

“(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-