

proprietorship that occur in or is located on the real property described in paragraphs (1) and (2) shall be treated as occurring or situated in an empowerment zone.

(Added Pub. L. 103-66, title XIII, §13301(a), Aug. 10, 1993, 107 Stat. 552, §1397B; amended Pub. L. 104-188, title I, §1703(m), Aug. 20, 1996, 110 Stat. 1877; Pub. L. 105-34, title IX, §956(a), Aug. 5, 1997, 111 Stat. 890; Pub. L. 106-170, title V, §532(c)(4), Dec. 17, 1999, 113 Stat. 1931; renumbered §1397C, Pub. L. 106-554, §1(a)(7) [title I, §116(a)(2)], Dec. 21, 2000, 114 Stat. 2763, 2763A-602.)

#### PRIOR PROVISIONS

A prior section 1397C was renumbered section 1397D of this title.

#### AMENDMENTS

2000—Pub. L. 106-554 renumbered section 1397B of this title as this section.

1999—Subsec. (e)(2). Pub. L. 106-170 substituted “section 1221(a)(4)” for “section 1221(4)”.

1997—Subsec. (b)(2). Pub. L. 105-34, §956(a)(1), substituted “50 percent” for “80 percent”.

Subsec. (b)(3). Pub. L. 105-34, §956(a)(2), substituted “a substantial portion” for “substantially all”.

Subsec. (b)(4). Pub. L. 105-34, §956(a)(2), (3), substituted “a substantial portion” for “substantially all” and struck out “, and exclusively related to,” after “entity is used in”.

Subsec. (b)(5). Pub. L. 105-34, §956(a)(2), substituted “a substantial portion” for “substantially all”.

Subsec. (c)(1). Pub. L. 105-34, §956(a)(1), substituted “50 percent” for “80 percent”.

Subsec. (c)(2). Pub. L. 105-34, §956(a)(2), substituted “a substantial portion” for “substantially all”.

Subsec. (c)(3). Pub. L. 105-34, §956(a)(2), (3), substituted “a substantial portion” for “substantially all” and struck out “, and exclusively related to,” after “business is used in”.

Subsec. (c)(4). Pub. L. 105-34, §956(a)(2), substituted “a substantial portion” for “substantially all”.

Subsec. (d)(2). Pub. L. 105-34, §956(a)(4), inserted concluding provisions.

Subsec. (d)(3). Pub. L. 105-34, §956(a)(5), substituted “at least 50 percent” for “substantially all”.

Subsec. (f). Pub. L. 105-34, §956(a)(6), added subsec. (f). 1996—Subsec. (d)(5)(B). Pub. L. 104-188 struck out “preceding” before “taxable year” in introductory provisions.

#### EFFECTIVE DATE OF 1999 AMENDMENT

Amendment by Pub. L. 106-170 applicable to any instrument held, acquired, or entered into, any transaction entered into, and supplies held or acquired on or after Dec. 17, 1999, see section 532(d) of Pub. L. 106-170, set out as a note under section 170 of this title.

#### EFFECTIVE DATE OF 1997 AMENDMENT

Pub. L. 105-34, title IX, §956(b), Aug. 5, 1997, 111 Stat. 891, provided that:

“(1) IN GENERAL.—The amendments made by this section [amending this section] shall apply to taxable years beginning on or after the date of the enactment of this Act [Aug. 5, 1997].

“(2) SPECIAL RULE FOR ENTERPRISE ZONE FACILITY BONDS.—For purposes of section 1394(b) of the Internal Revenue Code of 1986, the amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.”

#### EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-188 effective as if included in the provision of the Revenue Reconciliation Act of 1993, Pub. L. 103-66, §§13001-13444, to which such amendment relates, see section 1703(o) of Pub. L. 104-188, set out as a note under section 39 of this title.

## § 1397D. Qualified zone property defined

### (a) General rule

For purposes of this part—

#### (1) In general

The term “qualified zone property” means any property to which section 168 applies (or would apply but for section 179) if—

(A) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after the date on which the designation of the empowerment zone took effect,

(B) the original use of which in an empowerment zone commences with the taxpayer, and

(C) substantially all of the use of which is in an empowerment zone and is in the active conduct of a qualified business by the taxpayer in such zone.

#### (2) Special rule for substantial renovations

In the case of any property which is substantially renovated by the taxpayer, the requirements of subparagraphs (A) and (B) of paragraph (1) shall be treated as satisfied. For purposes of the preceding sentence, property shall be treated as substantially renovated by the taxpayer if, during any 24-month period beginning after the date on which the designation of the empowerment zone took effect, additions to basis with respect to such property in the hands of the taxpayer exceed the greater of (i) an amount equal to the adjusted basis at the beginning of such 24-month period in the hands of the taxpayer, or (ii) \$5,000.

### (b) Special rules for sale-leasebacks

For purposes of subsection (a)(1)(B), if property is sold and leased back by the taxpayer within 3 months after the date such property was originally placed in service, such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback.

(Added Pub. L. 103-66, title XIII, §13301(a), Aug. 10, 1993, 107 Stat. 554, §1397C; renumbered §1397D, Pub. L. 106-554, §1(a)(7) [title I, §116(a)(2)], Dec. 21, 2000, 114 Stat. 2763, 2763A-602.)

#### PRIOR PROVISIONS

A prior section 1397D was renumbered section 1397F of this title.

#### AMENDMENTS

2000—Pub. L. 106-554 renumbered section 1397C of this title as this section.

## PART IV—INCENTIVES FOR EDUCATION ZONES

Sec.  
[1397E. Repealed.]

#### AMENDMENTS

2017—Pub. L. 115-97, title I, §13404(c)(1), Dec. 22, 2017, 131 Stat. 2138, struck out item 1397E “Credit to holders of qualified zone academy bonds”.

1997—Pub. L. 105-34, title II, §226(a), Aug. 5, 1997, 111 Stat. 820, added part IV heading and item 1397E. Former part IV, consisting of section 1397D, redesignated V.