H. R. 4675

To amend the Internal Revenue Code of 1986 to exclude from gross income amounts received from State-based catastrophe loss mitigation programs.

IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2021

Mr. THOMPSON of California (for himself, Mr. PANETTA, Mr. AGUILAR, Mr. GARAMENDI, Mr. ROUZER, Mr. RICE of South Carolina, Ms. CHU, Ms. SEWELL, Ms. SÁNCHEZ, Mr. BERA, Ms. SPEIER, Mr. GOMEZ, and Mr. CALVERT) 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 exclude from gross income amounts received from State-based catastrophe loss mitigation programs.

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 Mitigation
5 and Tax Parity Act of 2021”.

SEC. 2. EXCLUSION OF AMOUNTS RECEIVED FROM STATE-BASED CATASTROPHE LOSS MITIGATION PROGRAMS.

(a) In general.—Section 139 of the Internal Revenue Code of 1986 is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

“(h) State-Based Catastrophe Loss Mitigation Programs.—

“(1) In general.—Gross income shall not include any amount received by an individual as a qualified catastrophe mitigation payment under a program established by—

“(A) a State, 

“(B) a political subdivision or instrumentality thereof, or

“(C) an entity established under State charter,

for the purpose of making such payments.

“(2) Qualified catastrophe mitigation payment.—For purposes of this section, the term ‘qualified catastrophe mitigation payment’ means any amount which is received by an individual to make improvements to such individual’s residence for the sole purpose of reducing the damage that
would be done to such residence by a windstorm, earthquake, or wildfire.

“(3) NO INCREASE IN BASIS.—Rules similar to the rules of subsection (g)(3) shall apply in the case of this subsection.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 139(d) is amended by striking “and qualified” and inserting “, qualified catastrophe mitigation payments, and qualified”.

(2) Section 139(i) (as redesignated by subsection (a)) is amended by striking “or qualified” and inserting “, qualified catastrophe mitigation payment, or qualified”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.