

(Added Pub. L. 96-589, §3(a)(1), Dec. 24, 1980, 94 Stat. 3400.)

**Subchapter W—District of Columbia Enterprise Zone**

Sec.	
1400.	Establishment of DC Zone.
1400A.	Tax-exempt economic development bonds.
1400B.	Zero percent capital gains rate.
1400C.	First-time homebuyer credit for District of Columbia.

**§ 1400. Establishment of DC Zone**

**(a) In general**

For purposes of this title—

(1) the applicable DC area is hereby designated as the District of Columbia Enterprise Zone, and

(2) except as otherwise provided in this subchapter, the District of Columbia Enterprise Zone shall be treated as an empowerment zone designated under subchapter U.

**(b) Applicable DC area**

For purposes of subsection (a), the term “applicable DC area” means the area consisting of—

(1) the census tracts located in the District of Columbia which are part of an enterprise community designated under subchapter U before the date of the enactment of this subchapter, and

(2) all other census tracts—

(A) which are located in the District of Columbia, and

(B) for which the poverty rate is not less than than<sup>1</sup> 20 percent as determined on the basis of the 1990 census.

**(c) District of Columbia Enterprise Zone**

For purposes of this subchapter, the terms “District of Columbia Enterprise Zone” and “DC Zone” mean the District of Columbia Enterprise Zone designated by subsection (a).

**(d) Special rule for application of employment credit**

With respect to the DC Zone, section 1396(d)(1)(B) (relating to empowerment zone employment credit) shall be applied by substituting “the District of Columbia” for “such empowerment zone”.

**(e) Special rule for application of enterprise zone business definition**

For purposes of this subchapter and for purposes of applying subchapter U with respect to the DC Zone, section 1397C shall be applied without regard to subsections (b)(6) and (c)(5) thereof.

**(f) Time for which designation applicable**

**(1) In general**

The designation made by subsection (a) shall apply for the period beginning on January 1, 1998, and ending on December 31, 2011.

**(2) Coordination with DC enterprise community designated under subchapter U**

The designation under subchapter U of the census tracts referred to in subsection (b)(1) as

an enterprise community shall terminate on December 31, 2011.

(Added Pub. L. 105-34, title VII, §701(a), Aug. 5, 1997, 111 Stat. 863; amended Pub. L. 105-206, title VI, §6008(a), July 22, 1998, 112 Stat. 811; Pub. L. 106-554, §1(a)(7) [title I, §§113(c), 116(b)(5), 164(a)(1)], Dec. 21, 2000, 114 Stat. 2763, 2763A-601, 2763A-603, 2763A-625; Pub. L. 108-311, title III, §310(a), Oct. 4, 2004, 118 Stat. 1180; Pub. L. 109-432, div. A, title I, §110(a)(1), Dec. 20, 2006, 120 Stat. 2939; Pub. L. 110-343, div. C, title III, §322(a)(1), Oct. 3, 2008, 122 Stat. 3873; Pub. L. 111-312, title VII, §754(a), Dec. 17, 2010, 124 Stat. 3321.)

REFERENCES IN TEXT

The date of the enactment of this subchapter, referred to in subsec. (b)(1), is the date of enactment of Pub. L. 105-34, which was approved Aug. 5, 1997.

AMENDMENTS

2010—Subsec. (f). Pub. L. 111-312 substituted “2011” for “2009” in pars. (1) and (2).

2008—Subsec. (f). Pub. L. 110-343 substituted “2009” for “2007” in pars. (1) and (2).

2006—Subsec. (f). Pub. L. 109-432 substituted “2007” for “2005” in pars. (1) and (2).

2004—Subsec. (f). Pub. L. 108-311 substituted “2005” for “2003” in pars. (1) and (2).

2000—Subsec. (d). Pub. L. 106-554, §1(a)(7) [title I, §113(c)], amended heading and text of subsec. (d) generally, striking out par. (1) designation and heading and par. (2), which provided that there would be no decrease of empowerment zone employment credit in 2002.

Subsec. (e). Pub. L. 106-554, §1(a)(7) [title I, §116(b)(5)], substituted “section 1397C” for “section 1397B”.

Subsec. (f). Pub. L. 106-554, §1(a)(7) [title I, §164(a)(1)], substituted “2003” for “2002” in pars. (1) and (2).

1998—Subsec. (b)(2)(B). Pub. L. 105-206 inserted “as determined on the basis of the 1990 census” after “percent”.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-312, title VII, §754(e), Dec. 17, 2010, 124 Stat. 3322, provided that:

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section [amending this section and sections 1400A to 1400C of this title] shall apply to periods after December 31, 2009.

“(2) TAX-EXEMPT DC EMPOWERMENT ZONE BONDS.—The amendment made by subsection (b) [amending section 1400A of this title] shall apply to bonds issued after December 31, 2009.

“(3) ACQUISITION DATES FOR ZERO-PERCENT CAPITAL GAINS RATE.—The amendments made by subsection (c) [amending section 1400B of this title] shall apply to property acquired or substantially improved after December 31, 2009.

“(4) HOMEBUYER CREDIT.—The amendment made by subsection (d) [amending section 1400C of this title] shall apply to homes purchased after December 31, 2009.”

EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-343, div. C, title III, §322(a)(2), Oct. 3, 2008, 122 Stat. 3873, provided that: “The amendments made by this subsection [amending this section] shall apply to periods beginning after December 31, 2007.”

EFFECTIVE DATE OF 2006 AMENDMENT

Pub. L. 109-432, div. A, title I, §110(a)(2), Dec. 20, 2006, 120 Stat. 2939, provided that: “The amendments made by this subsection [amending this section] shall apply to periods beginning after December 31, 2005.”

