

118TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
 2d Session 118–348

FEDERAL DISASTER TAX RELIEF ACT OF 2023

JANUARY 16, 2024.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SMITH of Missouri, from the Committee on Ways and Means,
submitted the following

R E P O R T

[To accompany H.R. 5863]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 5863) to provide tax relief with respect to certain Federal disasters, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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A. Changes in Existing Law Proposed by the Bill, as Reported 14

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Federal Disaster Tax Relief Act of 2023”.

SEC. 2. EXTENSION OF RULES FOR TREATMENT OF CERTAIN DISASTER-RELATED PERSONAL CASUALTY LOSSES.

For purposes of applying section 304(b) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020, section 301 of such Act shall be applied by substituting “the Federal Disaster Tax Relief Act of 2023” for “this Act” each place it appears.

SEC. 3. EXCLUSION FROM GROSS INCOME FOR COMPENSATION FOR LOSSES OR DAMAGES RESULTING FROM CERTAIN WILDFIRES.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, gross income shall not include any amount received by an individual as a qualified wildfire relief payment.

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

(1) IN GENERAL.—The term “qualified wildfire relief payment” means any amount received by or on behalf of an individual as compensation for losses, expenses, or damages (including compensation for additional living expenses, lost wages (other than compensation for lost wages paid by the employer which would have otherwise paid such wages), personal injury, death, or emotional distress) incurred as a result of a qualified wildfire disaster, but only to the extent the losses, expenses, or damages compensated by such payment are not compensated for by insurance or otherwise.

(2) QUALIFIED WILDFIRE DISASTER.—The term “qualified wildfire disaster” means any federally declared disaster (as defined in section 165(i)(5)(A) of the Internal Revenue Code of 1986) declared, after December 31, 2014, as a result of any forest or range fire.

(c) DENIAL OF DOUBLE BENEFIT.—Notwithstanding any other provision of the Internal Revenue Code of 1986—

(1) no deduction or credit shall be allowed (to the person for whose benefit a qualified wildfire relief payment is made) for, or by reason of, any expenditure to the extent of the amount excluded under this section with respect to such expenditure, and

(2) no increase in the basis or adjusted basis of any property shall result from any amount excluded under this subsection with respect to such property.

(d) LIMITATION ON APPLICATION.—This section shall only apply to qualified wildfire relief payments received by the individual during taxable years beginning after December 31, 2019, and before January 1, 2026.

SEC. 4. EAST PALESTINE DISASTER RELIEF PAYMENTS.

(a) DISASTER RELIEF PAYMENTS TO VICTIMS OF EAST PALESTINE TRAIN DERAILMENT.—East Palestine train derailment payments shall be treated as qualified disaster relief payments for purposes of section 139(b) of the Internal Revenue Code of 1986.

(b) EAST PALESTINE TRAIN DERAILMENT PAYMENTS.—For purposes of this section, the term “East Palestine train derailment payment” means any amount received by or on behalf of an individual as compensation for loss, damages, expenses, loss in real property value, closing costs with respect to real property (including realtor commissions), or inconvenience (including access to real property) resulting from the East Palestine train derailment if such amount was provided by—

(1) a Federal, State, or local government agency,

(2) Norfolk Southern Railway, or

(3) any subsidiary, insurer, or agent of Norfolk Southern Railway or any related person.

(c) TRAIN DERAILMENT.—For purposes of this section, the term “East Palestine train derailment” means the derailment of a train in East Palestine, Ohio, on February 3, 2023.

(d) EFFECTIVE DATE.—This section shall apply to amounts received on or after February 3, 2023.

I. SUMMARY AND BACKGROUND

A. PURPOSE AND SUMMARY

The bill, H.R. 5863, the “Federal Disaster Tax Relief Act of 2023,” as ordered reported by the Committee on Ways and Means on November 2, 2023.

The Taxpayer Certainty and Disaster Tax Relief Act of 2020 provided tax relief to certain individuals in qualified disaster areas. The relief included temporary suspension of limitations on charitable contributions, eliminating the requirement that casualty losses must exceed 10 percent of AGI to qualify for deduction, and allowing taxpayers to claim the casualty loss deduction without itemizing. Section 2 of the bill extends the timeline of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 through 30 days after the date of enactment of this Act, covering every “qualified disaster area” since January 1, 2020.

