

117TH CONGRESS
2D SESSION

S. 5176

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

DECEMBER 1, 2022

Mr. CASSIDY (for himself and Mrs. FEINSTEIN) 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 exclude from gross income amounts received from State-based catastrophe loss mitigation programs.

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 “Disaster Mitigation
5 and Tax Parity Act of 2022”.

6 **SEC. 2. EXCLUSION OF AMOUNTS RECEIVED FROM STATE-**
7 **BASED CATASTROPHE LOSS MITIGATION**
8 **PROGRAMS.**

9 (a) IN GENERAL.—Section 139 of the Internal Rev-
10 enue Code of 1986 is amended by redesignating subsection

1 (h) as subsection (i) and by inserting after subsection (g)
2 the following new subsection:

3 “(h) STATE-BASED CATASTROPHE LOSS MITIGATION
4 PROGRAMS.—

5 “(1) IN GENERAL.—Gross income shall not in-
6 clude any amount received by an individual as a
7 qualified catastrophe mitigation payment under a
8 program established by—

9 “(A) a State,

10 “(B) a political subdivision or instrumen-
11 tality thereof, or

12 “(C) an entity established under State
13 charter,

14 for the purpose of making such payments.

15 “(2) QUALIFIED CATASTROPHE MITIGATION
16 PAYMENT.—For purposes of this section, the term
17 ‘qualified catastrophe mitigation payment’ means
18 any amount which is received by an individual to
19 make improvements to such individual’s residence
20 for the sole purpose of reducing the damage that
21 would be done to such residence by a windstorm,
22 earthquake, wildfire, or flooding.

23 “(3) NO INCREASE IN BASIS.—Rules similar to
24 the rules of subsection (g)(3) shall apply in the case
25 of this subsection.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 139(d) is amended by striking “and
3 qualified” and inserting “, qualified catastrophe
4 mitigation payments, and qualified”.

5 (2) Section 139(i) (as redesignated by sub-
6 section (a)) is amended by striking “or qualified”
7 and inserting “, qualified catastrophe mitigation
8 payment, or qualified”.

9 (c) EFFECTIVE DATE.—

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

13 (2) RETROACTIVE APPLICABILITY.—The exclu-
14 sion under section 139(h) of the Internal Revenue
15 Code of 1986, as added by this section, may be
16 claimed for taxable years beginning after December
17 31, 2020, including by amended return.

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