

sought specifically to collect tax liability.

This strikes the balance we want in legislation creation between allowing taxpayers to resolve issues privately and ensuring that these notices cannot be used to avoid taxes.

Ultimately, taxpayers who have followed the law should not have to fear the IRS soliciting sensitive data behind their backs.

Mr. Speaker, I urge my colleagues to vote “yes,” and I reserve the balance of my time.

Mr. SMITH of Missouri. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. STEUBE), the sponsor of this legislation.

Mr. STEUBE. Mr. Speaker, I rise today in support of H.R. 6495, the Taxpayer Notification and Privacy Act.

At its core, this commonsense legislation is a simple due process idea: Before the IRS goes to your bank, your employer, your vendor, or another third party for information about you, when you can reasonably provide that information yourself, you should be told what they are looking for and given a fair chance to respond.

Under current law, taxpayers can receive a general third-party contact notice, but too often those notices aren't specific enough to let a person meaningfully respond. When the IRS reaches out to third parties, it can create real-world consequences: reputational harm, confusion, or stress for families and small businesses, especially when the taxpayer could have simply produced the records directly.

Mr. Speaker, this legislation is about building a healthier relationship between taxpayers and their government. Our citizens deserve a Federal Government that respects privacy and due process while still ensuring the IRS can do its job.

This bill does not stop the IRS from obtaining information it truly needs. It simply ensures taxpayers receive meaningful notice and a fair opportunity to provide the information themselves when appropriate.

For law-abiding Americans, compliance is already complicated enough. The least we can do is ensure that when the IRS intends to go outside the taxpayer to gather information the taxpayer can provide, the taxpayer gets clarity—what exactly is being sought—and a fair chance to respond.

This is a bipartisan effort, and I am honored to work with Congressman PANETTA on this legislation because protecting taxpayers and improving procedural fairness should not be partisan. I also thank Senator BARRASSO of Wyoming for being the leader on this issue in the Senate, and I hope this bill can receive quick consideration in the Senate and sent to the President's desk.

I thank Chairman SMITH for his leadership in creating a more efficient, more transparent tax administration that works better for all taxpayers.

Mr. Speaker, I urge my colleagues to support the Taxpayer Notification and Privacy Act.

Mr. PANETTA. Mr. Speaker, I yield myself the balance of my time.

Just briefly, again, I thank Representative STEUBE and Chairman SMITH for their leadership on this legislation, and I urge the House to pass this commonsense legislation.

The Taxpayer Notification and Privacy Act will ensure that taxpayers are treated with transparency, with dignity, and with fairness that we all deserve.

By giving Americans a clear chance to provide information to the IRS first, we can protect their privacy, their reputations, and their relationships. This will reduce unnecessary third-party probes, saving resources and protecting taxpayers. This strengthens trust between our constituents and the government while ensuring that taxes are properly collected.

Mr. Speaker, that is why I urge a “yes” vote, and I yield back the balance of my time.

Mr. SMITH of Missouri. Mr. Speaker, I yield myself the balance of my time.

Among the supporters of this bill is the National Taxpayer Advocate, the independent organization tasked with helping taxpayers solve problems with the IRS. Their recommendations align with the changes this legislation would enact to strengthen taxpayer rights.

It is not only about protecting a right to privacy but also the principle of fairness that all Americans should be afforded under the law.

Mr. Speaker, I encourage my colleagues to support this legislation, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri (Mr. SMITH) that the House suspend the rules and pass the bill, H.R. 6495, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

DOUG LAMALFA FEDERAL DISASTER TAX RELIEF CERTAINTY ACT

Mr. SMITH of Missouri. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5366) to amend the Internal Revenue Code of 1986 to codify and extend the rules for personal casualty losses arising from major disasters and the rules for the exclusion from gross income of compensation for losses or damages resulting from certain wildfires, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 5366

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 “Doug LaMalfa Federal Disaster Tax Relief Certainty Act”.

SEC. 2. CODIFICATION AND EXTENSION OF RULES FOR CASUALTY LOSSES ARISING FROM MAJOR DISASTERS.

(a) *IN GENERAL.*—Section 165(h) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(6) *SPECIAL RULE FOR QUALIFIED NET DISASTER LOSSES.*—

“(A) *IN GENERAL.*—If an individual has a qualified net disaster loss for any taxable year, the amount determined under paragraph (2)(A)(ii) shall be the sum of—

“(i) such qualified net disaster loss, and

“(ii) so much of the excess referred to in the matter preceding clause (i) of paragraph (2)(A) (reduced by the amount in clause (i) of this subparagraph) as exceeds 10 percent of the adjusted gross income of the individual.

