

119TH CONGRESS
1ST SESSION

S. 1323

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

IN THE SENATE OF THE UNITED STATES

APRIL 8, 2025

Mr. SCHIFF (for himself and Mr. SHEEHY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a refundable 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 “The Facilitating In-
5 creased Resilience, Environmental Weatherization And
6 Lowered Liability (FIREWALL) Act”.

7 **SEC. 2. REFUNDABLE PERSONAL CREDIT FOR DISASTER**
8 **MITIGATION EXPENDITURES.**

9 (a) IN GENERAL.—Subpart C of part IV of sub-
10 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to refundable credits) is amended by insert-
 2 ing after section 36B the following new section:

3 **“SEC. 36C. DISASTER MITIGATION EXPENDITURES.**

4 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
 5 dividual, there shall be allowed as a credit against the tax
 6 imposed by this chapter for the taxable year an amount
 7 equal to 50 percent of the qualified disaster mitigation ex-
 8 penditures made by the taxpayer during such taxable year.

9 “(b) MAXIMUM CREDIT.—

10 “(1) IN GENERAL.—Subject to paragraphs (2)
 11 and (3), the credit allowed under subsection (a) to
 12 any taxpayer for any taxable year shall not exceed
 13 the excess of—

14 “(A) \$25,000 (or, in the case of a married
 15 individual filing a separate return, 50 percent
 16 of such amount), over

17 “(B) the amount of credit allowed to the
 18 taxpayer under this section for all preceding
 19 taxable years.

20 “(2) PHASEOUT.—The amount under para-
 21 graph (1) for the taxable year shall be reduced (but
 22 not below zero) by an amount which bears the same
 23 ratio to the amount under such paragraph as—

24 “(A) the excess (if any) of—

1 “(i) the taxpayer’s adjusted gross in-
 2 come for such taxable year, over

3 “(ii) \$200,000, bears to

4 “(B) \$100,000.

5 “(3) LIMITATION IN THE CASE OF JOINT OCCU-
 6 PANCY.—In the case of any dwelling unit with re-
 7 spect to which qualified disaster mitigation expendi-
 8 tures are made and which is jointly occupied and
 9 used during any calendar year as a residence by two
 10 or more individuals, the following rules shall apply:

11 “(A) MAXIMUM EXPENDITURES.—The
 12 maximum amount of such expenditures which
 13 may be taken into account under subsection (a)
 14 by all such individuals with respect to such
 15 dwelling unit during such calendar year shall be
 16 \$25,000.

17 “(B) ALLOCATION OF EXPENDITURES.—
 18 The expenditures allocated to any individual for
 19 the taxable year in which such calendar year
 20 ends shall be an amount equal to the lesser
 21 of—

22 “(i) the amount of expenditures made
 23 by such individual with respect to such
 24 dwelling during such calendar year, or

“(ii) the maximum amount of such expenditures set forth in subparagraph (A) multiplied by a fraction—

“(I) the numerator of which is the amount of such expenditures with respect to such dwelling made by such individual during such calendar year, and

“(II) the denominator of which is the total expenditures made by all such individuals with respect to such dwelling during such calendar year.

“(4) INFLATION ADJUSTMENT.—

“(A) IN GENERAL.—In the case of any taxable year after 2025, the \$25,000 dollar amounts under paragraphs (1)(A) and (3), the \$200,000 amount under paragraph (2)(A)(ii), and the \$100,000 amount under paragraph (2)(B) shall each be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar

1 year 2024’ for ‘calendar year 2016’ in sub-
2 paragraph (A)(ii) thereof.

