

119TH CONGRESS  
1ST SESSION

# H. R. 6763

To amend the Internal Revenue Code of 1986 to provide a credit against tax for disaster mitigation expenditures.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 16, 2025

Ms. SALAZAR (for herself, Ms. PETTERSEN, Mr. GIMENEZ, and Mr. PETERS) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against tax for disaster mitigation expenditures.

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 “Shelter Act”.

5 **SEC. 2. NONREFUNDABLE PERSONAL CREDIT FOR DIS-**  
6 **ASTER MITIGATION EXPENDITURES.**

7 (a) IN GENERAL.—Subpart A of part IV of sub-  
8 chapter A of chapter 1 of the Internal Revenue Code of  
9 1986, as amended by section 70411 of Public Law 119–

1 21, is amended by inserting after section 25F the fol-  
2 lowing new section:

3 **“SEC. 25G. DISASTER MITIGATION EXPENDITURES.**

4 “(a) ALLOWANCE OF CREDIT.—

5 “(1) IN GENERAL.—In the case of an indi-  
6 vidual, there shall be allowed as a credit against the  
7 tax imposed by this chapter for the taxable year an  
8 amount equal to 25 percent of the qualified disaster  
9 mitigation expenditures made by the taxpayer during  
10 such taxable year.

11 “(2) ANNUAL LIMITATION.—Subject to sub-  
12 section (b), the credit allowed to a taxpayer under  
13 paragraph (1) for any taxable year shall not exceed  
14 \$3,750 (or, in the case of a joint return, \$7,500).

15 “(3) CUMULATIVE LIMITATION PER QUALIFIED  
16 DWELLING UNIT.—Subject to subsection (b), the  
17 credit allowed under paragraph (1) with respect to  
18 a qualified dwelling unit of the taxpayer for any tax-  
19 able year shall not exceed the excess (if any) of  
20 \$15,000 over the aggregate credits allowed under  
21 such paragraph with respect to such qualified dwell-  
22 ing unit for all prior taxable years ending after De-  
23 cember 31, 2025.

24 “(b) INCOME PHASEOUT.—

1           “(1) IN GENERAL.—The amount of the credit  
2           allowed under subsection (a)(1) for the taxable year  
3           shall be reduced (but not below zero) by an amount  
4           which bears the same ratio to the amount under  
5           such subsection as—

6                   “(A) the amount (not less than zero) equal  
7                   to the adjusted gross income of the taxpayer for  
8                   such taxable year minus \$100,000, bears to

9                   “(B) \$50,000.

10           “(2) INFLATION ADJUSTMENT.—In the case of  
11           any taxable year after 2026, each of the dollar  
12           amounts under paragraph (1) shall be increased by  
13           an amount equal to—

14                   “(A) such dollar amount, multiplied by

15                   “(B) the cost-of-living adjustment deter-  
16                   mined under section 1(f)(3) for the calendar  
17                   year in which the taxable year begins, deter-  
18                   mined by substituting ‘calendar year 2025’ for  
19                   ‘calendar year 2016’ in subparagraph (A)(ii)  
20                   thereof.

21           “(3) ROUNDING.—If any reduction determined  
22           under paragraph (1) is not a multiple of \$50, or any  
23           increase under paragraph (2) is not a multiple of  
24           \$50, such amount shall be rounded to the nearest  
25           multiple of \$50.

1           “(4) JOINT RETURN.—If a joint return is filed  
 2           by the taxpayer for the taxable year, for purposes of  
 3           determining the amount of any reduction under  
 4           paragraph (1) for such taxable year, the dollar  
 5           amounts under such paragraph (after application of  
 6           paragraphs (2) and (3)) shall be doubled.

7           “(c) DEFINITIONS.—For purposes of this section—

8           “(1) QUALIFIED DISASTER MITIGATION EX-  
 9           PENDITURE.—

10           “(A) IN GENERAL.—Subject to subpara-  
 11           graphs (B) and (C), the term ‘qualified disaster  
 12           mitigation expenditure’ means an expenditure  
 13           relating to a qualified dwelling unit—

14           “(i) for property to—

15           “(I) improve the strength of a  
 16           roof deck attachment,

17           “(II) create a secondary water  
 18           barrier to prevent water intrusion or  
 19           mitigate against potential water intru-  
 20           sion from wind-driven rain,

