

116TH CONGRESS
2D SESSION

H. R. 7979

To amend the Internal Revenue Code of 1986 to provide a credit for owning certain disaster resilient property.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 7, 2020

Mr. PASCARELL (for himself, Mr. REED, Mr. DEFAZIO, and Mr. DIAZ-BALART) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for owning certain disaster resilient property.

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 “Disaster Savings and
5 Resilient Construction Act of 2020”.

6 **SEC. 2. DISASTER RESILIENT PROPERTY TAX CREDIT.**

7 (a) IN GENERAL.—Subpart B of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 is amended by inserting after section 30D the fol-
10 lowing new section:

1 **“SEC. 30E. DISASTER RESILIENT PROPERTY.**

2 “(a) GENERAL RULE.—There shall be allowed as a
3 credit against the tax imposed by this chapter for the tax-
4 able year an amount equal to the applicable amount for
5 each qualified building placed in service during the taxable
6 year.

7 “(b) APPLICABLE AMOUNT.—For purposes of sub-
8 section (a)—

9 “(1) COMMERCIAL PROPERTY.—In the case of a
10 qualified commercial property, the applicable amount
11 is the lesser of—

12 “(A) 1 percent of the cost of the building,

13 or

14 “(B) \$25,000 per building.

15 “(2) RESIDENTIAL PROPERTY.—In the case of a
16 qualified residential property, the applicable amount
17 is the lesser of—

18 “(A) 1 percent of the cost of the property,

19 or

20 “(B) \$3,000 per property.

21 “(c) QUALIFIED BUILDING.—For purposes of sub-
22 section (a)—

23 “(1) IN GENERAL.—The term ‘qualified build-
24 ing’ means a building—

1 “(A) owned by the taxpayer in a disaster
2 area determined as a result of a federally de-
3 clared major disaster,

4 “(B) the construction of which began after
5 the date of such disaster in that area,

6 “(C) which—

7 “(i) is qualified commercial property
8 placed in service for commercial purposes,
9 or

10 “(ii) is qualified residential property
11 placed in service for residential purposes,
12 and

13 “(D) for which a certificate of occupancy is
14 issued before the end of the 3-year period be-
15 ginning on the date of such disaster declaration
16 in that area.

17 “(2) QUALIFIED COMMERCIAL PROPERTY.—The
18 term ‘qualified commercial property’ means a build-
19 ing that is—

20 “(A) located in the United States,

21 “(B) defined in the scope of the most re-
22 cent International Building Code published by
23 the International Code Council, and

24 “(C) designed and constructed to meet re-
25 silient construction requirements.

1 “(3) QUALIFIED RESIDENTIAL PROPERTY.—

2 The term ‘qualified residential property’ means a
3 building that is—

4 “(A) located in the United States,

5 “(B) defined in the scope of the most re-
6 cent International Residential Code published
7 by the International Code Council, and

8 “(C) designed and constructed to meet re-
9 silient construction requirements.

10 “(d) RESILIENT CONSTRUCTION REQUIREMENTS.—

11 For purposes of this section—

12 “(1) IN GENERAL.—The resilient construction
13 requirements with respect to a property are that the
14 property is designed and constructed to—

15 “(A) resist hazards brought on by a major
16 disaster and continues to provide its primary
17 functions after a major disaster,

18 “(B) reduce the magnitude or duration of
19 a disruptive event, and

20 “(C) have the absorptive capacity, adaptive
21 capacity, and recoverability to withstand a po-
22 tentially disruptive event.

23 “(2) TREATED AS MEETING RESILIENCY RE-
24 QUIREMENTS.—For purposes of paragraph (1)—

1 “(A) in the case of a qualified commercial
2 property, the property shall be treated as meet-
3 ing the requirements specified in paragraph (1)
4 if the property is a building which—

5 “(i) was designed to meet the require-
6 ments of the most recent International
7 Building Code published by the Inter-
8 national Code Council and meets the FOR-
9 TIFIED Commercial Wind Standard pub-
10 lished by the Insurance Institute for Busi-
11 ness and Home Safety, or the most recent
12 International Wildland Urban Interface
13 Code published by the International Code
14 Council,

15 “(ii) in the case of a substantial ren-
16 ovation, such renovation meets the require-
17 ments of—

18 “(I) the most recent Inter-
19 national Building Code published by
20 the International Code Council and
21 the FORTIFIED Commercial Wind
22 Standard published by the Insurance
23 Institute for Business and Home
24 Safety, or

1 “(II) the most recent Inter-
2 national Wildland Urban Interface
3 Code published by the International
4 Code Council, or

5 “(iii) in the case of a qualified com-
6 mercial property in a high seismic hazard
7 zone, was designed and built to achieve a
8 reduction in the earthquake risks relative
9 to code-designed buildings by minimizing
10 building damage and promoting contin-
11 gency planning for utility disruption and
12 other threats to functional recovery that
13 are described in the U.S. Resiliency Coun-
14 cil Rating System with specific design cri-
15 teria achieving the Platinum or Gold rat-
16 ing, and

17 “(B) in the case of a qualified residential
18 property, the property shall be treated as meet-
19 ing the requirements specified in paragraph (1)
20 if—

