

118TH CONGRESS

1st Session

II

S. 2106

To amend the Internal Revenue Code of 1986 to provide a credit against tax for disaster mitigation expenditures.

IN THE SENATE OF THE UNITED STATES

JUNE 22, 2023

Mr. BENNET (for himself and Mr. CASSIDY) 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 provide a credit against tax for disaster mitigation expenditures.

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 ‘‘Shelter Act’’.
5. **SEC. 2. NONREFUNDABLE PERSONAL CREDIT FOR DIS-**
6. **ASTER MITIGATION EXPENDITURES.**
7. (a) IN GENERAL.—Subpart A of part IV of sub-
8. chapter A of chapter 1 of the Internal Revenue Code of
9. 1986 is amended by inserting after section 25E the fol-
10. lowing new section:
11. **‘‘SEC. 25F. DISASTER MITIGATION EXPENDITURES.**
12. ‘‘(a) ALLOWANCE OF CREDIT.—In the case of an in-
13. dividual, there shall be allowed as a credit against the tax
14. imposed by this chapter for the taxable year an amount
15. equal to 25 percent of the qualified disaster mitigation ex-
16. penditures made by the taxpayer during such taxable year.
17. ‘‘(b) MAXIMUM CREDIT.—
18. ‘‘(1) IN GENERAL.—Subject to paragraphs (2)
19. and (3), the credit allowed under subsection (a) for
20. any taxable year shall not exceed $5,500.
21. ‘‘(2) PHASEOUT.—
22. ‘‘(A) IN GENERAL.—The amount under
23. paragraph (1) for the taxable year shall be re-
24. duced (but not below zero) by an amount which
25. bears the same ratio to the amount under such
26. paragraph as—
27. ‘‘(i) the amount (not less than zero)
28. equal to the adjusted gross income of the
29. taxpayer for such taxable year minus
30. $100,000, bears to

21 ‘‘(ii) $50,000.