21           “(III) improve the durability, im-  
 22           pact resistance (not less than class 3  
 23           or 4 rating), or fire resistance (not  
 24           less than class A rating) of a roof cov-  
 25           ering,

1 “(IV) brace gable-end walls,

2 “(V) reinforce the connection be-  
3 tween a roof and supporting wall,

4 “(VI) protect openings from pen-  
5 etration by wind-borne debris,

6 “(VII) protect exterior doors and  
7 garages from natural hazards,

8 “(VIII) complete measures con-  
9 tained in the publication of the Fed-  
10 eral Emergency Management Agency  
11 entitled ‘Wind Retrofit Guide for Res-  
12 idential Buildings’ (P-804),

13 “(IX) elevate the qualified dwell-  
14 ing unit, as well as utilities, machin-  
15 ery, or equipment, above the base  
16 flood elevation or other applicable  
17 minimum elevation requirement,

18 “(X) seal walls in the basement  
19 of the qualified dwelling unit using  
20 waterproofing compounds, or

21 “(XI) protect propane tanks or  
22 other external fuel sources,

23 “(ii) to install—

24 “(I) check valves to prevent flood  
25 water from backing up into drains,

1 “(II) flood vents, breakaway  
2 walls or open lattice for homes located  
3 in V zones,

4 “(III) a stormwater drainage sys-  
5 tem or improve an existing system,

6 “(IV) natural or nature-based  
7 features for flood control, including  
8 living shorelines,

9 “(V) roof coverings, sheathing,  
10 flashing, roof and attic vents, eaves,  
11 or gutters that conform to ignition-re-  
12 sistant construction standards,

13 “(VI) wall components for wall  
14 assemblies that conform to ignition-re-  
15 sistant construction standards,

16 “(VII) a wall-to-foundation an-  
17 chor or connector, or a shear transfer  
18 anchor or connector,

19 “(VIII) wood structural panel  
20 sheathing for strengthening cripple  
21 walls,

22 “(IX) anchorage of the masonry  
23 chimney to the framing,

24 “(X) prefabricated lateral resist-  
25 ing systems,

1 “(XI) a standby generator sys-  
2 tem consisting of a standby generator  
3 and an automatic transfer switch,

4 “(XII) a storm shelter that meets  
5 the design and construction standards  
6 established by the International Code  
7 Council and the National Storm Shel-  
8 ter Association (ICC–500), or a safe  
9 room that satisfies the criteria con-  
10 tained in—

11 “(aa) the publication of the  
12 Federal Emergency Management  
13 Agency entitled ‘Safe Rooms for  
14 Tornadoes and Hurricanes’ (P–  
15 361), or

16 “(bb) the publication of the  
17 Federal Emergency Management  
18 Agency entitled ‘Taking Shelter  
19 from the Storm’ (P–320),

20 “(XIII) a lightning protection  
21 system,

22 “(XIV) exterior walls, doors, win-  
23 dows, or other exterior dwelling unit  
24 elements that conform to ignition-re-  
25 sistant construction standards,

1           “(XV) exterior deck or fence  
2 components that conform to ignition-  
3 resistant construction standards,

4           “(XVI) structure-specific water  
5 hydration systems, including fire miti-  
6 gation systems such as interior and  
7 exterior sprinkler systems,

8           “(XVII) water capture and deliv-  
9 ery systems to accommodate drought  
10 events or to decrease water use, in-  
11 cluding the design of such systems,

12           “(XVIII) flood openings for fully  
13 enclosed areas below the lowest floor  
14 of the dwelling unit,

15           “(XIX) lateral bracing for wall  
16 elements, foundation elements, and  
17 garage doors or other large openings  
18 to resist seismic loads, or

19           “(iii) automatic shutoff valves for  
20 water and gas lines, or

21           “(I) for services or equipment  
22 to—

23           “(aa) create buffers around  
24 the qualified dwelling unit  
25 through the removal or reduction



1 of flammable vegetation, includ-  
2 ing vertical clearance of tree  
3 branches,

4 “(bb) create buffers around  
5 the dwelling unit through—

6 “(AA) the removal of  
7 exterior deck or fence com-  
8 ponents or ignition-prone  
9 landscape features, or

10 “(BB) replacement of  
11 the components or features  
12 described in item (aa) with  
13 components or features that  
14 conform to ignition-resistant  
15 construction standards,