21 “(i) the property is a building
22 which—

23 “(I) was designed to meet the re-
24 quirements of the most recent Inter-
25 national Residential Code published

1 by the International Code Council,
2 and received a FORTIFIED Roof,
3 FORTIFIED Silver, or FORTIFIED
4 Gold designation from the Insurance
5 Institute for Business and Home
6 Safety, or

7 “(II) was designed to meet or ex-
8 ceed the requirements of the most re-
9 cent Standard for Residential Con-
10 struction in High-Wind Regions or
11 International Wildland Urban Inter-
12 face Code published by the Inter-
13 national Code Council, or

14 “(ii) in the case of a substantial ren-
15 ovation, such renovation meets—

16 “(I) the requirements of the most
17 recent International Residential Code
18 published by the International Code
19 Council and the requirements of the
20 FORTIFIED Roof Standards pub-
21 lished by the Insurance Institute for
22 Business and Home Safety, or

23 “(II) the requirements of the
24 most recent Standard for Residential
25 Construction in High-Wind Regions

1 or International Wildland Urban
2 Interface Code published by the Inter-
3 national Code Council.

4 “(3) ABSORPTIVE CAPACITY.—The term ‘ab-
5 sorptive capacity’ means the ability of the construc-
6 tion to endure a disruption without significant devi-
7 ation from normal operating performance.

8 “(4) ADAPTIVE CAPACITY.—The term ‘adaptive
9 capacity’ means the ability of the construction to
10 adapt to a drastic change in normal operating condi-
11 tions.

12 “(5) RECOVERABILITY.—The term
13 ‘recoverability’ means the ability of the construction
14 to recover quickly, and at low cost, from potentially
15 disruptive events.

16 “(e) OTHER DEFINITIONS.—For purposes of this
17 section:

18 “(1) CONSTRUCTION.—The term ‘construction’
19 includes new construction and reconstruction and re-
20 habilitation that meets resilient construction require-
21 ments.

22 “(2) FEDERALLY DECLARED MAJOR DIS-
23 ASTER.—The term ‘federally declared major dis-
24 aster’ means a disaster subsequently determined by
25 the President to be a ‘major disaster’ that warrants

1 assistance by the Federal Government under the
2 Robert T. Stafford Disaster Relief and Emergency
3 Assistance Act.

4 “(3) DISASTER AREA.—The term ‘disaster area’
5 means the area so determined to warrant such as-
6 sistance.

7 “(4) MOST RECENT EDITIONS.—The term
8 ‘most recent’ means, with respect to relevant na-
9 tional consensus-based codes, and specifications and
10 standards referenced therein, either of the two most
11 recent published editions, including, if any, amend-
12 ments made by State, local, tribal, or territorial gov-
13 ernments during the adoption process, that incor-
14 porate the latest natural hazard-resistant designs
15 and establish criteria for the design, construction,
16 and maintenance of structures and facilities that
17 may be eligible for assistance under this section for
18 the purposes of protecting the health, safety, and
19 general welfare of a building’s users against disas-
20 ters.

21 “(f) APPLICATION WITH OTHER CREDITS.—

22 “(1) BUSINESS CREDIT TREATED AS PART OF
23 GENERAL BUSINESS CREDIT.—So much of the credit
24 which would be allowed under subsection (a) for any
25 taxable year (determined without regard to this sub-

1 section) that is attributable to property of a char-
2 acter subject to an allowance for depreciation shall
3 be treated as a credit listed in section 38(b) for such
4 taxable year (and not allowed under subsection (a)).

5 “(2) PERSONAL CREDIT.—For purposes of this
6 title, the credit allowed under subsection (a) for any
7 taxable year (determined after application of para-
8 graph (1)) shall be treated as a credit allowable
9 under subpart A for such taxable year.

10 “(g) BASIS REDUCTION.—For purposes of this sub-
11 title, the basis of any property for which a credit is allow-
12 able under subsection (a) shall be reduced by the amount
13 of such credit so allowed.

14 “(h) TERMINATION.—This section shall not apply to
15 any property for which a certificate for occupancy is issued
16 after December 31, 2022.”.

17 (b) CREDIT MADE PART OF GENERAL BUSINESS
18 CREDIT.—Section 38(b) of such Code is amended by strik-
19 ing “plus” at the end of paragraph (31), by striking the
20 period at the end of paragraph (32) and inserting “, plus”,
21 and by adding at the end the following new paragraph:

22 “(33) the portion of the disaster resilient prop-
23 erty credit described in section 30E(f)(1).”.

24 (c) BASIS ADJUSTMENT.—Section 1016(a) of such
25 Code is amended by striking “and” at the end of para-

1 graph (37), by striking the period at the end of paragraph
2 (38) and inserting “, and”, and by adding at the end the
3 following new paragraph:

4 “(39) to the extent provided in section 30E(g),
5 in the case of amounts with respect to which a credit
6 has been allowed under section 30E.”.

7 (d) CLERICAL AMENDMENT.—The table of sections
8 for subpart B of part IV of subchapter A of chapter 1
9 of such Code is amended by inserting after the item relat-
10 ing to section 30D the following new item:

 “Sec. 30E. Disaster resilient property.”.

11 (e) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to property for which a certificate
13 of occupancy is issued after the date of the enactment of
14 this Act.

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