1. ‘‘(B) INFLATION ADJUSTMENT.—In the
2. case of any taxable year after 2024, each of the
3. dollar amounts under subparagraph (A) shall
4. be increased by an amount equal to—
5. ‘‘(i) such dollar amount, multiplied by
6. ‘‘(ii) the cost-of-living adjustment de-
7. termined under section 1(f)(3) for the cal-
8. endar year in which the taxable year be-
9. gins, determined by substituting ‘calendar
10. year 2023’ for ‘calendar year 2016’ in sub-
11. paragraph (A)(ii) thereof.
12. ‘‘(C) ROUNDING.—If any reduction deter-
13. mined under subparagraph (A) is not a multiple
14. of $50, or any increase under subparagraph (B)
15. is not a multiple of $50, such amount shall be
16. rounded to the nearest multiple of $50.
17. ‘‘(3) JOINT RETURN.—If a joint return is filed
18. by the taxpayer for any taxable year—
19. ‘‘(A) for purposes of determining the
20. amount of any credit allowed under subsection
21. (a) for such taxable year, the dollar amount
22. under paragraph (1) shall be doubled, and
23. ‘‘(B) for purposes of determining the
24. amount of any reduction under paragraph
25. (2)(A) for any taxable year, the dollar amounts
26. under such paragraph (after application of sub-
27. paragraphs (B) and (C) of paragraph (2)) shall
28. be doubled.
29. ‘‘(c) DEFINITIONS.—For purposes of this section—
    1. ‘‘(1) Qualified disaster mitigation ex-
    2. PENDITURE.—
    3. ‘‘(A) IN GENERAL.—The term ‘qualified
    4. disaster mitigation expenditure’ means an ex-
    5. penditure relating to a qualified dwelling unit—
    6. ‘‘(i) for property to—
    7. ‘‘(I) improve the strength of a
    8. roof deck attachment,
    9. ‘‘(II) create a secondary water
    10. barrier to prevent water intrusion or
    11. mitigate against potential water intru-
    12. sion from wind-driven rain,
    13. ‘‘(III) improve the durability, im-
    14. pact resistance (not less than class 3
    15. or 4 rating), or fire resistance (not
    16. less than class A rating) of a roof cov-
    17. ering,
    18. ‘‘(IV) brace gable-end walls,
    19. ‘‘(V) reinforce the connection be-
    20. tween a roof and supporting wall,
    21. ‘‘(VI) protect openings from pen-
    22. etration by wind-borne debris,
    23. ‘‘(VII) protect exterior doors and
    24. garages from natural hazards,
        1. ‘‘(VIII) complete measures con-
        2. tained in the publication of the Fed-
        3. eral Emergency Management Agency
        4. entitled ‘Wind Retrofit Guide for Res-
        5. idential Buildings’ (P–804),
        6. ‘‘(IX) elevate the qualified dwell-
        7. ing unit, as well as utilities, machin-
        8. ery, or equipment, above the base
        9. flood elevation or other applicable
        10. minimum elevation requirement,
        11. ‘‘(X) seal walls in the basement
        12. of the qualified dwelling unit using
        13. waterproofing compounds, or
        14. ‘‘(XI) protect propane tanks or
        15. other external fuel sources,
        16. ‘‘(ii) to install—
        17. ‘‘(I) check valves to prevent flood
        18. water from backing up into drains,
        19. ‘‘(II) flood vents, breakaway
        20. walls or open lattice for homes located
        21. in V zones,
        22. ‘‘(III) a stormwater drainage sys-
        23. tem or improve an existing system,
            1. ‘‘(IV) natural or nature-based
            2. features for flood control, including
            3. living shorelines,
            4. ‘‘(V) roof coverings, sheathing,
            5. flashing, roof and attic vents, eaves,
            6. or gutters that conform to ignition-re-
            7. sistant construction standards,
            8. ‘‘(VI) wall components for wall
            9. assemblies that conform to ignition-re-
            10. sistant construction standards,
            11. ‘‘(VII) a wall-to-foundation an-
            12. chor or connector, or a shear transfer
            13. anchor or connector,
            14. ‘‘(VIII) wood structural panel
            15. sheathing for strengthening cripple
            16. walls,
            17. ‘‘(IX) anchorage of the masonry
            18. chimney to the framing,
            19. ‘‘(X) prefabricated lateral resist-
            20. ing systems,
            21. ‘‘(XI) a standby generator sys-
            22. tem consisting of a standby generator
            23. and an automatic transfer switch,
            24. ‘‘(XII) a storm shelter that meets
            25. the design and construction standards
30. established by the International Code
31. Council and the National Storm Shel-
