

106TH CONGRESS
1ST SESSION

S. 1985

To amend the Internal Revenue Code of 1986 to lower the adjusted gross income threshold for deductible disaster casualty losses to 5 percent, to make such deduction an above-the-line deduction, and to allow an election to take such deduction for the preceding or succeeding year.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 19, 1999

Mr. TORRICELLI 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 lower the adjusted gross income threshold for deductible disaster casualty losses to 5 percent, to make such deduction an above-the-line deduction, and to allow an election to take such deduction for the preceding or succeeding year.

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. MODIFICATIONS TO DISASTER CASUALTY LOSS**

4 **DEDUCTION.**

5 (a) LOWER ADJUSTED GROSS INCOME THRESH-
6 OLD.—Paragraph (2) of section 165(h) of the Internal

1 Revenue Code of 1986 (relating to treatment of casualty
2 gains and losses) is amended—

3 (1) by striking subparagraph (A) and inserting
4 the following:

5 “(A) IN GENERAL.—If the personal cas-
6 ualty losses for any taxable year exceed the per-
7 sonal casualty gains for such taxable year, such
8 losses shall be allowed for the taxable year only
9 to the extent of the sum of—

10 “(i) the amount of the personal cas-
11 ualty gains for the taxable year, plus

12 “(ii) so much of such excess attrib-
13 utable to losses described in subsection (i)
14 as exceeds 5 percent of the adjusted gross
15 income of the individual (determined with-
16 out regard to any deduction allowable
17 under subsection (c)(3))”, plus

18 “(iii) so much of such excess attrib-
19 utable to losses not described in subsection
20 (i) as exceeds 10 percent of the adjusted
21 gross income of the individual.

22 For purposes of this subparagraph, personal
23 casualty losses attributable to losses not de-
24 scribed in subsection (i) shall be considered be-

1 fore such losses attributable to losses described
2 in subsection (i).”, and

3 (2) by striking “10 PERCENT” in the heading
4 and inserting “PERCENTAGE”.

5 (b) ABOVE-THE-LINE DEDUCTION.—Section 62(a)
6 of the Internal Revenue Code of 1986 (defining adjusted
7 gross income) is amended by inserting after paragraph
8 (17) the following:

9 “(18) CERTAIN DISASTER LOSSES.—The deduc-
10 tion allowed by section 165(e)(3) to the extent at-
11 tributable to losses described in section 165(i).”

12 (c) ELECTION TO TAKE DISASTER LOSS DEDUCTION
13 FOR PRECEDING OR SUCCEEDING 2 YEARS.—Paragraph
14 (1) of section 165(i) of the Internal Revenue Code of 1986
15 (relating to disaster losses) is amended—

16 (1) by inserting “or succeeding” after “pre-
17 ceding”, and

18 (2) by inserting “OR SUCCEEDING” after “PRE-
19 CEDING” in the heading.

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to losses sustained in taxable years
22 beginning after December 31, 1998.

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