

113TH CONGRESS
1ST SESSION

H. R. 1268

To amend the Internal Revenue Code of 1986 to provide a credit for qualified flood mitigation expenses incurred with respect to certain residences for which the chargeable premium rate under the national flood insurance program is increasing and to provide increased funding for mitigation programs.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2013

Mr. PALAZZO introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Transportation and Infrastructure, Financial Services, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit for qualified flood mitigation expenses incurred with respect to certain residences for which the chargeable premium rate under the national flood insurance program is increasing and to provide increased funding for mitigation programs.

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 “Flood Mitigation Ex-
3 pense Relief Act of 2013”.

4 **SEC. 2. CREDIT FOR CERTAIN QUALIFIED FLOOD MITIGA-**
5 **TION EXPENSES.**

6 (a) IN GENERAL.—Subpart B of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 is amended by adding at the end the following new
9 section:

10 **“SEC. 30E. QUALIFIED FLOOD MITIGATION EXPENSES.**

11 “(a) IN GENERAL.—In the case of a qualified tax-
12 payer, there shall be allowed as a credit against the tax
13 imposed by this chapter for the taxable year an amount
14 equal to the qualified flood mitigation expenses paid or
15 incurred by the taxpayer for the taxable year.

16 “(b) LIMITATIONS.—The amount allowed as a credit
17 under subsection (a) for a taxable year shall not exceed
18 \$5,000.

19 “(c) QUALIFIED TAXPAYER.—

20 “(1) IN GENERAL.—For purposes of this sec-
21 tion, the term ‘qualified taxpayer’ means taxpayer
22 who—

23 “(A) is the holder of a policy for flood in-
24 surance coverage under the national flood in-
25 surance program under the National Flood In-

1 insurance Act of 1968 (42 U.S.C. 4011 et seq.),
2 and

3 “(B) owns property—

4 “(i) which is covered by such policy
5 for flood insurance coverage under which
6 the chargeable premium rate as of the date
7 of the enactment of the Biggert-Waters
8 Flood Insurance Reform Act of 2012 (title
9 II of division F of Public Law 112–141) is
10 less than the applicable estimated risk pre-
11 mium rate under section 1307(a)(1) of the
12 National Flood Insurance Act of 1968 (42
13 U.S.C. 4014(a)(1)) for the area (or sub-
14 division thereof) in which the property is
15 located,

16 “(ii) for which such chargeable pre-
17 mium rate was increased or will increase,
18 as a result of any provision of the Biggert-
19 Waters Flood Insurance Reform Act of
20 2012, to the applicable estimated risk pre-
21 mium rate under such section 1307(a)(1)
22 for such area (or subdivision), and

23 “(iii) which—

24 “(I) has an elevation lower than
25 the base flood elevation, as deter-

1 mined by the applicable flood insur-
2 ance rate map, or

3 “(II) is located in an area that,
4 after the date of the enactment of the
5 Biggert-Waters Flood Insurance Re-
6 form Act of 2012, has been des-
7 ignated as having a higher flood risk
8 than the flood risk designated for the
9 area as of such date of enactment.

10 “(2) BUSINESS EMPLOYERS MUST BE SMALL.—

11 “(A) IN GENERAL.—In the case of a tax-
12 payer which is a trade or business, for purposes
13 of this section the term ‘qualified taxpayer’
14 shall not include any taxpayer which employed
15 an average of more than 50 employees on busi-
16 ness days during such taxable year.

17 “(B) CONTROLLED GROUPS.—For pur-
18 poses of subparagraph (A), all persons treated
19 as a single employer under subsection (a) or (b)
20 of section 52 or subsection (m) or (o) of section
21 414 shall be treated as a single employer.

22 “(d) QUALIFIED FLOOD MITIGATION EXPENSES.—
23 The term ‘qualified flood mitigation expenses’ shall have
24 the meaning given such term by the Administrator of the
25 Federal Emergency Management Agency.

1 “(e) PARTNERSHIP, S CORPORATIONS, AND OTHER
2 PASS-THRU ENTITIES.—In the case of a partnership,
3 trust, S corporation, or other pass-thru entity, the credit
4 and limitations contained in this section shall be deter-
5 mined at the entity level.