16 “(cc) perform fire mainte-  
17 nance procedures identified by  
18 the Federal Emergency Manage-  
19 ment Agency or the United  
20 States Forest Service, including  
21 fuel management techniques such  
22 as creating fuel and fire breaks,

23 “(dd) replace flammable  
24 vegetation with less flammable  
25 species, or

1                   “(ee) prevent smoke inhala-  
2                   tion, such as air filters or other  
3                   equipment designed to prevent  
4                   smoke from entering the dwelling  
5                   unit,

6                   “(II) for property relating to sat-  
7                   isfying the standards required for re-  
8                   ceipt of a FORTIFIED designation or  
9                   a Wildfire Prepared designation from  
10                  the Insurance Institute for Business  
11                  and Home Safety, or any third-party  
12                  verified certification demonstrating  
13                  compliance with nationally recognized  
14                  and consensus-based hazard mitiga-  
15                  tion or resilience standards, provided  
16                  that the qualified dwelling unit re-  
17                  ceives such designation or certifi-  
18                  cations following installation of such  
19                  property, or

20                  “(III) for any other hazard miti-  
21                  gation activity which has been identi-  
22                  fied by the Secretary, in consultation  
23                  with the Administrator of the Federal  
24                  Emergency Management Agency, for  
25                  mitigation of a natural hazard or

1 compliance with other consensus-  
2 based resiliency standards.

3 “(B) HAZARD-SPECIFIC APPLICABILITY.—

4 “(i) IN GENERAL.—Subject to clause  
5 (ii), the term ‘qualified disaster mitigation  
6 expenditure’ shall only apply to expendi-  
7 tures relating to a qualified dwelling unit  
8 which are described in subparagraph (A) if  
9 such expenditures address a hazard type  
10 identified in the applicable State or tribal  
11 Standard State Mitigation Plans or En-  
12 hanced State Mitigation Plans, as prepared  
13 under section 201.4 or 201.5 of title 44,  
14 Code of Federal Regulations (as in effect  
15 on the date of enactment of this section).

16 “(ii) NEGATIVE LISTS.—The Sec-  
17 retary, in consultation with the Adminis-  
18 trator of the Federal Emergency Manage-  
19 ment Agency, may publish a list of inappli-  
20 cable expenditures which are region-spe-  
21 cific in order to prohibit the application of  
22 subsection (a) for expenditures relating to  
23 hazards which are not relevant to the loca-  
24 tion of the qualified dwelling unit.

1           “(C) EXCEPTION.—The term ‘qualified  
2           disaster mitigation expenditure’ shall not in-  
3           clude any expenditure or portion thereof which  
4           is paid, funded, or reimbursed by a Federal,  
5           State, or local government entity, or any polit-  
6           ical subdivision, agency, or instrumentality  
7           thereof.

8           “(2) QUALIFIED DWELLING UNIT.—The term  
9           ‘qualified dwelling unit’ means a dwelling unit which  
10          is located—

11               “(A) in the United States or in a territory  
12               of the United States, and

13               “(B) in an area—

14                       “(i) which, during the taxable year or  
15                       the period of the 5 taxable years preceding  
16                       such taxable year, has received hazard  
17                       mitigation assistance through the Federal  
18                       Emergency Management Agency in regard  
19                       to any natural disaster which, with respect  
20                       to the expenditure described in paragraph  
21                       (1) which is made by the taxpayer, is ap-  
22                       plicable to such expenditure, and

23                       “(ii)(I) in which a Federal natural  
24                       disaster declaration has been made within  
25                       the preceding 5-year period,

1 “(II) which is adjacent to an area de-  
2 scribed in subclause (I), or

3 “(III) which, with respect to any tax-  
4 able year, has been designated as a com-  
5 munity disaster resilience zone (as defined  
6 in section 206(a) of the Robert T. Stafford  
7 Disaster Relief and Emergency Assistance  
8 Act (42 U.S.C. 5136(a))).

9 “(d) LIMITATION.—

10 “(1) IN GENERAL.—In the case of an expendi-  
11 ture described in clause (i) or (ii) of subsection  
12 (c)(1)(A), such expenditure shall be taken into ac-  
13 count in determining the qualified disaster mitiga-  
14 tion expenditures made by the taxpayer during the  
15 taxable year only if the onsite preparation, assembly,  
16 or original installation of the property with respect  
17 to which such expenditure is made has been com-  
18 pleted in a manner that is deemed to be in compli-  
19 ance with the latest published editions of relevant  
20 consensus-based codes, specifications, and standards  
21 or any more restrictive Federal, State, or local flood-  
22 plain management standards and consistent with  
23 floodplain management regulations for the local ju-  
24 risdiction in which the qualified dwelling unit is lo-  
25 cated.