32. ter Association (ICC–500), or a safe
33. room that satisfies the criteria con-
34. tained in—
35. ‘‘(aa) the publication of the
36. Federal Emergency Management
37. Agency entitled ‘Safe Rooms for
38. Tornadoes and Hurricanes’ (P–
39. 361), or
40. ‘‘(bb) the publication of the
41. Federal Emergency Management
42. Agency entitled ‘Taking Shelter
43. from the Storm’ (P–320),
44. ‘‘(XIII) a lightning protection
45. system,
46. ‘‘(XIV) exterior walls, doors, win-
47. dows, or other exterior dwelling unit
48. elements that conform to ignition-re-
49. sistant construction standards,
50. ‘‘(XV) exterior deck or fence
51. components that conform to ignition-
52. resistant construction standards,
53. ‘‘(XVI) structure-specific water
54. hydration systems, including fire miti-
55. gation systems such as interior and
56. exterior sprinkler systems,
57. ‘‘(XVII) water capture and deliv-
58. ery systems to accommodate drought
59. events or to decrease water use, in-
60. cluding the design of such systems,
61. ‘‘(XVIII) flood openings for fully
62. enclosed areas below the lowest floor
63. of the dwelling unit,
64. ‘‘(XIX) lateral bracing for wall
65. elements, foundation elements, and
66. garage doors or other large openings
67. to resist seismic loads, or
68. ‘‘(XX) automatic shutoff valves
69. for water and gas lines, or
70. ‘‘(iii) for services or equipment to—
71. ‘‘(I) create buffers around the
72. qualified dwelling unit through the re-
73. moval or reduction of flammable vege-
74. tation, including vertical clearance of
75. tree branches,
76. ‘‘(II) create buffers around the
77. dwelling unit through—
    1. ‘‘(aa) the removal of exterior
    2. deck or fence components or igni-
    3. tion-prone landscape features, or
    4. ‘‘(bb) replacement of the
    5. components or features described
    6. in item (aa) with components or
    7. features that conform to ignition-
    8. resistant construction standards,
    9. ‘‘(III) perform fire maintenance
    10. procedures identified by the Federal
    11. Emergency Management Agency or
    12. the United States Forest Service, in-
    13. cluding fuel management techniques
    14. such as creating fuel and fire breaks,
    15. ‘‘(IV) gather and analyze water
    16. and weather data to better under-
    17. stand the local climate and drought
    18. history,
    19. ‘‘(V) replace flammable vegeta-
    20. tion with less flammable species,
    21. ‘‘(VI) determine the risk of nat-
    22. ural disasters which may occur in the
    23. area in which the qualified dwelling
    24. unit is located, or
        1. ‘‘(VII) prevent smoke inhalation,
        2. such as air filters or other equipment
        3. designed to prevent smoke from enter-
        4. ing the dwelling unit,
        5. ‘‘(iv) for property relating to satis-
        6. fying the standards required for receipt of
        7. a FORTIFIED designation from the In-
        8. surance Institute for Business and Home
        9. Safety, provided that the qualified dwelling
        10. unit receives such designation following in-
        11. stallation of such property, or
78. ‘‘(v) for property relating to satisfying the
79. standards required for receipt of a Wildfire Prepared
80. Homes designation from the Insurance Institute for
81. Business and Home Safety, provided that the quali-
82. fied dwelling unit receives such designation following
83. installation of such property, or
    * 1. ‘‘(vi) for any other hazard mitigation
      2. activity which has been identified by the
      3. Secretary, in consultation with the Admin-
      4. istrator of the Federal Emergency Man-
      5. agement Agency, for mitigation of a nat-
      6. ural hazard.
      7. ‘‘(B) EXCEPTION.—The term ‘qualified
      8. disaster mitigation expenditure’ shall not in-
      9. clude any expenditure or portion thereof which
      10. is paid, funded, or reimbursed by a Federal,
      11. State, or local government entity, or any polit-
      12. ical subdivision, agency, or instrumentality
      13. thereof.
84. ‘‘(2) QUALIFIED DWELLING UNIT.—The term
85. ‘qualified dwelling unit’ means a dwelling unit which
86. is—
87. ‘‘(A) located—
88. ‘‘(i) in the United States or in a terri-
89. tory of the United States, and
90. ‘‘(ii) in an area—
91. ‘‘(I) in which a Federal natural
92. disaster declaration has been made
93. within the preceding 5-year period,
94. ‘‘(II) which is adjacent to an
95. area described in subclause (I),
96. ‘‘(III) which, during the taxable
97. year or the period of the 5 taxable