In general, gross income is defined as income from whatever source derived. Section 3 of the bill excludes from gross income any amount received by or on behalf of an individual as a qualified wildfire relief payment. Section 4 of the bill excludes from gross income amounts received by or on behalf of an individual as a result of the East Palestine train derailment paid by a Federal, State, or local government agency, Norfolk Southern Railway, or any subsidiary, insurer, or agent of Norfolk Southern.

B. BACKGROUND AND NEED FOR LEGISLATION

A top priority of the Ways and Means Committee has been listening to the concerns of American workers and families and developing policy solutions to help. Many families have been harmed by recent disasters, including hurricanes, drought, wildfire, windstorms, winter storms, accidents, and flooding. Families and communities are left to put back the pieces after these devastating events. This legislation builds on three bipartisan bills to help families recover and rebuild stronger in the aftermath of a disaster.

C. LEGISLATIVE HISTORY

Background

H.R. 5863 was introduced on October 2, 2023, and was referred to the Committee on Ways and Means.

Committee Hearings

On September 14, 2023, the Committee held a hearing entitled, “Member Day.”

Committee Action

The Committee on Ways and Means marked up H.R. 5863, the “Federal Disaster Tax Relief Act of 2023,” on November 2, 2023, and ordered the bill, as amended, favorably reported (with a quorum being present).

D. DESIGNATED HEARING

Pursuant to clause 3(c)(6) of rule XIII, the following hearing was used to develop and consider H.R. 5863:

On September 14, 2023, the Committee held a hearing entitled, “Member Day.”

II. EXPLANATION OF THE BILL

A. DISASTER TAX PROVISIONS (SECS. 2, 3, AND 4 OF THE BILL AND SECS. 139 AND 165 OF THE CODE)

PRESENT LAW

Exclusion from income for qualified disaster relief payments

Present law provides an exclusion from income for qualified disaster relief payments.¹ Qualified disaster relief payments include amounts paid to an individual: (1) to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster; (2) to reimburse or pay reasonable and necessary expenses incurred for the repair or rehabilitation of a personal residence or replacement of its contents to the extent that the need for such repair, rehabilitation, or replacement is attributable to a qualified disaster; (3) by a person engaged in the furnishing or sale of transportation (*i.e.*, common carriers) by reason of death or personal injuries as a result of a qualified disaster; or (4) by a Federal, State, or local government, or agency or instrumentality thereof, in connection with a qualified disaster in order to promote the general welfare.² These amounts do not include payments for any expenses compensated for by insurance or otherwise.³

Qualified disaster relief payments also are excludable for purposes of self-employment taxes and employment taxes.⁴

A qualified disaster is a disaster which results from a terroristic or military action (as defined in section 692(c)(2)); a Federally declared disaster (as defined in section 165(i)(5)(A)); a disaster which results from an accident involving a common carrier or from any other event which would be determined by the Secretary of the Treasury (the “Secretary”) to be of a catastrophic nature; or, for purposes of payments made by a Federal, State or local government, or an agency or instrumentality of a government, a disaster designated by an applicable Federal, State, or local authority (as determined by the Secretary) to warrant assistance.⁵

The exclusion from income does not apply to any individual identified by the Attorney General to have been a participant or conspirator in any terrorist attack, or to a representative of such individual.⁶ No deduction or credit is allowed for, or by reason of, any expenditure to the extent of the amount excluded from income with respect to such expenditure.⁷

¹ Sec. 139.

² Sec. 139(b).

³ *Ibid.*

⁴ Sec. 139(d).

⁵ Sec. 139(c).

⁶ Sec. 139(e).

⁷ Sec. 139(h).

Personal casualty losses

In general

An individual taxpayer may claim an itemized deduction for a personal casualty loss.⁸ If the loss is attributable to a disaster declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, (the “Stafford Act”)⁹ then the loss is deductible only to the extent of the sum of the individual’s personal casualty gains plus the amount by which aggregate net disaster-related losses exceed 10 percent of the individual taxpayer’s adjusted gross income.¹⁰ In any taxable year beginning after December 31, 2017, and before January 1, 2026, all other personal casualty losses are deductible only to the extent that the losses do not exceed the individual’s personal casualty gains.

