funds are not reduced as a result of
11 the enactment of this Act.

12 **TITLE II—GENERAL RELIEF FOR**
13 **VICTIMS OF DISASTERS AND**
14 **TERRORISTIC OR MILITARY**
15 **ACTIONS**

16 **SEC. 201. EXCLUSION FOR DISASTER RELIEF PAYMENTS.**

17 (a) IN GENERAL.—Part III of subchapter B of chap-
18 ter 1 (relating to items specifically excluded from gross
19 income) is amended by redesignating section 139 as sec-
20 tion 140 and inserting after section 138 the following new
21 section:

22 **“SEC. 139. DISASTER RELIEF PAYMENTS.**

23 “(a) GENERAL RULE.—Gross income shall not
24 include—

1 “(1) any amount received as payment under
2 section 406 of the Air Transportation Safety and
3 System Stabilization Act, or

4 “(2) any amount received by an individual as a
5 qualified disaster relief payment.

6 “(b) QUALIFIED DISASTER RELIEF PAYMENT DE-
7 FINED.—For purposes of this section, the term ‘qualified
8 disaster relief payment’ means any amount paid to or for
9 the benefit of an individual—

10 “(1) to reimburse or pay reasonable and nec-
11 essary personal, family, living, or funeral expenses
12 incurred as a result of a qualified disaster,

13 “(2) to reimburse or pay reasonable and nec-
14 essary expenses incurred for the repair or rehabilita-
15 tion of a personal residence or repair or replacement
16 of its contents to the extent that the need for such
17 repair, rehabilitation, or replacement is attributable
18 to a qualified disaster,

19 “(3) by a person engaged in the furnishing or
20 sale of transportation as a common carrier by reason
21 of the death or personal physical injuries incurred as
22 a result of a qualified disaster, or

23 “(4) if such amount is paid by a Federal, State,
24 or local government, or agency or instrumentality

1 thereof, in connection with a qualified disaster in
2 order to promote the general welfare,
3 but only to the extent any expense compensated by such
4 payment is not otherwise compensated for by insurance
5 or otherwise.

6 “(c) QUALIFIED DISASTER DEFINED.—For purposes
7 of this section, the term ‘qualified disaster’ means—

8 “(1) a disaster which results from a terroristic
9 or military action (as defined in section 692(c)(2)),

10 “(2) a Presidentially declared disaster (as de-
11 fined in section 1033(h)(3)),

12 “(3) a disaster which results from an accident
13 involving a common carrier, or from any other event,
14 which is determined by the Secretary to be of a cata-
15 strophic nature, or

16 “(4) with respect to amounts described in sub-
17 section (b)(4), a disaster which is determined by an
18 applicable Federal, State, or local authority (as de-
19 termined by the Secretary) to warrant assistance
20 from the Federal, State, or local government or
21 agency or instrumentality thereof.

22 “(d) COORDINATION WITH EMPLOYMENT TAXES.—
23 For purposes of chapter 2 and subtitle C, a qualified dis-
24 aster relief payment shall not be treated as net earnings

1 from self-employment, wages, or compensation subject to
2 tax.

3 “(e) NO RELIEF FOR CERTAIN INDIVIDUALS.—Sub-
4 section (a) shall not apply with respect to any individual
5 identified by the Attorney General to have been a partici-
6 pant or conspirator in a terroristic action (as so defined),
7 or a representative of such individual.”.

8 (b) CONFORMING AMENDMENTS.—The table of sec-
9 tions for part III of subchapter B of chapter 1 is amended
10 by striking the item relating to section 139 and inserting
11 the following new items:

“Sec. 139. Disaster relief payments.

“Sec. 140. Cross references to other Acts.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years ending on or after
14 September 11, 2001.

15 **SEC. 202. AUTHORITY TO POSTPONE CERTAIN DEADLINES**
16 **AND REQUIRED ACTIONS.**

17 (a) EXPANSION OF AUTHORITY RELATING TO DISAS-
18 TERS AND TERRORISTIC OR MILITARY ACTIONS.—Section
19 7508A is amended to read as follows:

1 **“SEC. 7508A. AUTHORITY TO POSTPONE CERTAIN DEAD-**
2 **LINES BY REASON OF PRESIDENTIALLY DE-**
3 **CLARED DISASTER OR TERRORISTIC OR**
4 **MILITARY ACTIONS.**