“(B) *QUALIFIED NET DISASTER LOSS.*—For purposes of subparagraph (A), the term ‘qualified net disaster loss’ means the excess (if any) of—

“(i) qualified disaster-related personal casualty losses, over

“(ii) personal casualty gains reduced by the portion of such gains taken into account under paragraph (5)(B)(i).

“(C) *QUALIFIED DISASTER-RELATED PERSONAL CASUALTY LOSSES.*—For purposes of this paragraph—

“(i) *IN GENERAL.*—The term ‘qualified disaster-related personal casualty losses’ means losses described in subsection (c)(3) (determined after application of paragraph (1)) which arise in a qualified disaster area on or after the first day of the incident period of the qualified disaster to which such area relates, and which are attributable to such disaster.

“(ii) *QUALIFIED DISASTER AREA.*—The term ‘qualified disaster area’ means any area with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act if the incident period of the disaster with respect to which such declaration is made begins on or after December 28, 2019, and before January 1, 2027.

“(iii) *QUALIFIED DISASTER.*—The term ‘qualified disaster’ means, with respect to any qualified disaster area, the disaster by reason of which a major disaster was declared with respect to such area.

“(iv) *INCIDENT PERIOD.*—The term ‘incident period’ means, with respect to any qualified disaster, the period specified by the Federal Emergency Management Agency as the period during which such disaster occurred.”.

(b) *DOLLAR LIMITATION.*—Section 165(h)(1) of such Code is amended by striking “\$500 (\$100 for taxable years beginning after December 31, 2009)” and inserting “\$100 (\$500 in the case of any qualified disaster-related personal casualty losses (as defined in paragraph (6)(C))”.

(c) *DEDUCTION ALLOWED TO INDIVIDUALS WHO DO NOT ELECT TO ITEMIZE DEDUCTIONS.*—Section 63(b) of such Code is amended—

(1) by striking “and” at the end of paragraph (6) and inserting a comma,

(2) by striking the period at the end of paragraph (7) and inserting “, and”, and

(3) by adding at the end the following new paragraph:

“(8) so much of the deduction allowed by section 165(a) as is attributable to the qualified net disaster loss (as defined in section 165(h)(6)(B)).”.

(d) *EFFECTIVE DATE.*—

(1) *IN GENERAL.*—The amendments made by this section shall apply to taxable years beginning after December 31, 2024.

(2) *COORDINATION WITH SUPERCEDED PROVISIONS.*—Section 304(b) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (division EE of Public Law 116–260) and section 70438 of Public Law 119–21 shall not apply to any taxable year beginning after December 31, 2024.

SEC. 3. CODIFICATION AND EXTENSION OF EXCLUSION FROM GROSS INCOME OF COMPENSATION FOR LOSSES OR DAMAGES RESULTING FROM CERTAIN WILDFIRES.

(a) *IN GENERAL.*—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting before section 140 the following new section:

“SEC. 139M. COMPENSATION FOR LOSSES OR DAMAGES RESULTING FROM CERTAIN WILDFIRES.

“(a) *IN GENERAL.*—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)) declared after December 31, 2014, and before January 1, 2027, as a result of any forest or range fire.

“(c) *DENIAL OF DOUBLE BENEFIT.*—Notwithstanding any other provision of this title—

“(1) no deduction or credit shall be allowed (to the individual 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 section with respect to such property.”

(b) *CLERICAL AMENDMENT.*—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting before the item related to section 140 the following new item:

“Sec. 139M. Compensation for losses or damages resulting from certain wildfires.”

(c) *EFFECTIVE DATE.*—The amendments made by this section shall apply to payments received in taxable years beginning after December 31, 2025.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. SMITH) and the gentleman from California (Mr. THOMPSON) each will control 20 minutes.

The Chair recognizes the gentleman from Missouri.

GENERAL LEAVE

Mr. SMITH of Missouri. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and submit extraneous material on this bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SMITH of Missouri. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of H.R. 5366, the Doug LaMalfa Federal Disaster Tax Relief Certainty Act, bipartisan legis-

lation introduced by Representatives GREG STEUBE, MIKE THOMPSON, and JIMMY PANETTA and named after our late colleague, Mr. DOUG LAMALFA, who dedicated his life to public service and was a very strong advocate for helping so many of his constituents whose lives had been turned upside down by wildfires.