For individual taxpayers, personal casualty losses are losses of property not connected with a trade or business or a transaction entered into for profit that arise from fire, storm, shipwreck, or other casualty, or from theft.¹¹ Personal casualty gains are recognized gains from any involuntary conversion of property not connected with a trade or business or a transaction entered into for profit that arise from fire, storm, shipwreck, or other casualty, or from theft.¹² Personal casualty losses are deductible to the extent they exceed \$100 per casualty.¹³

Additional relief for certain disasters

Congress has at times enacted more generous casualty loss provisions in response to specific natural disasters.¹⁴

Most recently, Division EE of Public Law 116–260, the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (the “Act”), provides special rules for “qualified disaster-related personal casualty losses,” personal casualty losses arising in a qualified disaster area on or after the first day of the incident period of the applicable qualified disaster which are attributable to that qualified disaster.¹⁵ These losses are deductible without regard to whether aggregate net losses exceed 10 percent of a taxpayer’s adjusted gross income. These losses are deductible to the extent they exceed \$500 per casualty. These losses are allowed as a deduction in addition to the standard deduction and are allowed against alternative minimum taxable income.

A “qualified disaster area” refers to an area with respect to which a major disaster has been declared by the President during the period beginning on January 1, 2020, and ending on the date which is 60 days after the date of enactment of the Act,¹⁶ under section 401 of the Stafford Act, if the incident period of the disaster with respect to which the declaration is made begins on or after

⁸ Sec. 165(h).

⁹ Sec. 165(h)(5).

¹⁰ Sec. 165(h)(2). Personal casualty gains are reduced for this purpose by any gain used to offset any personal casualty loss which is not attributable to a disaster.

¹¹ Sec. 165(c)(3)(B).

¹² Sec. 165(c)(3)(A).

¹³ Sec. 165(h)(1).

¹⁴ See, e.g., sec. 204(b) of Pub. L. No. 116–94 (Hurricanes Florence and Michael); sec. 20104(b) of Pub. L. No. 115–123 (certain California wildfires); sec. 504(b) of Pub. L. No. 115–63 (Hurricanes Harvey, Irma, and Maria); and former sec. 1400S(b) (Hurricanes Katrina, Rita, and Wilma).

¹⁵ Sec. 304(b) of Div. EE. of Pub. L. No. 116–260.

¹⁶ The Act became law on December 27, 2020.

December 28, 2019 and on or before the date of enactment of the Act. A qualified disaster area does not include any area with respect to which a major disaster had been declared only by reason of COVID–19.

A “qualified disaster” is, with respect to the applicable qualified disaster area, the disaster by reason of which a major disaster was declared with respect to that area.

The “incident period” is, with respect to the applicable qualified disaster, the period specified by the Federal Emergency Management Agency as the period during which the disaster occurred, except that the period is not treated as ending after the date which is 30 days after the date of enactment of the Act.

REASONS FOR CHANGE

The Committee wishes to provide tax relief for taxpayers affected by certain disasters and events. The Committee believes that the expansion of the personal casualty loss deduction under section 165 under the Taxpayer Certainty and Disaster Relief Act of 2020 provided necessary tax relief to taxpayers who suffered losses in the wake of that year’s major disasters, and that such relief should be extended to provide similar relief for major disasters in 2021, 2022, and 2023. The Committee also believes that taxpayers affected by certain wildfires and the East Palestine train derailment should not be subject to Federal income tax on payments that compensate for losses, expenses, or damages incurred as a result of those events.

EXPLANATION OF PROVISIONS

Certain disaster-related personal casualty losses

For purposes of personal casualty losses arising in a qualified disaster area, the provision broadens the Act’s definition of qualified disaster area to include any area with respect to which a major disaster was declared by the President during the period beginning on January 1, 2020, and ending on the date which is 60 days after the date of enactment of the provision, under section 401 of Stafford Act if the incident period of the disaster begins on or after December 28, 2019, and on or before the date of enactment of the provision. The incident period will be treated as ending no later than the date which is 30 days after the date of enactment of the provision.

Thus, under the provision, certain disaster-related personal casualty losses attributable to major disasters beginning any time after the date of enactment of the Act and through the date of enactment of the provision are provided the same treatment as qualified disaster-related personal casualty losses under the Act.

Exclusion of certain wildfire relief payments

The provision provides an exclusion from gross income for amounts received as qualified wildfire relief payments. Qualified wildfire relief payments are amounts received by or on behalf of an individual as compensation for losses, expenses, or damages (including compensation for additional living expenses, lost wages (other than compensation for lost wages paid by the employer which would have otherwise paid such wages), personal injury,

death, or emotional distress) incurred as a result of a qualified wildfire disaster. Qualified wildfire relief payments do not include payments for any expenses or losses compensated for by insurance or otherwise.