5 “(a) IN GENERAL.—In the case of a taxpayer deter-
6 mined by the Secretary to be affected by a Presidentially
7 declared disaster (as defined in section 1033(h)(3)) or a
8 terroristic or military action (as defined in section
9 692(c)(2)), the Secretary may specify a period of up to
10 one year that may be disregarded in determining, under
11 the internal revenue laws, in respect of any tax liability
12 of such taxpayer—

13 “(1) whether any of the acts described in para-
14 graph (1) of section 7508(a) were performed within
15 the time prescribed therefor (determined without re-
16 gard to extension under any other provision of this
17 subtitle for periods after the date (determined by the
18 Secretary) of such disaster or action),

19 “(2) the amount of any interest, penalty, addi-
20 tional amount, or addition to the tax for periods
21 after such date, and

22 “(3) the amount of any credit or refund.

23 “(b) SPECIAL RULES REGARDING PENSIONS, ETC.—
24 In the case of a pension or other employee benefit plan,
25 or any sponsor, administrator, participant, beneficiary, or
26 other person with respect to such plan, affected by a dis-

1 aster or action described in subsection (a), the Secretary
2 may specify a period of up to one year which may be dis-
3 regarded in determining the date by which any action is
4 required or permitted to be completed under this title. No
5 plan shall be treated as failing to be operated in accord-
6 ance with the terms of the plan solely as the result of dis-
7 regarding any period by reason of the preceding sentence.

8 “(c) SPECIAL RULES FOR OVERPAYMENTS.—The
9 rules of section 7508(b) shall apply for purposes of this
10 section.”.

11 (b) CLARIFICATION OF SCOPE OF ACTS SECRETARY
12 MAY POSTPONE.—Section 7508(a)(1)(K) (relating to time
13 to be disregarded) is amended by striking “in regulations
14 prescribed under this section”.

15 (c) CONFORMING AMENDMENTS TO ERISA.—

16 (1) Part 5 of subtitle B of title I of the Em-
17 ployee Retirement Income Security Act of 1974 (29
18 U.S.C. 1131 et seq.) is amended by adding at the
19 end the following new section:

20 **“SEC. 518. AUTHORITY TO POSTPONE CERTAIN DEADLINES**
21 **BY REASON OF PRESIDENTIALLY DECLARED**
22 **DISASTER OR TERRORISTIC OR MILITARY AC-**
23 **TIONS.**

24 “In the case of a pension or other employee benefit
25 plan, or any sponsor, administrator, participant, bene-

1 ficiary, or other person with respect to such plan, affected
2 by a Presidentially declared disaster (as defined in section
3 1033(h)(3) of the Internal Revenue Code of 1986) or a
4 terroristic or military action (as defined in section
5 692(c)(2) of such Code), the Secretary may, notwith-
6 standing any other provision of law, prescribe, by notice
7 or otherwise, a period of up to one year which may be
8 disregarded in determining the date by which any action
9 is required or permitted to be completed under this Act.
10 No plan shall be treated as failing to be operated in ac-
11 cordance with the terms of the plan solely as the result
12 of disregarding any period by reason of the preceding sen-
13 tence.”.

14 (2) Section 4002 of Employee Retirement In-
15 come Security Act of 1974 (29 U.S.C. 1302) is
16 amended by adding at the end the following new
17 subsection:

18 “(i) SPECIAL RULES REGARDING DISASTERS,
19 ETC.—In the case of a pension or other employee benefit
20 plan, or any sponsor, administrator, participant, bene-
21 ficiary, or other person with respect to such plan, affected
22 by a Presidentially declared disaster (as defined in section
23 1033(h)(3) of the Internal Revenue Code of 1986) or a
24 terroristic or military action (as defined in section
25 692(c)(2) of such Code), the corporation may, notwith-

1 standing any other provision of law, prescribe, by notice
2 or otherwise, a period of up to one year which may be
3 disregarded in determining the date by which any action
4 is required or permitted to be completed under this Act.
5 No plan shall be treated as failing to be operated in ac-
6 cordance with the terms of the plan solely as the result
7 of disregarding any period by reason of the preceding sen-
8 tence.”.