98. years preceding such taxable year, has
99. received hazard mitigation assistance
100. through the Federal Emergency Man-
101. agement Agency in regard to any nat-
102. ural disaster which, with respect to
103. the expenditure described in para-
104. graph (1) which is made by the tax-
105. payer, is applicable to such expendi-
106. ture, or
107. ‘‘(IV) which, with respect to any
108. taxable year, has been designated as a
109. community disaster resilience zone (as
110. defined in section 206(a) of the Rob-
111. ert T. Stafford Disaster Relief and
112. Emergency Assistance Act (42 U.S.C.
113. 5136(a))), and
114. ‘‘(B) used as a residence by the taxpayer.
115. ‘‘(d) LIMITATION.—
116. ‘‘(1) IN GENERAL.—In the case of an expendi-
117. ture described in clause (i) or (ii) of subsection
118. (c)(1)(A), such expenditure shall be taken into ac-
119. count in determining the qualified disaster mitiga-
120. tion expenditures made by the taxpayer during the
121. taxable year only if the onsite preparation, assembly,
122. or original installation of the property with respect
123. to which such expenditure is made has been com-
124. pleted in a manner that is deemed to be in compli-
125. ance with the latest published editions of relevant
126. consensus-based codes, specifications, and standards
127. or any more restrictive Federal, State, or local flood-
128. plain management standards and consistent with
129. floodplain management regulations for the local ju-
130. risdiction in which the qualified dwelling unit is lo-
131. cated.
132. ‘‘(2) LATEST PUBLISHED EDITIONS.—The term
133. ‘latest published editions’ means, with respect to rel-
134. evant consensus-based codes, specifications, and
135. standards, either of the 2 most recently published
136. editions.
137. ‘‘(e) LABOR COSTS.—For purposes of this section,
138. expenditures for labor costs properly allocable to the onsite
139. preparation, assembly, or original installation of the prop-
140. erty described in clause (i) or (ii) of subsection (c)(1)(A)
141. shall be taken into account in determining the qualified
142. disaster mitigation expenditures made by the taxpayer
143. during the taxable year.
144. ‘‘(f) INSPECTION COSTS.—For purposes of this sec-
145. tion, expenditures for the cost of any inspection required
146. under subsection (d) which is properly allocable to the in-
147. spection of the preparation, assembly, or installation of
148. the property described in clause (i) or (ii) of subsection
149. (c)(1)(A) shall be taken into account in determining the
150. qualified disaster mitigation expenditures made by the
151. taxpayer during the taxable year.
152. ‘‘(g) CARRYFORWARD OF UNUSED CREDIT.—
153. ‘‘(1) IN GENERAL.—If the credit allowable
154. under subsection (a) for any taxable year exceeds
155. the applicable tax limit for such taxable year, such
156. excess shall be a carryover to each of the 5 suc-
157. ceeding taxable years and, subject to the limitations
158. of paragraph (2), shall be added to the credit allow-
159. able by subsection (a) for such succeeding taxable
160. year.
161. ‘‘(2) LIMITATION.—The amount of the unused
162. credit which may be taken into account under para-
163. graph (1) for any taxable year shall not exceed the
164. amount (if any) by which the applicable tax limit for
165. such taxable year exceeds the sum of—
166. ‘‘(A) the credit allowable under subsection
167. (a) for such taxable year determined without re-
168. gard to this subsection, and
169. ‘‘(B) the amounts which, by reason of this
170. subsection, are carried to such taxable year and
171. are attributable to taxable years before the un-
172. used credit year.
173. ‘‘(3) APPLICABLE TAX LIMIT.—For purposes of
174. this subsection, the term ‘applicable tax limit’ means
175. the limitation imposed by section 26(a) for the tax-
176. able year reduced by the sum of the credits allowable
177. under this subpart (other than this section).
178. ‘‘(h) DOCUMENTATION.—Any taxpayer claiming the
179. credit under this section shall provide the Secretary with
180. adequate documentation regarding the specific qualified
181. disaster mitigation expenditures made by the taxpayer
182. during the taxable year, as well as such other information
183. or documentation as the Secretary may require.’’.
     1. (b) CONFORMING AMENDMENT.—The table of sec-
     2. tions for subpart A of part IV of subchapter A of chapter
     3. 1 of such Code is amended by inserting after the item
     4. relating to section 25E the following new item:

‘‘Sec. 25F. Disaster mitigation expenditures.’’.

* 1. (c) EFFECTIVE DATE.—The amendments made by
  2. this section shall apply to taxable years beginning after

7 December 31, 2023.

1. **SEC. 3. BUSINESS-RELATED CREDIT FOR DISASTER MITIGA-**
2. **TION.**
3. (a) IN GENERAL.—Subpart D of part IV of sub-
4. chapter A of chapter 1 of the Internal Revenue Code of
5. 1986 is amended by inserting after section 45AA the fol-
6. lowing new section:
7. **‘‘SEC. 45BB. DISASTER MITIGATION CREDIT.**
8. ‘‘(a) GENERAL RULE.—For purposes of section 38,
9. the disaster mitigation credit determined under this sec-
10. tion for any taxable year is an amount equal to 25 percent
11. of the qualified disaster mitigation expenditures made by
12. the taxpayer during the taxable year.
13. ‘‘(b) MAXIMUM CREDIT.—
14. ‘‘(1) IN GENERAL.—Subject to paragraph (2),
15. the amount of the credit determined under sub-
16. section (a) for any taxable year shall not exceed
17. $5,000.
18. ‘‘(2) PHASEOUT.—
    1. ‘‘(A) IN GENERAL.—The amount under
    2. paragraph (1) for the taxable year shall be re-
    3. duced (but not below zero) by an amount which
    4. bears the same ratio to the amount under such
    5. paragraph as—
    6. ‘‘(i) the amount (not less than zero)
    7. equal to the average gross receipts of the
    8. taxpayer over the 3 preceding taxable
    9. years minus $5,000,000, bears to

10 ‘‘(ii) $5,000,000.

1. ‘‘(B) INFLATION ADJUSTMENT.—In the
2. case of any taxable year after 2024, each of the
3. dollar amounts under subparagraph (A) shall
4. be increased by an amount equal to—
5. ‘‘(i) such dollar amount, multiplied by
6. ‘‘(ii) the cost-of-living adjustment de-
7. termined under section 1(f)(3) for the cal-
8. endar year in which the taxable year be-
9. gins, determined by substituting ‘calendar
10. year 2023’ for ‘calendar year 2016’ in sub-
11. paragraph (A)(ii) thereof.
12. ‘‘(C) ROUNDING.—If any reduction deter-
13. mined under subparagraph (A) is not a multiple
14. of $50, or any increase under subparagraph (B)
15. is not a multiple of $50, such amount shall be
16. rounded to the nearest multiple of $50.
17. ‘‘(c) QUALIFIED DISASTER MITIGATION EXPENDI-
18. TURE.—
19. ‘‘(1) IN GENERAL.—For purposes of this sec-
20. tion, the term ‘qualified disaster mitigation expendi-
21. ture’ has the same meaning given such term under
22. paragraph (1) of section 25F(c), except that ‘place
23. of business’ shall be substituted for ‘qualified dwell-
24. ing unit’ each place it appears in such paragraph.
25. ‘‘(2) PLACE OF BUSINESS.—For purposes of
26. this section, an expenditure shall not be treated as
27. a qualified disaster mitigation expenditure (as de-
28. fined in paragraph (1)) unless the taxpayer’s place
29. of business is located—
30. ‘‘(A) in the United States or in a territory
31. of the United States, and
32. ‘‘(B) in an area—
33. ‘‘(i) in which a Federal natural dis-
34. aster declaration has been made within the
35. preceding 5-year period,
36. ‘‘(ii) which is adjacent to an area de-
37. scribed in clause (i),
38. ‘‘(iii) which, during the taxable year
39. or the period of the 5 taxable years pre-
40. ceding such taxable year, has received haz-
41. ard mitigation assistance through the Fed-
42. eral Emergency Management Agency in re-
43. gard to any natural disaster which, with
44. respect to the expenditure described in sec-
45. tion 25F(c)(1) which is made by the tax-
46. payer, is applicable to such expenditure, or
47. ‘‘(iv) which, with respect to any tax-
48. able year, has been designated as a com-
49. munity disaster resilience zone (as defined
50. in section 206(a) of the Robert T. Stafford
51. Disaster Relief and Emergency Assistance
52. Act (42 U.S.C. 5136(a))).
53. ‘‘(d) SPECIAL RULES.—Rules similar to the rules of
54. subsections (d) through (g) of section 25F shall apply for
55. purposes of this section.
56. ‘‘(e) NO DOUBLE BENEFIT.—No credit shall be de-
57. termined under this section with respect to any expendi-
58. tures for which a credit was allowed under section 25F.’’.
59. (b) CONFORMING AMENDMENTS.—
60. (1) Section 38(b) of such Code is amended by
61. striking ‘‘plus’’ at the end of paragraph (40), by
62. striking the period at the end of paragraph (41) and
63. inserting ‘‘, plus’’, and by adding at the end the fol-
64. lowing new paragraph:
    1. ‘‘(42) the disaster mitigation credit determined
    2. under section 45BB(a).’’.
    3. (2) The table of sections for subpart D of part
    4. IV of subchapter A of chapter 1 of such Code is
    5. amended by inserting after the item relating to sec-
    6. tion 45AA the following new item:

‘‘Sec. 45BB. Disaster mitigation credit.’’.

* 1. (c) EFFECTIVE DATE.—The amendments made by
  2. this section shall apply to taxable years beginning after

9 December 31, 2023.

1. **‘‘SEC. 207. COMMUNITY-LEVEL AND PROPERTY-SPECIFIC DISASTER MITIGATION PROGRAM.**
2. ‘‘(a) ESTABLISHMENT.—The President shall estab-
3. lish a program to provide grants to States and Indian trib-
4. al governments for qualifying pre-disaster mitigation ac-
5. tivities on individual residential households, communities, and landscapes that are at risk of being damaged by a major disaster.
6. (b) DEFINITIONS:
7. (1)"COMMUNITY-LEVEL MITIGATION ACTION" MEANS A SCIENCE-BASED MITIGATION ACTION AS DEMONSTRATED BY A COMMUNITY- OR NEIGHBORHOOD-LEVEL DESIGNATION OR CERTIFICATION OR AS UNDERTAKEN BY A GOVERNMENT ENTITY.
8. (2) "PROPERTY-SPECIFIC MITIGATION ACTION" MEANS A SCIENCE-BASED MITIGATION ACTION AS DEMONSTRATED BY THE "WILDFIRE PREPARED HOME" DESIGNATION FROM THE INSURANCE INSTITUTE FOR BUSINESS AND HOME SAFETY OR BY A SIMILAR MITIGATION PROGRAM THAT INCLUDES A VERIFICATION AND CERTIFICATION PROCESS.
9. ‘‘(c) ESTABLISHMENT OF ELIGIBLE DISASTER
10. AREAS.—In carrying out the program under this section,
11. the President shall—
12. ‘‘(1) establish eligible disaster areas, in con-
13. sultation with States, that the President determines
14. to be at risk of a natural hazard, including—
15. ‘‘(A) a description of the type, likelihood,
16. and severity of each potential natural hazard
17. affecting each such risk area; and  
    1. ‘‘(B) by taking into account previously de-
    2. clared major disasters impacting such areas;
    3. ‘‘(2) provide technical assistance to the States
    4. or Indian tribal governments in developing the plan
    5. described in subsection (c) and administering grants
    6. provided for PROPERTY SPECIFIC AND COMMUNITY-LEVEL under the pro-
    7. gram;
    8. ‘‘(3) not less frequently than every 5 years, re-
    9. view and update the eligible disaster areas that the
    10. President determines to be at risk of a natural dis-
    11. aster, including a description of the type and sever-
    12. ity of each potential natural disaster affecting each
    13. such risk area; and
    14. ‘‘(4) consult with relevant governmental and
    15. nongovernmental experts in order to ensure that
    16. such determinations are made using current sci-
    17. entific standards and tools available in establishing,
    18. reviewing, and updating the eligible disaster areas
    19. that the President determines to be at risk of a nat-
    20. ural disaster.
    21. ‘‘(c) PLAN  FOR  ELIGIBLE  ACTIVITIES.—To  be  eligi-
    22. ble for a grant under this section, a State or Indian tribal
    23. government shall submit to the President a plan that in-
    24. cludes—  
        1. ‘‘(1) each disaster risk area established by the
        2. President under subsection (b) in which the State or
        3. Indian tribal government proposes to provide funds
        4. under the program;
        5. ‘‘(2) an assessment of the availability and af-
        6. fordability of homeowner insurance coverage in each
        7. such risk area, including a breakdown of coverage
        8. offered by—
        9. ‘‘(A) private insurance companies;
        10. ‘‘(B) State residual markets; and
        11. ‘‘(C) State and Federal insurance pro-
        12. grams;
        13. ‘‘(3) a list of each qualifying mitigation activity
        14. that is eligible for funds in each such risk area;