6 “(f) APPLICATION WITH OTHER CREDITS.—

7 “(1) BUSINESS CREDIT TREATED AS PART OF
8 GENERAL BUSINESS CREDIT.—So much of the credit
9 which would be allowed under subsection (a) for any
10 taxable year (determined without regard to this sub-
11 section) that is determined with respect to property
12 of a character subject to an allowance for deprecia-
13 tion shall be treated as a credit listed in section
14 38(b) for such taxable year (and not allowed under
15 subsection (a)).

16 “(2) PERSONAL CREDIT.—For purposes of this
17 title, the credit allowed under subsection (a) for any
18 taxable year (determined after application of para-
19 graph (1)) shall be treated as a credit allowable
20 under subpart C for such taxable year.

21 “(g) TERMINATION.—Subsection (a) shall not apply
22 to any amount paid or incurred after December 31,
23 2022.”.

24 (b) CONFORMING AMENDMENTS.—

1 (1) Section 38(b) of the Internal Revenue Code
 2 of 1986 is amended by striking “plus” at the end of
 3 paragraph (35), by striking the period at the end of
 4 section (36) and inserting “, plus”, and by inserting
 5 after paragraph (36) the following new paragraph:

6 “(37) the portion of the credit for qualified
 7 flood mitigation expenses to which section 30E(f)(1)
 8 applies.”.

9 (2) Section 1324(b)(2) of title 31, United
 10 States Code, is amended by inserting “30E(f)(2),”
 11 after “25A,”.

12 (3) The table of sections for subpart B of part
 13 IV of subchapter A of chapter 1 of the Internal Rev-
 14 enue Code of 1986 is amended by adding at the end
 15 the following new item:

“Sec. 30E. Qualified flood mitigation expenses.”.

16 (c) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to amounts paid or incurred after
 18 December 31, 2012.

19 **SEC. 3. INCREASED FUNDING FOR MITIGATION PROGRAMS.**

20 (a) AUTHORIZATION OF APPROPRIATIONS.—There
 21 are authorized to be appropriated to the Administrator of
 22 the Federal Emergency Management Agency—

23 (1) \$100,000,000 for carrying out the
 24 predisaster hazard mitigation program authorized by
 25 section 203 of the Robert T. Stafford Disaster Relief

1 and Emergency Assistance Act (42 U.S.C. 5133);
2 and

3 (2) \$100,000,000 for carrying out the flood
4 mitigation assistance program authorized by section
5 1366 of the National Flood Insurance Act of 1969
6 (42 U.S.C. 4104c), which shall remain available
7 until expended.

8 (b) USE OF FUNDS.—In carrying out the programs
9 specified in subsection (a) using the amounts made avail-
10 able to the Administrator under this section, the Adminis-
11 trator shall ensure that such amounts are used as follows:

12 (1) ACTIVITIES.—Such amounts may be used
13 only for—

14 (A) mitigation activities under such pro-
15 grams for properties eligible pursuant to para-
16 graph (2); and

17 (B) acquisition by States and communities
18 of properties eligible pursuant to paragraph (2).

19 (2) PROPERTIES.—Such amounts may be used
20 only with respect to properties that—

21 (A) are located in an area for which re-
22 vised flood insurance rate maps under the na-
23 tional flood insurance program take effect after
24 the date of the enactment of the Biggert-
25 Waters Flood Insurance Reform Act of 2012

1 (subtitle A of title II of division F of Public
2 Law 112–141; 126 Stat. 916); and

3 (B)(i) have an elevation that is lower than
4 the base flood elevation for the area in which
5 the property is located, as determined by the
6 applicable such flood insurance rate map; or

7 (ii) are located in an area that, after the
8 date of the enactment of the Biggert-Waters
9 Flood Insurance Reform Act of 2012, has been
10 designated as having a higher flood risk than
11 the flood risk designated for the area as of such
12 date of enactment.

13 **SEC. 4. REPEAL OF ENERGY STAR PROGRAM.**

14 The Energy Star program of the United States De-
15 partment of Energy and the United States Environmental
16 Protection Agency is hereby terminated and any appro-
17 priation or amount otherwise made available for such pro-
18 gram which is not obligated or expended as of the date
19 of the enactment of this Act is hereby rescinded.

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