

119TH CONGRESS
1ST SESSION

S. 586

To amend the Internal Revenue Code of 1986 to provide an advance refundable credit to offset certain flood insurance premiums, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 13, 2025

Mr. CASSIDY (for himself and Mr. BOOKER) 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 an advance refundable credit to offset certain flood insurance premiums, and for other purposes.

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 “Flood Insurance Af-
5 fordability Tax Credit Act”.

6 **SEC. 2. REFUNDABLE CREDIT FOR CERTAIN FLOOD INSUR-**
7 **ANCE COVERAGE.**

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

1 1986 is amended by inserting after section 36B the fol-
 2 lowing new section:

3 **“SEC. 36C. REFUNDABLE CREDIT FOR CERTAIN FLOOD IN-**
 4 **SURANCE COVERAGE.**

5 “(a) IN GENERAL.—There shall be allowed as a cred-
 6 it against the tax imposed by this subtitle for any taxable
 7 year an amount equal to 33 percent of the applicable flood
 8 insurance premiums paid or incurred by the taxpayer dur-
 9 ing the taxable year.

10 “(b) LIMITATION BASED ON HOUSEHOLD INCOME.—

11 “(1) IN GENERAL.—The amount of the credit
 12 allowed under subsection (a) (determined without re-
 13 gard to this subsection) shall be reduced (but not
 14 below zero) by the amount which bears the same
 15 ratio to such credit as—

16 “(A) the excess (if any) of—

17 “(i) the taxpayer’s household income
 18 for such taxable year, over

19 “(ii) an amount equal to 350 percent
 20 of the poverty line for a family of the size
 21 involved, bears to

22 “(B) the phaseout amount.

23 “(2) PHASEOUT AMOUNT.—For purposes of
 24 this subsection, the phaseout amount with respect to
 25 any taxpayer for any taxable year is the excess of—

1 “(A) an amount equal to 435 percent of
 2 the poverty line for a family of the size in-
 3 volved, over

4 “(B) an amount equal to 350 percent of
 5 the poverty line for a family of the size in-
 6 volved.

7 “(3) TERMS RELATED TO INCOME AND FAMI-
 8 LIES.—Rules similar to the rules of section 36B(d)
 9 shall apply for purposes of determining family size,
 10 household income, and the poverty line.

11 “(c) APPLICABLE FLOOD INSURANCE PREMIUMS.—
 12 For purposes of this section, the term ‘applicable flood in-
 13 surance premiums’ means premiums paid or incurred to
 14 insure the principal residence (within the meaning of sec-
 15 tion 121) of the taxpayer under the program established
 16 under the National Flood Insurance Act of 1968 (42
 17 U.S.C. 4001 et seq.).

18 “(d) OTHER RULES.—

19 “(1) NO CREDIT FOR MARRIED INDIVIDUALS
 20 FILING SEPARATE RETURNS.—If the taxpayer is a
 21 married individual (within the meaning of section
 22 7703), this section shall apply only if the taxpayer
 23 and the taxpayer’s spouse file a joint return for the
 24 taxable year.

1 “(2) DENIAL OF CREDIT TO DEPENDENTS.—No
 2 credit shall be allowed under this section to any indi-
 3 vidual with respect to whom a deduction under sec-
 4 tion 151 is allowable to another taxpayer for a tax-
 5 able year beginning in the calendar year in which
 6 such individual’s taxable year begins.

7 “(e) RECONCILIATION OF CREDIT AND ADVANCE
 8 CREDIT.—The amount of the credit allowed under this
 9 section for any taxable year shall be reduced (but not
 10 below zero) by the amount of any advance payment of such
 11 credit under section 7527B.

12 “(f) REGULATIONS.—The Secretary shall prescribe
 13 such regulations as may be necessary to carry out the pro-
 14 visions of this section, including regulations which provide
 15 for the coordination of the credit allowed under this sec-
 16 tion with the program for advance payment of the credit
 17 under section 7527B.”.

18 (b) DISALLOWANCE OF DEDUCTION.—Section 280C
 19 of the Internal Revenue Code of 1986 is amended by add-
 20 ing at the end the following new subsection:

21 “(i) CREDIT FOR CERTAIN FLOOD INSURANCE COV-
 22 ERAGE.—No deduction shall be allowed for the portion of
 23 the applicable flood insurance premiums (as defined in
 24 section 36C) which is equal to the amount of the credit

1 determined for the taxable year under section 36C(a) with
 2 respect to such premiums.”.

3 (c) CONFORMING AMENDMENTS.—

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

7 (2) Paragraph (2) of section 1324(b) of title
 8 31, United States Code, is amended by inserting “,
 9 36C” after “36B”.

10 (d) CLERICAL AMENDMENT.—The table of sections
 11 for subpart C of part IV of subchapter A of chapter 1
 12 of the Internal Revenue Code of 1986 is amended by in-
 13 serting after the item relating to section 36B the following
 14 new item:

“Sec. 36C. Refundable credit for certain flood insurance coverage.”.

15 (e) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to amounts paid or incurred in tax-
 17 able years beginning after the date of the enactment of
 18 this Act.

19 **SEC. 3. ADVANCE PAYMENTS.**

20 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
 21 enue Code of 1986 is amended by inserting after section
 22 7527A the following new section:

1 **“SEC. 7527B. ADVANCE PAYMENT OF CREDIT FOR CERTAIN**
 2 **FLOOD INSURANCE COVERAGE.**

3 “(a) IN GENERAL.—The Secretary shall establish a
 4 program for making payments of applicable flood insur-
 5 ance premiums (as defined in section 36C(c)) on behalf
 6 of applicable individuals to the Administrator of the Fed-
 7 eral Emergency Management Agency for such individuals.

8 “(b) LIMITATION ON ADVANCE PAYMENTS DURING
 9 ANY TAXABLE YEAR.—

10 “(1) IN GENERAL.—The Secretary may make
 11 payments under subsection (a) only to the extent
 12 that the total amount of such payments made on be-
 13 half of any applicable individual during the taxable
 14 year does not exceed 33 percent of the applicable
 15 flood insurance premiums (as defined in section
 16 36C) paid or incurred by the applicable individual
 17 during such taxable year (reduced as provided under
 18 section 36C(b) based on applicable information).

19 “(2) APPLICABLE INFORMATION.—For pur-
 20 poses of paragraph (1), the term ‘applicable infor-
 21 mation’ means—

22 “(A) tax return information for the most
 23 recent taxable year for which the Secretary de-
 24 termines information is available, or

25 “(B) such other information as the Sec-
 26 retary determines is reliable to determine the

1 amount (if any) of any reduction under section
2 36C(b).

3 “(c) APPLICABLE INDIVIDUAL.—For purposes of this
4 section, the term ‘applicable individual’ means any indi-
5 vidual who elects the application of this section (in such
6 form and manner as provided by the Secretary).”.

7 (b) CLERICAL AMENDMENT.—The table of sections
8 for chapter 77 of such Code is amended by inserting after
9 the item relating to section 7527A the following new item:

“Sec. 7527B. Advance payment of credit for certain flood insurance coverage.”.