        15. ‘‘(4) the criteria by which a State or Indian
        16. tribal government will evaluate applicants, which
        17. shall include consideration of the household income
        18. of the applicant and whether the residence is located
        19. in a Community Disaster Resilience Zone; and
        20. ‘‘(5) a financial plan that includes maximum
        21. amounts available to a household for each qualifying
        22. mitigation activity.
18. ‘‘(c) LIMITATIONS.—
19. ‘‘(1) HIGH-RISK AREAS.—Funds provided under
20. this section may only be used in eligible disaster
21. areas that the State or Indian tribal government de-
22. termines are at a high risk of experiencing a major
23. disaster for the major disaster that presents such a
24. risk.
25. ‘‘(2) Limitation  based  on  adjusted  gross
26. INCOME.—An individual shall not be eligible to re-
27. ceive a grant under this section if the adjusted gross
28. income of such individual exceeds $250,000
29. ($500,000 in the case of a joint tax return) for the
30. taxable year ending in the calendar year immediately
31. preceding the calendar year with respect to which a
32. grant application is filed.
33. ‘‘(3) Definition of adjusted gross in-
34. COME.—In this section, the term ‘adjusted gross in-
35. come’ has the meaning given such term in section
36. 62(a) of the Internal Revenue Code of 1986.
37. (4) (a)***General.*** This section describes the extent of Federal funding available under the State's grant, as well as limitations and special procedures applicable to each.
38. (b) ***Amounts of assistance.*** The total Federal contribution of funds is based on the estimated aggregate grant amount to be made under the Stafford Act for the major disaster (less associated administrative costs), and must be as follows:
39. (1) ***Standard percentages.*** Not to exceed 10 of the available funding for that year.
40. (2) ***Ten (10) percent.*** A State with an approved Enhanced State Mitigation Plan, in effect before the disaster declaration, which meets the requirements outlined in Title 44 Chapter 1 Subchater D Part 201.5 will be eligible for assistance under the PROPERTY SPECIFIC AND COMMUNITY-LEVEL DISASTER MITIGATION GRANT PROGRAM not to exceed 10 percent of such amounts.
41. (3)**Appropriations**
42. The PROPERTY SPECIFIC AND COMMUNITY-LEVEL DISASTER MITIGATION GRANT PROGRAM shall be appropriated $10 billion for the years 2026 – 2035.
43. ‘‘(d) MULTI-TIERED MITIGATION STANDARDS.—
44. ‘‘(1) IN GENERAL.—The Secretary of Treasury in coordination with the Administrator of the Federal Emer-
45. gency Management Agency, shall establish mitiga-
46. tion standards for PROPERTY SPECIFIC and COMMUNITY-LEVEL that carry
47. out each type of qualifying mitigation activity eligi-
48. ble for funds under the program, which may include
49. a multi-tiered standard.
50. ‘‘(2) CONSIDERATION.—In establishing the
51. mitigation standards under paragraph (1), the
52. President, acting through the Administrator—
53. ‘‘(A) shall consider any standards estab-
54. lished by—
55. ‘‘(i) the Insurance Institute for Busi-
56. ness and Home Safety;
57. ‘‘(ii) the chief insurance regulators
58. from each State, the District of Colum-
59. bia, and the territories of the United
60. States; and
61. ‘‘(iii) any other standard-issuing enti-
62. ty determined appropriate; and
63. ‘‘(B) may—
64. ‘‘(i) adopt a standard considered
65. under subparagraph (A); or
66. ‘‘(ii) establish alternative standards.
67. ‘‘(e)  GUIDANCE  TO  INSURANCE  PROVIDERS.—To  be
