

115TH CONGRESS
2D SESSION

S. 3206

To amend the Internal Revenue Code of 1986 to provide tax relief to areas affected by toxic algal blooms.

IN THE SENATE OF THE UNITED STATES

JULY 12, 2018

Mr. NELSON 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 tax relief to areas affected by toxic algal blooms.

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 “Toxic Algae Tax Relief
5 Act”.

6 **SEC. 2. TOXIC ALGAE ZONE DEDUCTION.**

7 (a) IN GENERAL.—Section 165 of the Internal Rev-
8 enue Code of 1986 is amended—

9 (1) by redesignating subsection (m) as sub-
10 section (n); and

1 (2) by inserting after subsection (l) the fol-
2 lowing:

3 “(m) SPECIAL DEDUCTION FOR LOSSES ATTRIB-
4 UTABLE TO A TOXIC ALGAE ZONE.—

5 “(1) IN GENERAL.—Notwithstanding any other
6 provision of this section, in the case of a taxpayer
7 who operates a qualified trade or business in a toxic
8 algae zone, there shall be allowed as a deduction an
9 amount equal to—

10 “(A) the average qualified net profits of
11 such trade or business during the period of the
12 3 taxable years preceding the taxable year in
13 which a qualified incident occurred, minus

14 “(B) the qualified net profits of such trade
15 or business during the taxable year in which
16 such qualified event occurred.

17 “(2) ADDITIONAL DEDUCTION.—The deduction
18 allowed under this subsection shall be in addition to
19 any deduction allowed under subsection (a).

20 “(3) YEAR OF ELECTION.—For purposes of the
21 deduction allowed under this subsection, such deduc-
22 tion may, at the election of the taxpayer, be claimed
23 in—

24 “(A) the taxable year in which the quali-
25 fied incident occurred, or

1 “(B) the taxable year immediately pre-
2 ceding the taxable year described in subpara-
3 graph (A).

4 “(4) DEFINITIONS.—In this subsection:

5 “(A) QUALIFIED INCIDENT.—The term
6 ‘qualified incident’ means any act or event that
7 exposes an area to toxic algal blooms, as deter-
8 mined by the Secretary in consultation with the
9 National Oceanic and Atmospheric Administra-
10 tion.

11 “(B) QUALIFIED NET PROFITS.—The term
12 ‘qualified net profits’ means the net profits of
13 a qualified trade or business which is properly
14 attributable to activities of such trade or busi-
15 ness within a toxic algae zone.

16 “(C) QUALIFIED TRADE OR BUSINESS.—
17 The term ‘qualified trade or business’ means a
18 trade or business that meets the gross receipts
19 test under subsection (c) of section 448.

20 “(D) STATE.—The term ‘State’ means any
21 of the several States, the District of Columbia,
22 or any territory or possession of the United
23 States.

24 “(E) TOXIC ALGAE ZONE.—

1 “(i) IN GENERAL.—The term ‘toxic
2 algae zone’ means any census tract or po-
3 litical subdivision of a State which has
4 been designated by the Secretary, in con-
5 sultation with the National Oceanic and
6 Atmospheric Administration, as experi-
7 encing economic hardship which is directly
8 attributable to a qualified incident.

9 “(ii) LIMITATION.—A census tract or
10 political subdivision of a State may not be
11 designated as a toxic algae zone for a pe-
12 riod of consecutive years in excess of 3
13 years.

14 “(F) TOXIC ALGAL BLOOM.—The term
15 ‘toxic algal bloom’ means the existence of algae
16 on or near the surface of water in quantities
17 sufficient to cause anoxic conditions in such
18 water.”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2017.

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