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

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

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

11 “(A) IN GENERAL.—The term ‘qualified
12 disaster mitigation expenditure’ means an ex-
13 penditure 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 “(XX) automatic shutoff valves
20 for water and gas lines, or

21 “(iii) for services or equipment to—

22 “(I) create buffers around the
23 qualified dwelling unit through the re-
24 moval or reduction of flammable vege-

1 tation, including vertical clearance of
2 tree branches,

3 “(II) create buffers around the
4 dwelling unit through—

5 “(aa) the removal of exterior
6 deck or fence components or igni-
7 tion-prone landscape features, or

8 “(bb) replacement of the
9 components or features described
10 in item (aa) with components or
11 features that conform to ignition-
12 resistant construction standards,

13 “(III) perform fire maintenance
14 procedures identified by the Federal
15 Emergency Management Agency or
16 the United States Forest Service, in-
17 cluding fuel management techniques
18 such as creating fuel and fire breaks,

19 “(IV) gather and analyze water
20 and weather data to better under-
21 stand the local climate and drought
22 history,

23 “(V) remove flammable vegeta-
24 tion within 5 feet of a structure,

1 “(VI) determine the risk of nat-
2 ural disasters which may occur in the
3 area in which the qualified dwelling
4 unit is located, or

5 “(VII) prevent smoke inhalation,
6 such as air filters or other equipment
7 designed to prevent smoke from enter-
8 ing the dwelling unit,

9 “(iv) for property relating to satis-
10 fying the standards required for receipt of
11 a FORTIFIED designation from the In-
12 surance Institute for Business and Home
13 Safety, provided that the qualified dwelling
14 unit receives such designation following in-
15 stallation of such property, or

16 “(v) for any other hazard mitigation
17 activity which has been identified by the
18 Secretary, in consultation with the Admin-
19 istrator of the Federal Emergency Man-
20 agement Agency, for mitigation of a nat-
21 ural hazard.

22 “(B) EXCEPTION.—The term ‘qualified
23 disaster mitigation expenditure’ shall not in-
24 clude any expenditure or portion thereof which
25 is paid, funded, or reimbursed by a Federal,

1 State, or local government entity, or any polit-
2 ical subdivision, agency, or instrumentality
3 thereof.

4 “(2) QUALIFIED DWELLING UNIT.—The term
5 ‘qualified dwelling unit’ means, with respect to any
6 taxpayer, a dwelling unit which is—

7 “(A) located in any State or territory—

8 “(i) in which a Federal natural dis-
9 aster declaration has been made within the
10 preceding 10-year period with respect to a
11 wildfire, hurricane, windstorm or flood,

12 “(ii) which includes an area which,
13 during the taxable year or the period of
14 the 10 taxable years preceding such tax-
15 able year, has received hazard mitigation
16 assistance through the Federal Emergency
17 Management Agency in regard to any wild-
18 fire, hurricane, windstorm or flood which,
19 with respect to the expenditure described
20 in paragraph (1) which is made by the tax-
21 payer, is applicable to such expenditure, or

22 “(iii) which includes an area which,
23 with respect to any taxable year, has been
24 designated as a community disaster resil-
25 ience zone (as defined in section 206(a) of

1 the Robert T. Stafford Disaster Relief and
 2 Emergency Assistance Act (42 U.S.C.
 3 5136(a))) as the result of a wildfire, hurri-
 4 cane, windstorm or flood, and
 5 “(B) used as the principal residence (with-
 6 in the meaning of section 121) of the taxpayer.

7 “(d) OTHER RULES.—

8 “(1) DOCUMENTATION.—Any taxpayer claiming
 9 the credit under this section shall provide the Sec-
 10 retary with adequate documentation regarding the
 11 specific qualified disaster mitigation expenditures
 12 made by the taxpayer during the taxable year, as
 13 well as such other information or documentation as
 14 the Secretary may require.

15 “(2) DENIAL OF DOUBLE BENEFIT.—No deduc-
 16 tion or other credit shall be allowed for expenditures
 17 which have been taken into account under this sec-
 18 tion, and the basis of any property for which a cred-
 19 it is allowed under this section shall be reduced by
 20 the amount of credit allowed.”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 6211(b)(4)(A) of the Internal Rev-
 23 enue Code of 1986 is amended by inserting “, 36C”
 24 after “36B”.

1 (2) Section 1324(b)(2) of title 31, United
2 States Code, is amended by inserting “, 36C” after
3 “36B”.

4 (3) The table of sections for subpart C of part
5 IV of subchapter A of chapter 1 of such Code is
6 amended by inserting after the item relating to sec-
7 tion 36B the following new item:

“Sec. 36C. Disaster mitigation expenditures.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2024.

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