The chief sponsor of this legislation, Representative STEUBE, hails from the State of Florida, which is no stranger to the worst of natural disasters, including hurricanes that have devastated communities there and everywhere.

The bipartisan work that has been done in advancing this legislation speaks to the fact that no community in America is safe from a potential natural disaster. Every Member of this body has had to or will have to at some point respond to some level of devastation brought to the doorsteps of the folks who they represent because of a natural disaster.

This bill appropriately extends an existing provision within the law that allows taxpayers to deduct personal casualty losses stemming from a natural disaster while also excluding wildfire disaster relief payments from taxable income. These are the commonsense measures that ensure Americans recovering from a disaster have fewer tax burdens and more resources to navigate their recovery.

Mr. Speaker, I reserve the balance of my time.

Mr. THOMPSON of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of the Doug LaMalfa Federal Disaster Tax Relief Certainty Act. I thank Mr. SMITH for his work on this bill, and I thank Mr. STEUBE for his partnership.

I represent communities in northern California that have been on the front lines of catastrophic wildfires for years. I sat with families who have watched their homes burn to the ground. I spoke with small business owners who lost not just their storefronts but their entire livelihoods. I met with farmers and growers who saw generations of work wiped out in a matter of hours.

After all of that, after the fire trucks leave, after the smoke clears, after the cameras are gone, those families are left to navigate through the aftermath.

They are dealing with insurance claims. They are trying to find temporary housing. They are figuring out how to rebuild their lives.

Then they run into the tax code.

In northern California, my constituents had to fight tooth and nail just to get basic, commonsense tax relief. Think about that.

Congressman LaMalfa and I had to fight to pass this relief, and we worked to mobilize victims to speak out and demand that that tax relief be forthcoming.

People who lost everything should not have to come to Washington, D.C.,

to fight for relief. We should not be asking disaster victims to lobby Congress in the middle of recovery. We should not be telling families that the help they receive to build their homes might come with a tax bill attached. We should not be forcing communities into uncertainty every single time disaster strikes.

This legislation ensures that when Americans receive disaster relief they are not penalized by paying tax on that relief.

□ 1600

This is not just about the past. It is about what is happening right now.

In Los Angeles, across southern California, in Hawaii, and in Colorado, families reeling from devastating fires are being forced to navigate the same uncertainty those in my district faced. They should not have to come back to Congress and ask for relief that we already know is necessary.

Disaster relief should not depend on your ability to navigate Congress. It should be automatic. It should be fair, and it should be there when you need it.

This bill is a step toward that goal. It reflects what we have learned from northern California. It reflects the realities facing communities in Los Angeles, Hawaii, and Colorado. This legislation is a great first step, and we should now work to make this relief permanent going forward.

Mr. Speaker, I urge my colleagues to support this legislation, and I reserve the balance of my time.

Mr. SMITH of Missouri. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. STEUBE), the sponsor of this legislation, who has been a very strong advocate for recovering from natural disasters, including the citizens of his home State of Florida.

Mr. STEUBE. Mr. Speaker, I rise today in support of H.R. 5366, the Doug LaMalfa Federal Tax Relief Certainty Act.

When hurricanes, wildfires, floods, tornadoes, and other disasters strike, American families are left to rebuild their homes, their businesses, their communities, and their lives. When these moments arise, the last thing they need is the Federal Government making their recovery harder by taxing relief payments or denying fair treatment for disaster losses, nor should the government be creating uncertainty in the tax code.

This legislation provides certainty to disaster victims by extending and codifying commonsense tax relief for Americans impacted by federally declared disasters. It allows individuals to deduct qualified disaster-related casualty losses without having to itemize, removes burdensome limitations that can prevent families from receiving relief, and ensures certain wildfire relief payments are not treated as taxable income.

For families in Florida, this issue is not theoretical. We know all too well

what it means to rebuild after hurricanes, flooding, storm surge, and the aftermath of these disasters. Recovery does not happen overnight, and families should not be forced to navigate a confusing tax code, especially without certainty in what that code may be as they are still trying to repair their homes, replace their belongings, and get back on their feet.

No one understood this better than our former colleague Doug LaMalfa of California. For 13 years, Doug served in Congress as a tireless advocate for disaster victims and spent years fighting to ensure families impacted by wildfires specifically receive fair treatment under the tax code.