9 (d) ADDITIONAL CONFORMING AMENDMENTS.—

10 (1) Section 6404 is amended—

11 (A) by striking subsection (h),

12 (B) by redesignating subsection (i) as sub-
13 section (h), and

14 (C) by adding at the end the following new
15 subsection:

16 “(i) CROSS REFERENCE.—

**“For authority of the Secretary to abate certain
amounts by reason of Presidentially declared dis-
aster or terroristic or military action, see section
7508A.”.**

17 (2) Section 6081(c) is amended to read as fol-
18 lows:

19 “(c) CROSS REFERENCES.—

**“For time for performing certain acts postponed
by reason of war, see section 7508, and by reason of
Presidentially declared disaster or terroristic or
military action, see section 7508A.”.**

20 (3) Section 6161(d) is amended by adding at
21 the end the following new paragraph:

1 “(3) POSTPONEMENT OF CERTAIN ACTS.—

“**For time for performing certain acts postponed by reason of war, see section 7508, and by reason of Presidentially declared disaster or terroristic or military action, see section 7508A.**”

2 (d) CLERICAL AMENDMENTS.—

3 (1) The item relating to section 7508A in the
4 table of sections for chapter 77 is amended to read
5 as follows:

“Sec. 7508A. Authority to postpone certain deadlines by reason of Presidentially declared disaster or terroristic or military actions.”

6 (2) The table of contents for the Employee Re-
7 tirement Income Security Act of 1974 is amended by
8 inserting after the item relating to section 517 the
9 following new item:

“Sec. 518. Authority to postpone certain deadlines by reason of Presidentially declared disaster or terroristic or military actions.”

10 (e) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to disasters and terroristic or mili-
12 tary actions occurring on or after September 11, 2001,
13 with respect to any action of the Secretary of the Treas-
14 ury, the Secretary of Labor, or the Pension Benefit Guar-
15 anty Corporation occurring on or after the date of the en-
16 actment of this Act.

1 **SEC. 203. INTERNAL REVENUE SERVICE DISASTER RE-**
2 **SPONSE TEAM.**

3 (a) IN GENERAL.—Section 7508A, as amended by
4 section 202(a), is amended by adding at the end the fol-
5 lowing new subsection:

6 “(d) DUTIES OF DISASTER RESPONSE TEAM.—The
7 Secretary shall establish as a permanent office in the na-
8 tional office of the Internal Revenue Service a disaster re-
9 sponse team which, in coordination with the Federal
10 Emergency Management Agency, shall assist taxpayers in
11 clarifying and resolving Federal tax matters associated
12 with or resulting from any Presidentially declared disaster
13 (as defined in section 1033(h)(3)) or a terroristic or mili-
14 tary action (as defined in section 692(c)(2)).”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall take effect on the date of the enactment
17 of this Act.

18 **SEC. 204. APPLICATION OF CERTAIN PROVISIONS TO TER-**
19 **RORISTIC OR MILITARY ACTIONS.**

20 (a) EXCLUSION FOR DEATH BENEFITS.—Section
21 101 (relating to certain death benefits) is amended by
22 adding at the end the following new subsection:

23 “(i) CERTAIN EMPLOYEE DEATH BENEFITS PAY-
24 ABLE BY REASON OF DEATH FROM TERRORISTIC OR
25 MILITARY ACTIONS.—

1 “(1) IN GENERAL.—Gross income does not in-
2 clude amounts which are received (whether in a sin-
3 gle sum or otherwise) if such amounts are paid by
4 an employer by reason of the death of an employee
5 incurred as a result of a terroristic or military action
6 (as defined in section 692(c)(2)).

7 “(2) NO RELIEF FOR CERTAIN INDIVIDUALS.—
8 Paragraph (1) shall not apply with respect to any
9 individual identified by the Attorney General to have
10 been a participant or conspirator in a terroristic ac-
11 tion (as so defined), or a representative of such indi-
12 vidual.

13 “(3) TREATMENT OF SELF-EMPLOYED INDIVID-
14 UALS.—For purposes of this subsection, the term
15 ‘employee’ includes a self-employed person (as de-
16 scribed in section 401(c)(1)).”.

17 (b) DISABILITY INCOME.—Section 104(a)(5) (relat-
18 ing to compensation for injuries or sickness) is amended
19 by striking “a violent attack” and all that follows through
20 the period and inserting “a terroristic or military action
21 (as defined in section 692(c)(2)).”.

22 (c) EXEMPTION FROM INCOME TAX FOR CERTAIN
23 MILITARY OR CIVILIAN EMPLOYEES.—Section 692(c) is
24 amended—

1 (1) by striking “outside the United States” in
2 paragraph (1), and

3 (2) by striking “SUSTAINED OVERSEAS” in the
4 heading.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years ending on or after
7 September 11, 2001.

