

In the Senate of the United States,

April 13, 2005.

Resolved, That the bill from the House of Representatives (H.R. 1134) entitled “An Act to amend the Internal Revenue Code of 1986 to provide for the proper tax treatment of certain disaster mitigation payments.”, do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

1 ***SEC. 1. PROPER TAX TREATMENT OF CERTAIN DISASTER***
2 ***MITIGATION PAYMENTS.***

3 *(a) QUALIFIED DISASTER MITIGATION PAYMENTS EX-*
4 *CLUDED FROM GROSS INCOME.—*

5 *(1) IN GENERAL.—Section 139 of the Internal*
6 *Revenue Code of 1986 (relating to disaster relief pay-*
7 *ments) is amended by adding at the end the following*
8 *new subsections:*

9 *“(g) QUALIFIED DISASTER MITIGATION PAYMENTS.—*

1 “(1) *IN GENERAL.*—Gross income shall not in-
2 clude any amount received as a qualified disaster
3 mitigation payment.

4 “(2) *QUALIFIED DISASTER MITIGATION PAYMENT*
5 *DEFINED.*—For purposes of this section, the term
6 ‘qualified disaster mitigation payment’ means any
7 amount which is paid pursuant to the Robert T. Staf-
8 ford Disaster Relief and Emergency Assistance Act
9 (as in effect on the date of the enactment of this sub-
10 section) or the National Flood Insurance Act (as in
11 effect on such date) to or for the benefit of the owner
12 of any property for hazard mitigation with respect to
13 such property. Such term shall not include any
14 amount received for the sale or disposition of any
15 property.

16 “(3) *NO INCREASE IN BASIS.*—Notwithstanding
17 any other provision of this subtitle, no increase in the
18 basis or adjusted basis of any property shall result
19 from any amount excluded under this subsection with
20 respect to such property.

21 “(h) *DENIAL OF DOUBLE BENEFIT.*—Notwithstanding
22 any other provision of this subtitle, no deduction or credit
23 shall be allowed (to the person for whose benefit a qualified
24 disaster relief payment or qualified disaster mitigation
25 payment is made) for, or by reason of, any expenditure to

1 *the extent of the amount excluded under this section with*
2 *respect to such expenditure.”.*

3 (2) *CONFORMING AMENDMENTS.—*

4 (A) *Subsection (d) of section 139 of such*
5 *Code is amended by striking “a qualified dis-*
6 *aster relief payment” and inserting “qualified*
7 *disaster relief payments and qualified disaster*
8 *mitigation payments”.*

9 (B) *Subsection (e) of section 139 of such*
10 *Code is amended by striking “and (f)” and in-*
11 *serting “, (f), and (g)”.*

12 (b) *CERTAIN DISPOSITIONS OF PROPERTY UNDER*
13 *HAZARD MITIGATION PROGRAMS TREATED AS INVOLUN-*
14 *TARY CONVERSIONS.—Section 1033 of such Code (relating*
15 *to involuntary conversions) is amended by redesignating*
16 *subsection (k) as subsection (l) and by inserting after sub-*
17 *section (j) the following new subsection:*

18 “(k) *SALES OR EXCHANGES UNDER CERTAIN HAZARD*
19 *MITIGATION PROGRAMS.—For purposes of this subtitle, if*
20 *property is sold or otherwise transferred to the Federal Gov-*
21 *ernment, a State or local government, or an Indian tribal*
22 *government to implement hazard mitigation under the Rob-*
23 *ert T. Stafford Disaster Relief and Emergency Assistance*
24 *Act (as in effect on the date of the enactment of this sub-*
25 *section) or the National Flood Insurance Act (as in effect*

1 *on such date), such sale or transfer shall be treated as an*
2 *involuntary conversion to which this section applies.”.*

3 *(c) EFFECTIVE DATE.—*

4 *(1) QUALIFIED DISASTER MITIGATION PAY-*
5 *MENTS.—The amendments made by subsection (a)*
6 *shall apply to amounts received before, on, or after*
7 *the date of the enactment of this Act.*

8 *(2) DISPOSITIONS OF PROPERTY UNDER HAZARD*
9 *MITIGATION PROGRAMS.—The amendments made by*
10 *subsection (b) shall apply to sales or other disposi-*
11 *tions before, on, or after the date of the enactment of*
12 *this Act.*

Attest:

Secretary.

109TH CONGRESS
1ST SESSION

H. R. 1134

AMENDMENT