Last Congress, I was honored to fight along with Doug as I led a bipartisan coalition alongside our colleagues on the floor with us right now, JIMMY PANETTA, MIKE THOMPSON, and JILL TOKUDA, as well as former Representative Bill Johnson of Ohio.

Our historic efforts culminated with the Federal Disaster Tax Relief Act of 2023 being signed into law on December 12, 2024, delivering billions in disaster tax relief to millions of Americans across 48 States.

The bill we are voting on today builds upon that legislation. Today is an opportunity to secure disaster relief certainty for the wildfire victims that Doug LaMalfa spent years fighting for. It is also an opportunity to secure relief for disaster survivors who have experienced a tragic event since July 4, 2025, and who may experience one in 2026.

With hurricane season on the horizon, it is critical that Floridians have certainty in the tax code.

I thank Chairman SMITH for his leadership in advancing this legislation through the Ways and Means Committee with unanimous bipartisan support. I also thank Senator RICK SCOTT for leading this bill in the Senate and being a tireless leader on this issue.

I also thank my aforementioned colleagues on the other side of the aisle, JIMMY PANETTA, MIKE THOMPSON, and JILL TOKUDA, for their commitment to securing disaster relief for their constituents and Americans regardless of political affiliation or geography.

Finally, I thank Doug LaMalfa for being an ally, a friend, and a fighter. Doug is deeply missed in this institution, and naming this bill in his honor is a simple but meaningful tribute.

Mr. Speaker, when Americans are recovering from disaster, they deserve clarity, certainty, and relief, not more red tape from Washington. I urge my colleagues to support the Doug LaMalfa Federal Disaster Tax Relief Certainty Act.

Mr. THOMPSON of California. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. PANETTA), a valued member of the Ways and Means Committee and someone who has seen firsthand what devastating wildfires can do to your district.

Mr. PANETTA. Mr. Speaker, I thank Mr. THOMPSON and Mr. STEUBE for al-

lowing me to speak on this topic. I support the Doug LaMalfa Federal Disaster Tax Relief Certainty Act.

I am a proud cosponsor, co-lead of this bill with Representatives GREG STEUBE and MIKE THOMPSON, a bill that would build on the Federal Disaster Tax Relief Act which we passed last Congress, thanks to the leadership of Representative STEUBE, a bill that would ensure that those impacted by disasters nationwide have continued access to tax relief.

This is one of those bills, as you are going to hear from Representative STEUBE, from Mr. THOMPSON, and from Ms. TOKUDA, that is not a partisan topic when it comes to providing proper tax relief for our constituents who have been affected by natural disasters, disasters that don't just affect red States or blue States. They affect all American States. That is why this bill is so important.

It would extend the provisions of the Federal Disaster Tax Relief Act through 2026 to, one, ensure that those affected by fires and natural disasters can claim the personal casualty loss deduction to help in the recovery. Two, would exempt fire settlements from taxation to avoid devastating tax bills on wildfire victims.

Unfortunately, after most natural disasters, there are limitations in the tax code that make it very difficult for survivors to claim the casualty loss deduction for uninsured losses.

Specifically, losses must be attributable to a federally declared disaster and exceed 10 percent of adjusted gross income. That prevents many from qualifying for tax relief. In fact, the tax code ends up penalizing fire victims by treating settlements from fires as income for tax purposes. That can trigger a bill, as we have heard, as large as 37 percent of the settlement.

Now, the Federal Disaster Tax Relief Act that was signed into law last Congress addresses those issues by ensuring that those who received settlements for certain wildfires, including payments from the Fire Victim Trust, do not have to pay taxes on those payments.

It also designates certain federally declared disasters as qualified disasters for the purposes of determining personal casualty losses. That ensures that families who incurred uninsured losses due to a natural disaster, be it damage to their home or property, can declare that loss and lower their tax bill.

If we do not pass this bill, the thousands of people who survived the 2025 Los Angeles fires, who received settlements, risk a devastating tax bill and face limitations recouping uninsured losses.

That is why Congress is acting in a bipartisan way to prevent the tax code from penalizing constituents who are trying to rebuild after such disasters.

Mr. Speaker, I urge my colleagues to support this commonsense bill to extend the Federal Disaster Tax Relief

Act, to help families all across America, from Hawaii to California to Florida and those in between, who are struck by natural disasters and get the necessary tax relief to recover, rebuild, and move forward with their lives.

Mr. SMITH of Missouri. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. FONG).

Mr. FONG. Mr. Speaker, I thank Congressman STEUBE for his leadership.