A qualified wildfire disaster is any Federally declared disaster (as defined in section 165(i)(5)(A)) declared, after December 31, 2014, as a result of any forest or range fire.

No deduction or credit is allowed with respect to any expenditure to the extent of the amount excluded under the provision with respect to the expenditure. The basis of any property is not increased by amounts excluded from gross income under the provision.

East Palestine disaster relief payments

The provision treats East Palestine train derailment payments as qualified disaster relief payments for purposes of section 139(b). As a consequence, the payments are excluded from gross income and are subject to other present-law provisions, such as the employment tax exclusions from wages and net earnings from self-employment (section 139(d)) and the prohibition on double benefits (section 139(h)), applicable to qualified disaster relief payments.

The provision defines East Palestine train derailment payment as any amount received by or on behalf of an individual as compensation for loss, damages, expenses, loss in real property value, closing costs with respect to real property (including realtor commissions), or inconvenience (including access to real property) resulting from the East Palestine train derailment if the amount was provided by a Federal, State, or local government agency, Norfolk Southern Railway, or a subsidiary, insurer, or agent of Norfolk Southern Railway or any related person. For this purpose, East Palestine train derailment means the derailment of a train in East Palestine, Ohio on February 3, 2023.

EFFECTIVE DATE

The provision relating to certain disaster-related personal casualty losses is effective on date of enactment.

The provision relating to the exclusion of certain wildfire relief payments applies to qualified wildfire relief payments received during taxable years beginning after December 31, 2019, and before January 1, 2026.

The provision relating to the East Palestine train derailment applies to amounts received on or after February 3, 2023.

III. VOTE OF THE COMMITTEE

Pursuant to clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means in its consideration of H.R. 5863, the “Federal Disaster Tax Relief Act of 2023,” on November 2, 2023.

H.R. 5863 was ordered favorably reported to the House of Representatives as amended by a roll call vote of 38 yeas to 0 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Smith (MO)	X	.....	.....	Mr. Neal	X	.....	.....
Mr. Buchanan	X	.....	.....	Mr. Doggett	X	.....	.....

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Smith (NE)	X	.....	.....	Mr. Thompson	X	.....	.....
Mr. Kelly	X	.....	.....	Mr. Larson	X	.....	.....
Mr. Schweikert	X	.....	.....	Mr. Blumenauer	X	.....	.....
Mr. LaHood	X	.....	.....	Mr. Pascrell .....	.....	.....	.....
Dr. Wenstrup	X	.....	.....	Mr. Davis	X	.....	.....
Mr. Arrington	X	.....	.....	Ms. Sánchez .....	.....	.....	.....
Dr. Ferguson	X	.....	.....	Mr. Higgins .....	.....	.....	.....
Mr. Estes	X	.....	.....	Ms. Sewell	X	.....	.....
Mr. Smucker	X	.....	.....	Ms. DelBene	X	.....	.....
Mr. Hern	X	.....	.....	Ms. Chu	X	.....	.....
Ms. Miller	X	.....	.....	Ms. Moore	X	.....	.....
Dr. Murphy	X	.....	.....	Mr. Kildee	X	.....	.....
Mr. Kustoff	X	.....	.....	Mr. Beyer	X	.....	.....
Mr. Fitzpatrick	X	.....	.....	Mr. Evans	X	.....	.....
Mr. Steube	X	.....	.....	Mr. Schneider	X	.....	.....
Ms. Tenney .....	.....	.....	.....	Mr. Panetta	X	.....	.....
Mrs. Fischbach	X	.....	.....		
Mr. Moore	X	.....	.....		
Mrs. Steel	X	.....	.....		
Ms. Van Duyne	X	.....	.....		
Mr. Feenstra	X	.....	.....		
Ms. Malliotakis	X	.....	.....		
Mr. Carey .....	.....	.....	.....	

IV. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 5863, as reported.

The bill is estimated to decrease Federal fiscal year budget receipts by \$4.9 billion for the period 2023 through 2033.

