

109TH CONGRESS
1ST SESSION

S. 583

To amend the Internal Revenue Code of 1986 to provide for the proper tax treatment of certain disaster mitigation payments.

IN THE SENATE OF THE UNITED STATES

MARCH 9, 2005

Ms. LANDRIEU 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 for the proper tax treatment of certain disaster mitigation payments.

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. PROPER TAX TREATMENT OF CERTAIN DIS-**
4 **ASTER MITIGATION PAYMENTS.**

5 (a) **QUALIFIED DISASTER MITIGATION PAYMENTS**
6 **EXCLUDED FROM GROSS INCOME.—**

7 (1) **IN GENERAL.—**Section 139 of the Internal
8 Revenue Code of 1986 (relating to disaster relief
9 payments) is amended by adding at the end the fol-
10 lowing new subsections:

1 “(g) QUALIFIED DISASTER MITIGATION PAY-
2 MENTS.—

3 “(1) IN GENERAL.—Gross income shall not in-
4 clude any amount received as a qualified disaster
5 mitigation payment.

6 “(2) QUALIFIED DISASTER MITIGATION PAY-
7 MENT DEFINED.—For purposes of this section, the
8 term ‘qualified disaster mitigation payment’ means
9 any amount which is paid pursuant to the Robert T.
10 Stafford Disaster Relief and Emergency Assistance
11 Act (as in effect on the date of the enactment of this
12 subsection) or the National Flood Insurance Act (as
13 in effect on such date) to or for the benefit of the
14 owner of any property for hazard mitigation with re-
15 spect to such property. Such term shall not include
16 any amount received for the sale or disposition of
17 any property.

18 “(3) NO INCREASE IN BASIS.—Notwithstanding
19 any other provision of this subtitle, no increase in
20 the basis or adjusted basis of any property shall re-
21 sult from any amount excluded under this subsection
22 with respect to such property.

23 “(h) DENIAL OF DOUBLE BENEFIT.—Notwith-
24 standing any other provision of this subtitle, no deduction
25 or credit shall be allowed (to the person for whose benefit

1 a qualified disaster relief payment or qualified disaster
2 mitigation payment is made) for, or by reason of, any ex-
3 penditure to the extent of the amount excluded under this
4 section with respect to such expenditure.”.

5 (2) CONFORMING AMENDMENTS.—

6 (A) Subsection (d) of section 139 of such
7 Code is amended by striking “a qualified dis-
8 aster relief payment” and inserting “qualified
9 disaster relief payments and qualified disaster
10 mitigation payments”.

11 (B) Subsection (e) of section 139 of such
12 Code is amended by striking “and (f)” and in-
13 serting “, (f), and (g)”.

14 (b) CERTAIN DISPOSITIONS OF PROPERTY UNDER
15 HAZARD MITIGATION PROGRAMS TREATED AS INVOLUN-
16 TARY CONVERSIONS.—Section 1033 of such Code (relat-
17 ing to involuntary conversions) is amended by redesign-
18 ating subsection (k) as subsection (l) and by inserting
19 after subsection (j) the following new subsection:

20 “(k) SALES OR EXCHANGES UNDER CERTAIN HAZ-
21 ARD MITIGATION PROGRAMS.—For purposes of this sub-
22 title, if property is sold or otherwise transferred to the
23 Federal Government, a State or local government, or an
24 Indian tribal government to implement hazard mitigation
25 under the Robert T. Stafford Disaster Relief and Emer-

1 gency Assistance Act (as in effect on the date of the enact-
2 ment of this subsection) or the National Flood Insurance
3 Act (as in effect on such date), such sale or transfer shall
4 be treated as an involuntary conversion to which this sec-
5 tion applies.”.

6 (c) EFFECTIVE DATE.—

7 (1) QUALIFIED DISASTER MITIGATION PAY-
8 MENTS.—The amendments made by subsection (a)
9 shall apply to amounts received in taxable years end-
10 ing after December 31, 2003.

11 (2) DISPOSITIONS OF PROPERTY UNDER HAZ-
12 ARD MITIGATION PROGRAMS.—The amendments
13 made by subsection (b) shall apply to sales or other
14 dispositions in taxable years ending after December
15 31, 2003.

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