8 **SEC. 205. CLARIFICATION OF DUE DATE FOR AIRLINE EX-**
9 **CISE TAX DEPOSITS.**

10 (a) IN GENERAL.—Paragraph (3) of section 301(a)
11 of the Air Transportation Safety and System Stabilization
12 Act (Public Law 107–42) is amended to read as follows:

13 “(3) AIRLINE-RELATED DEPOSIT.—For pur-
14 poses of this subsection, the term ‘airline-related de-
15 posit’ means any deposit of taxes imposed by sub-
16 chapter C of chapter 33 of such Code (relating to
17 transportation by air).”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall take effect as if included in section 301
20 of the Air Transportation Safety and System Stabilization
21 Act (Public Law 107–42).

22 **SEC. 206. COORDINATION WITH AIR TRANSPORTATION**
23 **SAFETY AND SYSTEM STABILIZATION ACT.**

24 No reduction in Federal tax liability by reason of any
25 provision of, or amendment made by, this Act shall be con-

1 sidered as being received from a collateral source for pur-
2 poses of section 402(4) of the Air Transportation Safety
3 and System Stabilization Act (Public Law 107–42).

4 **TITLE III—DISCLOSURE OF TAX**
5 **INFORMATION IN TERRORISM**
6 **AND NATIONAL SECURITY IN-**
7 **VESTIGATIONS**

8 **SEC. 301. DISCLOSURE OF TAX INFORMATION IN TER-**
9 **RORISM AND NATIONAL SECURITY INVES-**
10 **TIGATIONS.**

11 (a) DISCLOSURE WITHOUT A REQUEST OF INFORMA-
12 TION RELATING TO TERRORIST ACTIVITIES, ETC.—Para-
13 graph (3) of section 6103(i) (relating to disclosure of re-
14 turn information to apprise appropriate officials of crimi-
15 nal activities or emergency circumstances) is amended by
16 adding at the end the following new subparagraph:

17 “(C) TERRORIST ACTIVITIES, ETC.—

18 “(i) IN GENERAL.—Except as pro-
19 vided in paragraph (6), the Secretary may
20 disclose in writing return information
21 (other than taxpayer return information)
22 that may be related to a terrorist incident,
23 threat, or activity to the extent necessary
24 to apprise the head of the appropriate Fed-
25 eral law enforcement agency responsible

1 for investigating or responding to such ter-
2 rorist incident, threat, or activity. The
3 head of the agency may disclose such re-
4 turn information to officers and employees
5 of such agency to the extent necessary to
6 investigate or respond to such terrorist in-
7 cident, threat, or activity.

8 “(ii) DISCLOSURE TO THE DEPART-
9 MENT OF JUSTICE.—Returns and taxpayer
10 return information may also be disclosed to
11 the Attorney General under clause (i) to
12 the extent necessary for, and solely for use
13 in preparing, an application under para-
14 graph (7)(D).

15 “(iii) TAXPAYER IDENTITY.—For pur-
16 poses of this subparagraph, a taxpayer’s
17 identity shall not be treated as taxpayer
18 return information.

19 “(iv) TERMINATION.—No disclosure
20 may be made under this subparagraph
21 after December 31, 2003.”.

22 (b) DISCLOSURE UPON REQUEST OF INFORMATION
23 RELATING TO TERRORIST ACTIVITIES, ETC.—Subsection
24 (i) of section 6103 (relating to disclosure to Federal offi-
25 cers or employees for administration of Federal laws not

1 part of a team with the Federal law en-
2 forcement agency in such response or in-
3 vestigation and such information is dis-
4 closed only to officers and employees who
5 are personally and directly engaged in such
6 response or investigation.

7 “(iii) REQUIREMENTS.—A request
8 meets the requirements of this clause if—

9 “(I) the request is made by the
10 head of any Federal law enforcement
11 agency (or his delegate) involved in
12 the response to or investigation of any
13 terrorist incident, threat, or activity,
14 and

15 “(II) the request sets forth the
16 specific reason or reasons why such
17 disclosure may be relevant to a ter-
18 rorist incident, threat, or activity.

19 “(iv) LIMITATION ON USE OF INFOR-
20 MATION.—Information disclosed under this
21 subparagraph shall be solely for the use of
22 the officers and employees to whom such
23 information is disclosed in such response
24 or investigation.

