

119TH CONGRESS
2D SESSION

H. R. 5366

AN ACT

To amend the Internal Revenue Code of 1986 to codify and extend the rules for personal casualty losses arising from major disasters and the rules for the exclusion from gross income of compensation for losses or damages resulting from certain wildfires.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Doug LaMalfa Federal
3 Disaster Tax Relief Certainty Act”.

4 **SEC. 2. CODIFICATION AND EXTENSION OF RULES FOR**
5 **CASUALTY LOSSES ARISING FROM MAJOR**
6 **DISASTERS.**

7 (a) IN GENERAL.—Section 165(h) of the Internal
8 Revenue Code of 1986 is amended by adding at the end
9 the following new paragraph:

10 “(6) SPECIAL RULE FOR QUALIFIED NET DIS-
11 ASTER LOSSES.—

12 “(A) IN GENERAL.—If an individual has a
13 qualified net disaster loss for any taxable year,
14 the amount determined under paragraph
15 (2)(A)(ii) shall be the sum of—

16 “(i) such qualified net disaster loss,
17 and

18 “(ii) so much of the excess referred to
19 in the matter preceding clause (i) of para-
20 graph (2)(A) (reduced by the amount in
21 clause (i) of this subparagraph) as exceeds
22 10 percent of the adjusted gross income of
23 the individual.

24 “(B) QUALIFIED NET DISASTER LOSS.—
25 For purposes of subparagraph (A), the term

1 ‘qualified net disaster loss’ means the excess (if
2 any) of—

3 “(i) qualified disaster-related personal
4 casualty losses, over

5 “(ii) personal casualty gains reduced
6 by the portion of such gains taken into ac-
7 count under paragraph (5)(B)(i).

8 “(C) QUALIFIED DISASTER-RELATED PER-
9 SONAL CASUALTY LOSSES.—For purposes of
10 this paragraph—

11 “(i) IN GENERAL.—The term ‘quali-
12 fied disaster-related personal casualty
13 losses’ means losses described in subsection
14 (c)(3) (determined after application of
15 paragraph (1)) which arise in a qualified
16 disaster area on or after the first day of
17 the incident period of the qualified disaster
18 to which such area relates, and which are
19 attributable to such disaster.

20 “(ii) QUALIFIED DISASTER AREA.—
21 The term ‘qualified disaster area’ means
22 any area with respect to which a major
23 disaster has been declared by the President
24 under section 401 of the Robert T. Staf-
25 ford Disaster Relief and Emergency Assist-

1 ance Act if the incident period of the dis-
2 aster with respect to which such declara-
3 tion is made begins on or after December
4 28, 2019, and before January 1, 2027.

5 “(iii) QUALIFIED DISASTER.—The
6 term ‘qualified disaster’ means, with re-
7 spect to any qualified disaster area, the
8 disaster by reason of which a major dis-
9 aster was declared with respect to such
10 area.

11 “(iv) INCIDENT PERIOD.—The term
12 ‘incident period’ means, with respect to
13 any qualified disaster, the period specified
14 by the Federal Emergency Management
15 Agency as the period during which such
16 disaster occurred.”.

17 (b) DOLLAR LIMITATION.—Section 165(h)(1) of such
18 Code is amended by striking “\$500 (\$100 for taxable
19 years beginning after December 31, 2009)” and inserting
20 “\$100 (\$500 in the case of any qualified disaster-related
21 personal casualty losses (as defined in paragraph (6)(C))”.

22 (c) DEDUCTION ALLOWED TO INDIVIDUALS WHO DO
23 NOT ELECT TO ITEMIZE DEDUCTIONS.—Section 63(b) of
24 such Code is amended—

1 (1) by striking “and” at the end of paragraph
2 (6) and inserting a comma,

3 (2) by striking the period at the end of para-
4 graph (7) and inserting “, and”, and

5 (3) by adding at the end the following new
6 paragraph:

7 “(8) so much of the deduction allowed by sec-
8 tion 165(a) as is attributable to the qualified net
9 disaster loss (as defined in section 165(h)(6)(B)).”.

10 (d) EFFECTIVE DATE.—

11 (1) IN GENERAL.—The amendments made by
12 this section shall apply to taxable years beginning
13 after December 31, 2024.

14 (2) COORDINATION WITH SUPERCEDED PROVI-
15 SIONS.—Section 304(b) of the Taxpayer Certainty
16 and Disaster Tax Relief Act of 2020 (division EE of
17 Public Law 116–260) and section 70438 of Public
18 Law 119–21 shall not apply to any taxable year be-
19 ginning after December 31, 2024.

1 **SEC. 3. CODIFICATION AND EXTENSION OF EXCLUSION**
2 **FROM GROSS INCOME OF COMPENSATION**
3 **FOR LOSSES OR DAMAGES RESULTING FROM**
4 **CERTAIN WILDFIRES.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-
6 ter 1 of the Internal Revenue Code of 1986 is amended
7 by inserting before section 140 the following new section:

8 **“SEC. 139M. COMPENSATION FOR LOSSES OR DAMAGES RE-**
9 **SULTING FROM CERTAIN WILDFIRES.**

10 “(a) IN GENERAL.—Gross income shall not include
11 any amount received by an individual as a qualified wild-
12 fire relief payment.

13 “(b) QUALIFIED WILDFIRE RELIEF PAYMENT.—For
14 purposes of this section—

15 “(1) IN GENERAL.—The term ‘qualified wildfire
16 relief payment’ means any amount received by or on
17 behalf of an individual as compensation for losses,
18 expenses, or damages (including compensation for
19 additional living expenses, lost wages (other than
20 compensation for lost wages paid by the employer
21 which would have otherwise paid such wages), per-
22 sonal injury, death, or emotional distress) incurred
23 as a result of a qualified wildfire disaster, but only
24 to the extent the losses, expenses, or damages com-
25 pensated by such payment are not compensated for
26 by insurance or otherwise.

1 “(2) QUALIFIED WILDFIRE DISASTER.—The
 2 term ‘qualified wildfire disaster’ means any Feder-
 3 ally declared disaster (as defined in section
 4 165(i)(5)(A)) declared after December 31, 2014,
 5 and before January 1, 2027, as a result of any for-
 6 est or range fire.

7 “(c) DENIAL OF DOUBLE BENEFIT.—Notwith-
 8 standing any other provision of this title—

9 “(1) no deduction or credit shall be allowed (to
 10 the individual for whose benefit a qualified wildfire
 11 relief payment is made) for, or by reason of, any ex-
 12 penditure to the extent of the amount excluded
 13 under this section with respect to such expenditure,
 14 and

15 “(2) no increase in the basis or adjusted basis
 16 of any property shall result from any amount ex-
 17 cluded under this section with respect to such prop-
 18 erty.”.

19 (b) CLERICAL AMENDMENT.—The table of sections
 20 for part III of subchapter B of chapter 1 of such Code
 21 is amended by inserting before the item related to section
 22 140 the following new item:

 “Sec. 139M. Compensation for losses or damages resulting from certain
 wildfires.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to payments received in taxable
3 years beginning after December 31, 2025.

Passed the House of Representatives April 27, 2026.

Attest:

Clerk.

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