II

118TH CONGRESS
1ST SESSION

S. 1953

To amend the Internal Revenue Code of 1986 to exclude from gross income amounts received from State-based catastrophe loss mitigation programs.

IN THE SENATE OF THE UNITED STATES

JUNE 13, 2023

Mrs. FEINSTEIN (for herself, Mr. PADILLA, Mr. CASSIDY, Mr. TILLIS, Mr. KENNEDY, Mr. HICKENLOOPER, Mr. BENNET, and Mr. MERKLEY) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income amounts received from State-based catastrophe loss mitigation programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Disaster Mitigation and Tax Parity Act of 2023''.

SEC. 2. EXCLUSION OF AMOUNTS RECEIVED FROM STATE-BASED CATASTROPHE LOSS MITIGATION PROGRAMS.

(a) IN GENERAL.—Section 139 of the Internal Revenue Code of 1986 is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) STATE-BASED CATASTROPHE LOSS MITIGATION PROGRAMS.—

"(1) IN GENERAL.—Gross income shall not include any amount received by or paid for the benefit of an individual as a qualified catastrophe mitigation payment under a program established by—

"(A) a State or any political subdivision or public instrumentality thereof,

"(B) a joint powers authority, or

"(C) an entity created by State law to ensure the availability of an adequate market of last resort for essential property insurance or basic property insurance, over which a State agency or State department of insurance has regulatory oversight,

for the purpose of making such payments.

"(2) QUALIFIED CATASTROPHE MITIGATION PAYMENT.—For purposes of this section, the term 'qualified catastrophe mitigation payment' means any amount which is received by or paid for the benefit of the owner of any property to make improvements to such property for the sole purpose of reducing the damage that would be done to such property by a windstorm, earthquake, or wildfire.

"(3) NO INCREASE IN BASIS.—Rules similar to the rules of subsection (g)(3) shall apply in the case of this subsection.".

(b) CONFORMING AMENDMENTS.—

(1) Section 139(d) of the Internal Revenue Code of 1986 is amended by striking "and qualified" and inserting ", qualified catastrophe mitigation payments, and qualified".

(2) Section 139(i) of such Code (as redesignated by subsection (a)) is amended by striking "or qualified" and inserting ", qualified catastrophe mitigation payment, or qualified".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

(2) RETROACTIVE APPLICABILITY.—The Secretary of the Treasury, or the Secretary's delegate, shall provide an opportunity for individuals to claim the exclusion from gross income under section

139(h) of the Internal Revenue Code of 1986, as added by this section, including by amended return.

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