

House Taxwriters to Mark Up Legislation to Extend Hurricane Katrina Housing Tax Incentives

House tax staffers told reporters March 13 that the Ways and Means Committee is expected to mark up legislation on March 21 that would extend temporary housing-related tax incentives originally enacted in the Gulf Opportunity Zone Act of 2005. The Katrina provisions will be part of a larger package that is expected to include revenue raisers acceptable to Democratic and Republican taxwriters, the staffers said.

At a March 13 Ways and Means Oversight Subcommittee hearing, Chairman John Lewis, D-Ga., said he supports extending tax incentives for building low-income rental housing through 2010. These incentives currently are available for homes placed in service by 2008. The subcommittee is also examining whether to allow the use of mortgage revenue bonds to refinance homes that were destroyed in the hurricanes and must be rebuilt.

Subcommittee ranking Republican Jim Ramstad of Minnesota agreed that the provisions should be extended, since Congress could not have anticipated the difficulties associated with building new homes when the law was originally enacted in 2005.

Milton Bailey, president of the Louisiana Housing Finance Agency, testified that Congress should extend the 50 percent first-year depreciation deduction for qualifying property in the Gulf Opportunity Zone. He said extending this provision would "expedite closings" and give developers sufficient time to complete housing projects.

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