1           “(2) LATEST PUBLISHED EDITIONS.—The term  
2           ‘latest published editions’ means, with respect to rel-  
3           evant consensus-based codes, specifications, and  
4           standards, either of the 2 most recently published  
5           editions.

6           “(e) LABOR COSTS.—For purposes of this section,  
7           expenditures for labor costs properly allocable to the onsite  
8           preparation, assembly, or original installation of the prop-  
9           erty described in clause (i) or (ii) of subsection (c)(1)(A)  
10          shall be taken into account in determining the qualified  
11          disaster mitigation expenditures made by the taxpayer  
12          during the taxable year.

13          “(f) INSPECTION COSTS.—For purposes of this sec-  
14          tion, expenditures for the cost of any inspection required  
15          under subsection (d) which is properly allocable to the in-  
16          spection of the preparation, assembly, or installation of  
17          the property described in clause (i) or (ii) of subsection  
18          (c)(1)(A) shall be taken into account in determining the  
19          qualified disaster mitigation expenditures made by the  
20          taxpayer during the taxable year.

21          “(g) CARRYFORWARD OF UNUSED CREDIT.—

22                 “(1) IN GENERAL.—If the credit allowable  
23                 under subsection (a)(1) for any taxable year exceeds  
24                 the applicable tax limit for such taxable year, such  
25                 excess shall be a carryover to each of the 5 suc-

1       ceeding taxable years and, subject to the limitations  
2       of paragraph (2), shall be added to the credit allow-  
3       able by subsection (a)(1) for such succeeding taxable  
4       year.

5           “(2) LIMITATION.—The amount of the unused  
6       credit which may be taken into account under para-  
7       graph (1) for any taxable year shall not exceed the  
8       amount (if any) by which the applicable tax limit for  
9       such taxable year exceeds the sum of—

10           “(A) the credit allowable under subsection  
11       (a)(1) for such taxable year determined without  
12       regard to this subsection, and

13           “(B) the amounts which, by reason of this  
14       subsection, are carried to such taxable year and  
15       are attributable to taxable years before the un-  
16       used credit year.

17           “(3) APPLICABLE TAX LIMIT.—For purposes of  
18       this subsection, the term ‘applicable tax limit’ means  
19       the limitation imposed by section 26(a) for the tax-  
20       able year reduced by the sum of the credits allowable  
21       under this subpart (other than this section).

22           “(h) DOCUMENTATION.—Any taxpayer claiming the  
23       credit under this section shall provide the Secretary with  
24       adequate documentation regarding the specific qualified  
25       disaster mitigation expenditures made by the taxpayer

1 during the taxable year, as well as such other information  
 2 or documentation as the Secretary may require.”.

3 (b) CONFORMING AMENDMENT.—The table of sec-  
 4 tions for subpart A of part IV of subchapter A of chapter  
 5 1 of such Code is amended by inserting after the item  
 6 relating to section 25F the following new item:

“Sec. 25G. Disaster mitigation expenditures.”.

7 (c) EFFECTIVE DATE.—The amendments made by  
 8 this section shall apply to taxable years beginning after  
 9 December 31, 2025.

10 **SEC. 3. BUSINESS-RELATED CREDIT FOR DISASTER MITIGA-**  
 11 **TION.**

12 (a) IN GENERAL.—Subpart D of part IV of sub-  
 13 chapter A of chapter 1 of the Internal Revenue Code of  
 14 1986 is amended by inserting after section 45AA the fol-  
 15 lowing new section:

16 **“SEC. 45BB. DISASTER MITIGATION CREDIT.**

17 “(a) GENERAL RULE.—For purposes of section 38,  
 18 the disaster mitigation credit determined under this sec-  
 19 tion for any taxable year is an amount equal to 25 percent  
 20 of the qualified disaster mitigation expenditures made by  
 21 the taxpayer during the taxable year.