1 “(B) DISCLOSURE TO INTELLIGENCE
2 AGENCIES.—

3 “(i) IN GENERAL.—Except as pro-
4 vided in paragraph (6), upon receipt by the
5 Secretary of a written request which meets
6 the requirements of clause (ii), the Sec-
7 retary may disclose return information
8 (other than taxpayer return information)
9 to those officers and employees of the De-
10 partment of Justice, the Department of
11 the Treasury, and other Federal intel-
12 ligence agencies who are personally and di-
13 rectly engaged in the collection or analysis
14 of intelligence and counterintelligence in-
15 formation or investigation concerning any
16 terrorist incident, threat, or activity. For
17 purposes of the preceding sentence, the in-
18 formation disclosed under the preceding
19 sentence shall be solely for the use of such
20 officers and employees in such investiga-
21 tion, collection, or analysis.

22 “(ii) REQUIREMENTS.—A request
23 meets the requirements of this subpara-
24 graph if the request—

1 “(I) is made by an individual de-
2 scribed in clause (iii), and

3 “(II) sets forth the specific rea-
4 son or reasons why such disclosure
5 may be relevant to a terrorist inci-
6 dent, threat, or activity.

7 “(iii) REQUESTING INDIVIDUALS.—An
8 individual described in this subparagraph
9 is an individual—

10 “(I) who is an officer or em-
11 ployee of the Department of Justice
12 or the Department of the Treasury
13 who is appointed by the President
14 with the advice and consent of the
15 Senate or who is the Director of the
16 United States Secret Service, and

17 “(II) who is responsible for the
18 collection and analysis of intelligence
19 and counterintelligence information
20 concerning any terrorist incident,
21 threat, or activity.

22 “(iv) TAXPAYER IDENTITY.—For pur-
23 poses of this subparagraph, a taxpayer’s
24 identity shall not be treated as taxpayer
25 return information.

1 “(C) DISCLOSURE UNDER EX PARTE OR-
2 DERS.—

3 “(i) IN GENERAL.—Except as pro-
4 vided in paragraph (6), any return or re-
5 turn information with respect to any speci-
6 fied taxable period or periods shall, pursu-
7 ant to and upon the grant of an ex parte
8 order by a Federal district court judge or
9 magistrate under clause (ii), be open (but
10 only to the extent necessary as provided in
11 such order) to inspection by, or disclosure
12 to, officers and employees of any Federal
13 law enforcement agency or Federal intel-
14 ligence agency who are personally and di-
15 rectly engaged in any investigation, re-
16 sponse to, or analysis of intelligence and
17 counterintelligence information concerning
18 any terrorist incident, threat, or activity.
19 Return or return information opened pur-
20 suant to the preceding sentence shall be
21 solely for the use of such officers and em-
22 ployees in the investigation, response, or
23 analysis, and in any judicial, administra-
24 tive, or grand jury proceedings, pertaining

1 to such terrorist incident, threat, or activ-
2 ity.

3 “(ii) APPLICATION FOR ORDER.—The
4 Attorney General, the Deputy Attorney
5 General, the Associate Attorney General,
6 any Assistant Attorney General, or any
7 United States attorney may authorize an
8 application to a Federal district court
9 judge or magistrate for the order referred
10 to in clause (i). Upon such application,
11 such judge or magistrate may grant such
12 order if he determines on the basis of the
13 facts submitted by the applicant that—

14 “(I) there is reasonable cause to
15 believe, based upon information be-
16 lieved to be reliable, that the return or
17 return information may be relevant to
18 a matter relating to such terrorist in-
19 cident, threat, or activity, and

20 “(II) the return or return infor-
21 mation is sought exclusively for use in
22 a Federal investigation, analysis, or
23 proceeding concerning any terrorist
24 incident, threat, or activity.

1 “(D) SPECIAL RULE FOR EX PARTE DIS-
2 CLOSURE BY THE IRS.—

3 “(i) IN GENERAL.—Except as pro-
4 vided in paragraph (6), the Secretary may
5 authorize an application to a Federal dis-
6 trict court judge or magistrate for the
7 order referred to in subparagraph (C)(i).
8 Upon such application, such judge or mag-
9 istrate may grant such order if he deter-
10 mines on the basis of the facts submitted
11 by the applicant that the requirements of
12 subparagraph (C)(ii)(I) are met.