Mr. Speaker, I rise in support of the Doug LaMalfa Federal Disaster Tax Relief Certainty Act, which includes my bill, the Doug LaMalfa Protect Innocent Victims of Taxation after Fire Extension Act, which was his bill that he originally fought for.

I thank the Ways and Means Committee chairman, Chairman SMITH, the members of the committee, and the committee staff who made this bill a priority.

In California, we are all too familiar with the devastation caused by wildfires. After these disasters strike in our community, survivors shouldn't have to worry about burdensome Federal taxes as they work to recover and rebuild.

Today, we have an opportunity to address that while honoring my friend the late Doug LaMalfa, who was a tireless champion of rural California and an advocate for those rebuilding after wildfires.

This section of the bill allows for wildfire victims to receive disaster aid incurred from a wildfire to have that payment exempted from gross income filings. This would exclude wildfire recovery payments from Federal income taxation through 2032.

Without this extension, victims of catastrophic wildfires would again have their relief payments subject to Federal income tax obligations. For families and individuals who have lost everything, this can make all the difference.

Mr. Speaker, I ask my colleagues to support this critical legislation.

□ 1610

Mr. THOMPSON of California. Mr. Speaker, I yield 3 minutes to the gentlewoman from Hawaii (Ms. TOKUDA). She has seen devastating wildfire that impacted her district and her constituents, and she has done great work to bring relief to them.

Ms. TOKUDA. Mr. Speaker, I thank the chair and my colleagues who have co-lead and provided leadership on this important bill: Representative STEUBE, Representative THOMPSON, and Representative PANETTA.

I rise today, like so many of my colleagues on both sides of the aisle, to honor our friend Doug LaMalfa. He understood that the disaster after the disaster happens when families cannot recover and return to their hometowns because the funding and resources they receive just don't stretch far enough or, worse, are taxed and taken away from people who need absolutely every single dollar to be able to rebuild.

On Saturday, I stood above Lahaina, and for a moment—the briefest of moments—in the darkness, the town almost looked normal. Immediately, you realize that something is missing: no warm glow from homes and businesses, no kids riding bikes, and no neighbors gathering in garages.

The people of Lahaina were not counting on that day. They did not seek or ask to lose their homes, their businesses, their livelihoods, their history, or their loved ones.

They should be able to count on this: that every dollar and every resource meant to help them rebuild, recover, and return home stays with them in their pockets, not in government coffers.

As I stand here today wearing Doug's pin above my heart, I know he is up there smiling right now. Doug believed recovery should not come with a tax bill, and the Doug LaMalfa Federal Disaster Tax Relief Certainty Act makes sure of that.

As we all know too well, the burden of those touched by fire, flood, hurricane, tornado, or disaster is already too much to bear. It is already far too heavy. We should not be making it heavier.

Mr. Speaker, for my constituents, and disaster and wildfire survivors everywhere, let's stand with them in this moment and every moment to come. Let's show them some aloha. Let's make sure that we all vote "yes" on this bill.

Mr. SMITH of Missouri. Mr. Speaker, I am prepared to close, and I reserve the balance of my time.

Mr. THOMPSON of California. Mr. Speaker, I yield myself the balance of my time to close.

Mr. Speaker, this bill is about basic fairness. When Americans lose their homes to wildfires or other disasters, the last thing they should face is a tax bill on the help they received to rebuild that home.

My constituents in northern California had to fight for that relief. Families in Los Angeles should not have to do the same, nor should they in Colorado, Hawaii, or anyplace else.

Let's pass this bill today and then do the work to make these protections permanent so no disaster victim has to come back to Congress for relief ever again.

Mr. Speaker, this legislation is rightfully named after our former colleague and friend, Doug LaMalfa, who worked hard to protect his fire victims. We should pass this bill.

Mr. Speaker, I urge everyone to vote "yes," and I yield back the balance of my time.

Mr. SMITH of Missouri. Mr. Speaker, I yield myself the balance of my time to close.

Mr. Speaker, in 2024, Congress acted to provide critical tax relief for Americans hit hard by natural disasters. The goal was clear: Provide relief to those who need it most.

With this legislation before us today, we have the opportunity to continue

ensuring victims of natural disasters, including wildfires, continue to receive the relief that they deserve and the resources they desperately need to recover and rebuild.

I thank Representative STEUBE for this bill and for his hard work to appropriately pay tribute to our late colleague, Mr. LaMalfa, on an issue that was such a passion for him.