**ESTIMATED REVENUE EFFECTS OF THE CHAIRMAN'S AMENDMENT IN THE NATURE OF A SUBSTITUTE OF H.R. 5863, THE "FEDERAL DISASTER TAX RELIEF ACT OF 2023"
SCHEDULED FOR MARKUP BY THE COMMITTEE ON WAYS AND MEANS ON NOVEMBER 2, 2023—FISCAL YEARS 2024–2033**

Provision	Effective	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024–28	2024–33
1. Extension of rules for treatment of certain disaster-related personal casualty losses.	DOE .....	.....	-2,883	-876	-415	-201	-33	-1	-1	-1	-1	-4,408	-4,414
2. Exclusion from gross income for compensation for losses or damages resulting from certain wildfires.	[1] .....	.....	-384	-85	-43	.....	.....	.....	.....	.....	.....	-512	-512
3. East Palestine disaster relief payments	aroga 2/3/23 .....	.....	-1	[2]	[2]	.....	.....	.....	.....	.....	.....	-1	-1
Net total .....	.....	-3,288	-961	-458	-201	-33	-1	-1	-1	-1	-1	-4,921	-4,927

Joint Committee on Taxation.

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be December 1, 2023.
Legend for "Effective" column:

aroga = amounts received on or after

DOE = date of enactment

[1] Applies to qualified wildlife relief payments received during taxable years beginning after December 31, 2019, and before January 1, 2026.

[2] Loss of less than \$500,000.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES BUDGET AUTHORITY

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority. The Committee further states that sections 2, 3, and 4 of the bill include new tax expenditures with respect to sections 139 and 165 of the Code, as described above.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following statement by CBO is provided.

At a Glance			
H.R. 5863, Federal Disaster Tax Relief Act of 2023			
As ordered reported by the House Committee on Ways and Means on November 2, 2023			
By Fiscal Year, Millions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	0	0	0
Revenues	-3,268	-4,921	-4,927
Increase or Decrease (-) in the Deficit	3,268	4,921	4,927
Spending Subject to Appropriation (Outlays)	*	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	Yes
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Mandate Effects	
		Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and \$500,000.

The bill would:

- Allow losses from federally declared disasters that occur from January 1, 2020, through the date of enactment to be deducted from income taxes without itemizing and without a reduction based on adjusted gross income
- Exclude compensation for losses from some wildfire disasters and the East Palestine, Ohio, train derailment from gross income

Estimated budgetary effects would mainly stem from:

- A reduction in revenues from an increase in income tax deductions
- A reduction in revenues from taxpayers' excluding certain compensation from gross income

Areas of significant uncertainty include:

- How many people would take tax deductions, and in what amounts, for losses related to federally declared disasters

The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) will be the official estimates for all tax

legislation considered by Congress. As such, CBO incorporates those estimates into its cost estimates of the effects of legislation. All of the estimates for the revenue provisions of H.R. 5863 were provided by JCT.

Bill summary: H.R. 5863 would amend the Internal Revenue Code to provide tax relief to people affected by certain federally declared disasters. The bill would allow affected taxpayers to deduct losses arising from federally declared disasters without itemizing deductions on their tax returns and would exclude from gross income some compensation received for losses from wildfires or the February 2023 train derailment in East Palestine, Ohio.

Estimated Federal cost: The estimated budgetary effect of H.R. 5863 is shown in Table 1. The costs of the legislation fall within budget function 800 (general government).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS of H.R. 5863

	By fiscal year, millions of dollars—											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024–2028	2024–2033
Decreases in Revenues												
Estimated Revenues	-3,268	-961	-458	-201	-33	-1	-1	-1	-1	-1	-4,921	-4,927

Sources: Congressional Budget Office; Staff of the Joint Committee on Taxation.
CBO estimates that implementing H.R. 5863 would increase the Internal Revenue Service's administrative costs by less than \$500,000 over the 2024–2033 period; any spending would be subject to appropriation.

Basis of estimate: The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) are the official estimates for all tax legislation considered by the Congress. CBO therefore incorporates such estimates into its cost estimates of the effects of legislation. JCT provided the revenue estimates presented here for H.R. 5863.¹

For this estimate, CBO and JCT assume that the bill will be enacted in fiscal year 2024.