EFFECTIVE DATE OF 2004 AMENDMENT

Pub. L. 108-311, title III, §310(e), Oct. 4, 2004, 118 Stat. 1180, provided that:

<sup>1</sup> So in original. The second “than” probably should not appear.

“(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending this section and sections 1400A to 1400C and 1400F of this title] shall take effect on January 1, 2004.

“(2) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—The amendment made by subsection (b) [amending section 1400A of this title] shall apply to obligations issued after the date of the enactment of this Act [Oct. 4, 2004].”

#### EFFECTIVE DATE OF 2000 AMENDMENT

Amendment by section 1(a)(7) [title I, § 113(c)] of Pub. L. 106-554 applicable to wages paid or incurred after Dec. 31, 2001, see section 1(a)(7) [title I, § 113(d)] of Pub. L. 106-554, set out as a note under section 1396 of this title.

Amendment by section 1(a)(7) [title I, § 116(b)(5)] of Pub. L. 106-554 applicable to qualified empowerment zone assets acquired after Dec. 21, 2000, see section 1(a)(7) [title I, § 116(c)] of Pub. L. 106-554, set out as a note under section 1016 of this title.

#### EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 6024 of Pub. L. 105-206, set out as a note under section 1 of this title.

### § 1400A. Tax-exempt economic development bonds

#### (a) In general

In the case of the District of Columbia Enterprise Zone, subparagraph (A) of section 1394(c)(1) (relating to limitation on amount of bonds) shall be applied by substituting “\$15,000,000” for “\$3,000,000” and section 1394(b)(3)(B)(iii) shall be applied without regard to the employee residency requirement.

#### (b) Period of applicability

This section shall apply to bonds issued during the period beginning on January 1, 1998, and ending on December 31, 2011.

(Added Pub. L. 105-34, title VII, § 701(a), Aug. 5, 1997, 111 Stat. 864; amended Pub. L. 105-206, title VI, § 6008(b), July 22, 1998, 112 Stat. 811; Pub. L. 106-554, § 1(a)(7) [title I, § 164(a)(2)], Dec. 21, 2000, 114 Stat. 2763, 2763A-625; Pub. L. 108-311, title III, § 310(b), Oct. 4, 2004, 118 Stat. 1180; Pub. L. 109-432, div. A, title I, § 110(b)(1), Dec. 20, 2006, 120 Stat. 2939; Pub. L. 110-343, div. C, title III, § 322(b)(1), Oct. 3, 2008, 122 Stat. 3873; Pub. L. 111-312, title VII, § 754(b), Dec. 17, 2010, 124 Stat. 3321.)

#### AMENDMENTS

2010—Subsec. (b). Pub. L. 111-312 substituted “2011” for “2009”.

2008—Subsec. (b). Pub. L. 110-343 substituted “2009” for “2007”.

2006—Subsec. (b). Pub. L. 109-432 substituted “2007” for “2005”.

2004—Subsec. (b). Pub. L. 108-311 substituted “2005” for “2003”.

2000—Subsec. (b). Pub. L. 106-554 substituted “2003” for “2002”.

1998—Subsec. (a). Pub. L. 105-206 inserted before the period at end “and section 1394(b)(3)(B)(iii) shall be applied without regard to the employee residency requirement”.

#### EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-312 applicable to bonds issued after Dec. 31, 2009, see section 754(e)(2) of Pub. L. 111-312, set out as a note under section 1400 of this title.

#### EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-343, div. C, title III, § 322(b)(2), Oct. 3, 2008, 122 Stat. 3874, provided that: “The amendment made by this subsection [amending this section] shall apply to bonds issued after December 31, 2007.”

#### EFFECTIVE DATE OF 2006 AMENDMENT

Pub. L. 109-432, div. A, title I, § 110(b)(2), Dec. 20, 2006, 120 Stat. 2939, provided that: “The amendment made by this subsection [amending this section] shall apply to bonds issued after December 31, 2005.”

#### EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108-311 applicable to obligations issued after Oct. 4, 2004, see section 310(e)(2) of Pub. L. 108-311, set out as a note under section 1400 of this title.

#### EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 6024 of Pub. L. 105-206, set out as a note under section 1 of this title.

### § 1400B. Zero percent capital gains rate

#### (a) Exclusion

Gross income shall not include qualified capital gain from the sale or exchange of any DC Zone asset held for more than 5 years.

#### (b) DC Zone asset

For purposes of this section—

##### (1) In general

The term “DC Zone asset” means—

- (A) any DC Zone business stock,
- (B) any DC Zone partnership interest, and
- (C) any DC Zone business property.

##### (2) DC Zone business stock

###### (A) In general

The term “DC Zone business stock” means any stock in a domestic corporation which is originally issued after December 31, 1997, if—

- (i) such stock is acquired by the taxpayer, before January 1, 2012, at its original issue (directly or through an underwriter) solely in exchange for cash,
- (ii) as of the time such stock was issued, such corporation was a DC Zone business (or, in the case of a new corporation, such corporation was being organized for purposes of being a DC Zone business), and
- (iii) during substantially all of the taxpayer’s holding period for such stock, such corporation qualified as a DC Zone business.

###### (B) Redemptions

A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

##### (3) DC Zone partnership interest

The term “DC Zone partnership interest” means any capital or profits interest in a domestic partnership which is originally issued after December 31, 1997, if—

- (A) such interest is acquired by the taxpayer, before January 1, 2012, from the partnership solely in exchange for cash,
- (B) as of the time such interest was acquired, such partnership was a DC Zone busi-