Mr. Speaker, I encourage my colleagues to support this legislation, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. HURD of Colorado). The question is on the motion offered by the gentleman from Missouri (Mr. SMITH) that the House suspend the rules and pass the bill, H.R. 5366, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

SURVIVOR JUSTICE TAX PREVENTION ACT

Mr. SMITH of Missouri. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2347) to amend the Internal Revenue Code of 1986 to exclude from gross income any damages, other than punitive damages, received on account of any sexual acts or sexual contact, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2347

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 "Survivor Justice Tax Prevention Act".

SEC. 2. EXCLUSION FROM GROSS INCOME OF ANY DAMAGES, OTHER THAN PUNITIVE DAMAGES, RECEIVED ON ACCOUNT OF SEXUAL ACTS OR SEXUAL CONTACT.

(a) IN GENERAL.—Section 104(a)(2) of the Internal Revenue Code of 1986 is amended by striking "on account of personal physical injuries or physical sickness;" and inserting "on account of—

"(A) personal physical injuries or physical sickness, or

"(B) any sexual act (as defined in paragraph (2) of section 2246 of title 18, United States Code, as in effect on the date of the enactment of this subparagraph) or sexual contact (as defined in paragraph (3) of such section, as so in effect), whether or not there are medical records or observable injuries of such act or contact;"

(b) BURDEN OF PROOF WITH RESPECT TO WHETHER DAMAGES ARE ON ACCOUNT OF SEXUAL ACT OR SEXUAL CONTACT.—Section 104 of such Code is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) BURDEN OF PROOF WITH RESPECT TO WHETHER DAMAGES ARE ON ACCOUNT OF SEXUAL ACT OR SEXUAL CONTACT.—For purposes of subsection (a)(2), if a decision or agreement states that any damages received therefrom are on account of a sexual act or sexual contact referred to in subsection (a)(2)(B)—

"(1) such statement shall be treated as credible evidence that such damages are so on account for purposes of section 7491(a), and

"(2) the taxpayer shall be treated as having met the requirements of section 7491(a)(2) with respect to the issue of whether such damages are so on account."

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to amounts received pursuant to decisions made, and agreements entered into, after the date of the enactment of this Act.

(2) SPECIAL RULE FOR DECISIONS.—For purposes of paragraph (1), a decision shall be treated as made after the date of the enactment of this Act if the first payment pursuant to such decision is received after such date.

(3) SPECIAL RULE FOR AGREEMENTS.—For purposes of paragraph (1), an agreement shall not be treated as entered into after the date of the enactment of this Act if such agreement replaces, supersedes, or revises an agreement entered into on or before such date.

(d) NO INFERENCE WITH RESPECT TO EFFECT OF MEDICAL RECORDS OR OBSERVABLE INJURIES ON DETERMINATIONS WITH RESPECT TO PERSONAL PHYSICAL INJURIES OR PHYSICAL SICKNESS.—No inference may be drawn from the amendment made by subsection (a) (or from section 104(a)(2)(B) of the Internal Revenue Code of 1986, as amended by subsection (a)) with respect to whether the term "personal physical injuries or physical sickness" as used in section 104(a)(2) of such Code includes injuries or sickness with respect to which there are no medical records or observable injuries.

(e) PROMOTION OF PUBLIC AWARENESS OF EXCLUSION.—The Secretary of the Treasury (or the Secretary's delegate), in consultation with the Department of Justice Office on Violence Against Women and other relevant Federal agencies, shall conduct a program to promote public awareness of the exclusion from gross income provided by section 104(a)(2)(B) of the Internal Revenue Code of 1986, as amended by this section.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. SMITH) and the gentleman from Wisconsin (Ms. MOORE) each will control 20 minutes.

The Chair recognizes the gentleman from Missouri.

GENERAL LEAVE

Mr. SMITH of Missouri. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and submit extraneous material on this bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SMITH of Missouri. Mr. Speaker, I rise in support of H.R. 2347, the Survivor Justice Tax Prevention Act, bipartisan legislation introduced by Representatives LLOYD SMUCKER and GWEN MOORE.

Survivors of sexual assault face a long road to recovery without having to battle with the IRS over keeping the compensatory damages or settlements that they receive.

Unfortunately, right now, the burden of proof that a sexual assault survivor would have to provide to the IRS, including medical records to prove that they deserve to have their settlement funds excluded from gross income for tax purposes, ignores the fact that such victims often do not have the same observable physical injuries that other victims of assault might have.