Revenues: H.R. 5863 would provide tax relief to some individual taxpayers affected by federally declared disasters. Section 2 would allow casualty loss deductions for disasters occurring from January 1, 2020, through the date of enactment of the bill to be taken on tax returns without itemizing deductions and without the typical reduction of \$100 per casualty loss and 10 percent of adjusted gross income. Instead, the deduction would be reduced by \$500 per casualty loss. This is an extension of the special rules for casualty losses in the Taxpayer Certainty and Disaster Tax Relief Act of 2020. Section 3 would exclude from gross income compensation for expenses or losses resulting from certain wildfires, thus excluding that compensation from taxable income. This would apply to qualified wildfire relief payments received between December 31, 2019, and January 1, 2026. Section 4 would exclude from gross income any disaster relief payments received after February 3, 2023, by

¹See Joint Committee on Taxation, *Estimated Revenue Effects of the Chairman's Amendment in the Nature of a Substitute of H.R. 5863, the "Federal Disaster Tax Relief Act of 2023,"* JCX-50-23 (November 1, 2023), www.jct.gov/publications/2023/jcx-50-23. For more about the provisions, see Joint Committee on Taxation, *Description of H.R. 5863, the "Federal Disaster Tax Relief Act of 2023,"* JCX-45-23 (October 4, 2023), www.jct.gov/publications/2023/jcx-45-23.

people affected by the February 2023 train derailment in East Palestine, Ohio.

JCT estimates that enacting the bill would decrease revenues by \$4.9 billion over the 2024–2033 period.

Spending subject to appropriation: CBO estimates that implementing H.R. 5863 would increase the Internal Revenue Service's administrative costs by less than \$500,000 over the 2024–2028 period; any spending would be subject to the availability of appropriated funds.

Uncertainty: JCT's estimates of the budgetary effects of H.R. 5863 are subject to uncertainty because they are made on the basis of underlying projections and other factors that could change significantly. In particular, the estimates rely in part on CBO's economic projections for the next decade under current law and on expectations of the way taxpayers might respond to changes in tax law. In this case, the uncertainty also involves how many people would take deductions, and in what amounts, for losses related to federally declared disasters and how many would exclude disaster-related compensation from their taxable income. The amount of disaster-related compensation that will be paid through January 1, 2026, also depends on the number of federally declared disasters resulting from wildfires during that time.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in Table 2.

TABLE 2.—CBO'S ESTIMATE OF THE STATUTORY PAY-AS-YOU-GO EFFECTS OF H.R. 5863, THE FEDERAL DISASTER TAX RELIEF ACT OF 2023, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON WAYS AND MEANS ON NOVEMBER 2, 2023

	By fiscal year, millions of dollars—											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024–2028	2024–2033
<i>Net Increase in the Deficit</i>												
Pay-As-You-Go Effect	3,268	961	458	201	33	1	1	1	1	1	4,921	4,927

Increase in long-term net direct spending and deficits: JCT estimates that enacting H.R. 5863 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2034.

Mandates: JCT has determined that H.R. 5863 would not impose intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

Estimate prepared by: Revenues: Kathleen Burke, Staff of the Joint Committee on Taxation; Federal Costs: Matthew Pickford; Mandates: Andrew Laughlin, Staff of the Joint Committee on Taxation.

Estimate reviewed by: Robert Reese, Chief, Natural and Physical Resources Cost Estimates Unit; Joshua Shakin, Chief, Revenue Estimating Unit; Kathleen Fitzgerald, Chief, Public and Private Mandates Unit; H. Samuel Papenfuss, Deputy Director of Budget Analysis; John McClelland, Director of Tax Analysis.

Estimate approved by: Phillip L. Swagel, Director, Congressional Budget Office.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee made findings and recommendations that are reflected in this report.

B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill does not authorize funding, so no statement of general performance goals and objectives is required.

C. INFORMATION RELATING TO UNFUNDED MANDATES

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104-4).

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

D. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

E. TAX COMPLEXITY ANALYSIS

Pursuant to clause 3(h)(1) of rule XIII of the Rules of the House of Representatives, the staff of the Joint Committee on Taxation has determined that a complexity analysis is not required under section 4022(b) of the IRS Reform Act because the bill contains no provisions that amend the Internal Revenue Code of 1986 and that have “widespread applicability” to individuals or small businesses, within the meaning of the rule.

F. DUPLICATION OF FEDERAL PROGRAMS

In compliance with clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95-220, as amended by Pub. L. No. 98-169).

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED**A. CHANGES IN EXISTING LAW PROPOSED BY THE BILL, AS REPORTED**

With respect to the requirement of clause 3(e) of rule XIII of the Rules of the House of Representatives H.R. 5863 makes no amendatory changes to existing law.