22 “(b) MAXIMUM CREDIT.—

23 “(1) IN GENERAL.—Subject to paragraph (2),  
 24 the amount of the credit determined under sub-



1 section (a) for any taxable year shall not exceed  
2 \$5,000.

3 “(2) PHASEOUT.—

4 “(A) IN GENERAL.—The amount under  
5 paragraph (1) for the taxable year shall be re-  
6 duced (but not below zero) by an amount which  
7 bears the same ratio to the amount under such  
8 paragraph as—

9 “(i) the amount (not less than zero)  
10 equal to the average gross receipts of the  
11 taxpayer over the 3 preceding taxable  
12 years minus \$5,000,000, bears to

13 “(ii) \$5,000,000.

14 “(B) INFLATION ADJUSTMENT.—In the  
15 case of any taxable year after 2026, each of the  
16 dollar amounts under subparagraph (A) shall  
17 be increased by an amount equal to—

18 “(i) such dollar amount, multiplied by

19 “(ii) the cost-of-living adjustment de-  
20 termined under section 1(f)(3) for the cal-  
21 endar year in which the taxable year be-  
22 gins, determined by substituting ‘calendar  
23 year 2025’ for ‘calendar year 2016’ in sub-  
24 paragraph (A)(ii) thereof.

1           “(C) ROUNDING.—If any reduction deter-  
 2           mined under subparagraph (A) is not a multiple  
 3           of \$50, or any increase under subparagraph (B)  
 4           is not a multiple of \$50, such amount shall be  
 5           rounded to the nearest multiple of \$50.

6           “(c) QUALIFIED DISASTER MITIGATION EXPENDI-  
 7           TURE.—

8           “(1) IN GENERAL.—For purposes of this sec-  
 9           tion, the term ‘qualified disaster mitigation expendi-  
 10          ture’ has the same meaning given such term under  
 11          paragraph (1) of section 25G(c), except that ‘place  
 12          of business’ shall be substituted for ‘qualified dwell-  
 13          ing unit’ each place it appears in such paragraph.

14          “(2) PLACE OF BUSINESS.—For purposes of  
 15          this section, an expenditure shall not be treated as  
 16          a qualified disaster mitigation expenditure (as de-  
 17          fined in paragraph (1)) unless the taxpayer’s place  
 18          of business is located—

19                 “(A) in the United States or in a territory  
 20                 of the United States, and

21                 “(B) in an area—

22                         “(i) in which a Federal natural dis-  
 23                         aster declaration has been made within the  
 24                         preceding 5-year period,

1 “(ii) which is adjacent to an area de-  
2 scribed in clause (i),

3 “(iii) which, during the taxable year  
4 or the period of the 5 taxable years pre-  
5 ceding such taxable year, has received haz-  
6 ard mitigation assistance through the Fed-  
7 eral Emergency Management Agency in re-  
8 gard to any natural disaster which, with  
9 respect to the expenditure described in sec-  
10 tion 25G(c)(1) which is made by the tax-  
11 payer, is applicable to such expenditure, or

12 “(iv) which, with respect to any tax-  
13 able year, has been designated as a com-  
14 munity disaster resilience zone (as defined  
15 in section 206(a) of the Robert T. Stafford  
16 Disaster Relief and Emergency Assistance  
17 Act (42 U.S.C. 5136(a))).

18 “(d) SPECIAL RULES.—Rules similar to the rules of  
19 subsections (d) through (g) of section 25G shall apply for  
20 purposes of this section.

21 “(e) NO DOUBLE BENEFIT.—No credit shall be de-  
22 termined under this section with respect to any expendi-  
23 tures for which a credit was allowed under section 25G.”.

24 (b) CONFORMING AMENDMENTS.—

1           (1) Section 38(b) of such Code is amended by  
2       striking “plus” at the end of paragraph (40), by  
3       striking the period at the end of paragraph (41) and  
4       inserting “, plus”, and by adding at the end the fol-  
5       lowing new paragraph:

6           “(42) the disaster mitigation credit determined  
7       under section 45BB(a).”.

8           (2) The table of sections for subpart D of part  
9       IV of subchapter A of chapter 1 of such Code is  
10      amended by inserting after the item relating to sec-  
11      tion 45AA the following new item:

“Sec. 45BB. Disaster mitigation credit.”.

12      (c) EFFECTIVE DATE.—The amendments made by  
13      this section shall apply to taxable years beginning after  
14      December 31, 2025.

○