68. eligible for a grant under the program under this section,
69. a State or Indian tribal government shall establish, and
70. make available to the public, guidance to insurance pro-
71. viders and consumers that includes incentives
72. for households or communities that carry out disaster mitigation activities
73. under the program, including—
74. ‘‘(1) the mitigation standards established under
75. subsection (f);
76. ‘‘(2) increased consumer coverage choice; and
77. ‘‘(3) actuarially supported favorable pricing
78. benefits such as discounts, rebates, or premium
79. credits.
80. “(4) IF AN INSURER DOES NOT INCORPORATE PROPERTY-SPECIFIC AND COMMUNITY-LEVEL MITIGATION ACTIONS INTO ITS MODELS, THE INSURER SHALL PROVIDE DISCOUNTS TO POLICYHOLDERS WHO CAN DEMONSTRATE THAT PROPERTY-SPECIFIC MITIGATION ACTIONS HAVE BEEN UNDERTAKEN ON THE PROPERTY OR COMMUNITY-LEVEL MITIGATION ACTIONS HAVE BEEN UNDERTAKEN IN SUFFICIENT PROXIMITY TO THE PROPERTY TO REDUCE THE RISK OF LOSS.
81. ‘‘(h) MAXIMUM AMOUNTS.—A State or Indian tribal
82. government may not provide more than an amount of
83. $10,000, not to exceed the actual cost of mitigation activi-
84. ties, to any PROPERTY SPECFIC PARTICIPANTS under the program. Such
85. amount shall be increased yearly to reflect any increase
86. in the Consumer Price Index.
87. ‘‘(f) HAZARD MITIGATION ADVISORY COMMITTEE.—
88. The President shall establish a hazard mitigation advisory
89. committee that shall—
90. ‘‘(1) consist of 50 representatives, including
91. representatives from—
92. ‘‘(A) the State Insurance Commissioners;
93. ‘‘(B) private insurance companies;
94. ‘‘(C) private reinsurance companies;
95. ‘‘(D) insurance broker companies;
96. ‘‘(E) insurance-funded research organiza-
97. tions;
98. ‘‘(F) consumer advocate organizations;
99. ‘‘(G) State, local, and tribal firefighting
100. agencies;
101. ‘‘(H) State-sponsored insurance plans;
102. ‘‘(I) realtor associations;
103. ‘‘(J) home builder associations;
104. ‘‘(K) State, local, and tribal emergency re-
105. sponders;
106. ‘‘(L) State and tribal emergency managers;
107. ‘‘(M) State and tribal hazard mitigation
108. officers;
109. ‘‘(N) relevant academic experts;
110. ‘‘(O) building code associations;
111. ‘‘(P) agricultural groups; and
112. ‘‘(Q) environmental organizations; and
113. ‘‘(2) advise the President on developments in
114. emerging hazard mitigation research and testing and
115. recommend additions to the qualified hazard mitiga-
116. tion activities eligible under this program, including
117. reviewing the effectiveness of hazard mitigation sys-
118. tems, products, and designations submitted to the
119. advisory committee by private or nongovernmental
120. companies or organizations.

“SEC. 28 DISASTER MITIGATION EXPENDITURES”

1. ‘‘(1)  BASIS  REDUCTION.—For  purposes  of  this
2. subtitle, if the basis of any property would (but for
3. this paragraph) be determined by taking into ac-
4. count any expenditure described under subsection
5. (a), the basis of such property shall be reduced by
6. the amount of the credit allowed under subsection
7. (a) with respect to such expenditure (determined
8. without regard to subsection (c)).
9. ‘‘(2) DENIAL OF DOUBLE BENEFIT.—The
10. amount of any deduction or other credit allowable
11. under this chapter for any expenditure for which a
12. credit is allowable under subsection (a) shall be re-
13. duced by the amount of credit allowed under such
14. subsection for such expenditure (determined without
15. regard to subsection (c)).’’.

Æ