113TH CONGRESS
1ST SESSION

H. R. 1268

To amend the Internal Revenue Code of 1986 to provide a credit for qualified flood mitigation expenses incurred with respect to certain residences for which the chargeable premium rate under the national flood insurance program is increasing and to provide increased funding for mitigation programs.

IN THE HOUSE OF REPRESENTATIVES

March 19, 2013

Mr. Palazzo introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Transportation and Infrastructure, Financial Services, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for qualified flood mitigation expenses incurred with respect to certain residences for which the chargeable premium rate under the national flood insurance program is increasing and to provide increased funding for mitigation programs.

Be it enacted by the Senate and House of Representa-

tives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.
This Act may be cited as the “Flood Mitigation Expense Relief Act of 2013”.

SEC. 2. CREDIT FOR CERTAIN QUALIFIED FLOOD MITIGATION EXPENSES.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 30E. QUALIFIED FLOOD MITIGATION EXPENSES.

“(a) IN GENERAL.—In the case of a qualified taxpayer, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the qualified flood mitigation expenses paid or incurred by the taxpayer for the taxable year.

“(b) LIMITATIONS.—The amount allowed as a credit under subsection (a) for a taxable year shall not exceed $5,000.

“(c) QUALIFIED TAXPAYER.—

“(1) IN GENERAL.—For purposes of this section, the term ‘qualified taxpayer’ means taxpayer who—

“(A) is the holder of a policy for flood insurance coverage under the national flood insurance program under the National Flood Insu-
surance Act of 1968 (42 U.S.C. 4011 et seq.),

and

“(B) owns property—

“(i) which is covered by such policy for flood insurance coverage under which the chargeable premium rate as of the date of the enactment of the Biggert-Waters Flood Insurance Reform Act of 2012 (title II of division F of Public Law 112–141) is less than the applicable estimated risk premium rate under section 1307(a)(1) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(a)(1)) for the area (or subdivision thereof) in which the property is located,

“(ii) for which such chargeable premium rate was increased or will increase, as a result of any provision of the Biggert-Waters Flood Insurance Reform Act of 2012, to the applicable estimated risk premium rate under such section 1307(a)(1) for such area (or subdivision), and

“(iii) which—

“(I) has an elevation lower than the base flood elevation, as deter-
mined by the applicable flood insurance rate map, or

“(II) is located in an area that, after the date of the enactment of the Biggert-Waters Flood Insurance Reform Act of 2012, has been designated as having a higher flood risk than the flood risk designated for the area as of such date of enactment.

“(2) BUSINESS EMPLOYERS MUST BE SMALL.—

“(A) IN GENERAL.—In the case of a taxpayer which is a trade or business, for purposes of this section the term ‘qualified taxpayer’ shall not include any taxpayer which employed an average of more than 50 employees on business days during such taxable year.

“(B) CONTROLLED GROUPS.—For purposes of subparagraph (A), all persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single employer.

“(d) QUALIFIED FLOOD MITIGATION EXPENSES.—The term ‘qualified flood mitigation expenses’ shall have the meaning given such term by the Administrator of the Federal Emergency Management Agency.
“(e) Partnership, S Corporations, and Other Pass-Thru Entities.—In the case of a partnership, trust, S corporation, or other pass-thru entity, the credit and limitations contained in this section shall be determined at the entity level.

“(f) Application With Other Credits.—

“(1) Business Credit Treated as Part of General Business Credit.—So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is determined with respect to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

“(2) Personal Credit.—For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart C for such taxable year.

“(g) Termination.—Subsection (a) shall not apply to any amount paid or incurred after December 31, 2022.”.

(b) Conforming Amendments.—
(1) Section 38(b) of the Internal Revenue Code of 1986 is amended by striking “plus” at the end of paragraph (35), by striking the period at the end of section (36) and inserting “, plus”, and by inserting after paragraph (36) the following new paragraph:

“(37) the portion of the credit for qualified flood mitigation expenses to which section 30E(f)(1) applies.”.

(2) Section 1324(b)(2) of title 31, United States Code, is amended by inserting “30E(f)(2),” after “25A,.”.

(3) The table of sections for subpart B of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

“Sec. 30E. Qualified flood mitigation expenses.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after December 31, 2012.

SEC. 3. INCREASED FUNDING FOR MITIGATION PROGRAMS.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Administrator of the Federal Emergency Management Agency—

(1) $100,000,000 for carrying out the predisaster hazard mitigation program authorized by section 203 of the Robert T. Stafford Disaster Relief
and Emergency Assistance Act (42 U.S.C. 5133);
and

(2) $100,000,000 for carrying out the flood mitigation assistance program authorized by section 1366 of the National Flood Insurance Act of 1969 (42 U.S.C. 4104c), which shall remain available until expended.

(b) Use of Funds.—In carrying out the programs specified in subsection (a) using the amounts made available to the Administrator under this section, the Administrator shall ensure that such amounts are used as follows:

(1) Activities.—Such amounts may be used only for—

(A) mitigation activities under such programs for properties eligible pursuant to paragraph (2); and

(B) acquisition by States and communities of properties eligible pursuant to paragraph (2).

(2) Properties.—Such amounts may be used only with respect to properties that—

(A) are located in an area for which revised flood insurance rate maps under the national flood insurance program take effect after the date of the enactment of the Biggert-Waters Flood Insurance Reform Act of 2012
(subtitle A of title II of division F of Public Law 112–141; 126 Stat. 916); and

(B)(i) have an elevation that is lower than the base flood elevation for the area in which the property is located, as determined by the applicable such flood insurance rate map; or

(ii) are located in an area that, after the date of the enactment of the Biggert-Waters Flood Insurance Reform Act of 2012, has been designated as having a higher flood risk than the flood risk designated for the area as of such date of enactment.

SEC. 4. REPEAL OF ENERGY STAR PROGRAM.

The Energy Star program of the United States Department of Energy and the United States Environmental Protection Agency is hereby terminated and any appropriation or amount otherwise made available for such program which is not obligated or expended as of the date of the enactment of this Act is hereby rescinded.