13 “(ii) LIMITATION ON USE OF INFOR-
14 MATION.—Information disclosed under
15 clause (i)—

16 “(I) may be disclosed only to the
17 extent necessary to apprise the head
18 of the appropriate Federal law en-
19 forcement agency responsible for in-
20 vestigating or responding to a ter-
21 rorist incident, threat, or activity, and

22 “(II) shall be solely for use in a
23 Federal investigation, analysis, or pro-
24 ceeding concerning any terrorist inci-
25 dent, threat, or activity.

1 The head of such Federal agency may dis-
2 close such information to officers and em-
3 ployees of such agency to the extent nec-
4 essary to investigate or respond to such
5 terrorist incident, threat, or activity.

6 “(E) TERMINATION.—No disclosure may
7 be made under this paragraph after December
8 31, 2003.”.

9 (c) CONFORMING AMENDMENTS.—

10 (1) Section 6103(a)(2) is amended by inserting
11 “any local law enforcement agency receiving infor-
12 mation under subsection (i)(7)(A),” after “State,”.

13 (2) Section 6103(b) is amended by adding at
14 the end the following new paragraph:

15 “(11) TERRORIST INCIDENT, THREAT, OR AC-
16 TIVITY.—The term ‘terrorist incident, threat, or ac-
17 tivity’ means an incident, threat, or activity involv-
18 ing an act of domestic terrorism (as defined in sec-
19 tion 2331(5) of title 18, United States Code) or
20 international terrorism (as defined in section
21 2331(1) of such title).”.

22 (3) The heading of section 6103(i)(3) is amend-
23 ed by inserting “OR TERRORIST” after “CRIMINAL”.

24 (4) Paragraph (4) of section 6103(i) is
25 amended—

1 (A) in subparagraph (A) by inserting “or
2 (7)(C)” after “paragraph (1)”, and

3 (B) in subparagraph (B) by striking “or
4 (3)(A)” and inserting “(3)(A) or (C), or (7)”.

5 (5) Paragraph (6) of section 6103(i) is
6 amended—

7 (A) by striking “(3)(A)” and inserting
8 “(3)(A) or (C)”, and

9 (B) by striking “or (7)” and inserting
10 “(7), or (8)”.

11 (6) Section 6103(p)(3) is amended—

12 (A) in subparagraph (A) by striking
13 “(7)(A)(ii)” and inserting “(8)(A)(ii)”, and

14 (B) in subparagraph (C) by striking
15 “(i)(3)(B)(i)” and inserting “(i)(3)(B)(i) or
16 (7)(A)(ii)”.

17 (7) Section 6103(p)(4) is amended—

18 (A) in the matter preceding subparagraph
19 (A)—

20 (i) by striking “or (5),” the first place
21 it appears and inserting “(5), or (7),”, and

22 (ii) by striking “(i)(3)(B)(i),” and in-
23 serting “(i)(3)(B)(i) or (7)(A)(ii),”, and

1 (B) in subparagraph (F)(ii) by striking “or
2 (5),” the first place it appears and inserting
3 “(5) or (7),”.

4 (8) Section 6103(p)(6)(B)(i) is amended by
5 striking “(i)(7)(A)(ii)” and inserting “(i)(8)(A)(ii)”.

6 (9) Section 6105(b) is amended—

7 (A) by striking “or” at the end of para-
8 graph (2),

9 (B) by striking “paragraphs (1) or (2)” in
10 paragraph (3) and inserting “paragraph (1),
11 (2), or (3)”,

12 (C) by redesignating paragraph (3) as
13 paragraph (4), and

14 (D) by inserting after paragraph (2) the
15 following new paragraph:

16 “(3) to the disclosure of tax convention infor-
17 mation on the same terms as return information
18 may be disclosed under paragraph (3)(C) or (7) of
19 section 6103(i), except that in the case of tax con-
20 vention information provided by a foreign govern-
21 ment, no disclosure may be made under this para-
22 graph without the written consent of the foreign
23 government, or”.

1 (10) Section 7213(a)(2) is amended by striking
2 “(i)(3)(B)(i),” and inserting “(i)(3)(B)(i) or
3 (7)(A)(ii),”.

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to disclosures made on or after
6 the date of the enactment of this Act.

Amend the title so as to read: “An Act to amend the
Internal Revenue Code of 1986 to provide tax relief for
victims of the terrorist attacks against the United States,
and for other purposes.”.