

110TH CONGRESS
2^D SESSION

H. R. 6762

To amend the Internal Revenue Code of 1986 to provide a credit against tax for increased homeowners insurance premiums suffered by certain coastal homeowners subject to increased risk from hurricane events, and for homeowner mitigation expenditures for natural catastrophic events.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2008

Mr. THOMPSON of Mississippi introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against tax for increased homeowners insurance premiums suffered by certain coastal homeowners subject to increased risk from hurricane events, and for homeowner mitigation expenditures for natural catastrophic events.

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 “Homeowners Insur-
5 ance and Mitigation Assistance Act of 2008”.

1 **SEC. 2. NONREFUNDABLE PERSONAL CREDIT FOR CER-**
2 **TAIN HOMEOWNERS INSURANCE PREMIUMS.**

3 (a) IN GENERAL.—Subpart A 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 25D the fol-
6 lowing new section:

7 **“SEC. 25E. CERTAIN HOMEOWNERS INSURANCE PREMIUMS.**

8 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-
9 gible individual, there shall be allowed as a credit against
10 the tax imposed by this chapter for the taxable year an
11 amount equal to 50 percent of the taxpayer’s qualified
12 homeowners insurance premium for such taxable year.

13 “(b) LIMITATIONS.—

14 “(1) MAXIMUM CREDIT.—The credit allowed
15 under subsection (a) for any taxable year shall not
16 exceed \$500.

17 “(2) LIMITATION BASED ON ADJUSTED GROSS
18 INCOME.—The amount of the credit allowable under
19 subsection (a) shall be reduced (but not below zero)
20 by 2 percentage points for each percentage point (or
21 fraction thereof) by which the taxpayer’s adjusted
22 gross income exceeds the State median income for
23 such a taxpayer for the preceding taxable year in the
24 State in which the principal residence of such tax-
25 payer is located.

1 “(3) LIMITATION BASED ON AMOUNT OF
2 TAX.—In the case of a taxable year to which section
3 26(a)(2) does not apply, the credit allowed under
4 subsection (a) for any taxable year shall not exceed
5 the excess of—

6 “(A) the sum of the regular tax liability
7 (as defined in section 26(b)) plus the tax im-
8 posed by section 55, over

9 “(B) the sum of the credits allowable
10 under this subpart (other than this section and
11 sections 23, 24, and 25B) and section 27 for
12 the taxable year.

13 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
14 section—

15 “(1) IN GENERAL.—The term ‘eligible indi-
16 vidual’ means any taxpayer whose principal resi-
17 dence is—

18 “(A) substantially the same dwelling unit
19 during the applicable period, and

20 “(B) located in either—

21 “(i) an area determined by the Presi-
22 dent to warrant individual or individual
23 and public assistance from the Federal
24 Government under the Robert T. Stafford
25 Disaster Relief and Emergency Assistance

1 Act by reason of one or more hurricanes
2 during 2004 or 2005, or

3 “(ii) a county—

4 “(I) located in a State which bor-
5 ders the Atlantic Ocean or the Gulf of
6 Mexico, and

7 “(II) which is determined by the
8 Secretary, in consultation with the
9 National Association of Insurance
10 Commissioners, to have experienced a
11 higher than average increase in home-
12 owners insurance premiums during
13 2004, 2005, 2006, or 2007 due to
14 hurricane risk.

15 “(2) APPLICABLE PERIOD.—The term ‘applica-
16 ble period’ means—

17 “(A) in the case of an area described in
18 paragraph (1)(B)(i), the period beginning the
19 day before the determination described in such
20 paragraph and ending on the last day of the
21 taxable year, and

22 “(B) in the case of an area described in
23 paragraph (1)(B)(ii), the period beginning on
24 September 1, 2005, and ending before the last
25 day of the taxable year.

1 “(d) QUALIFIED HOMEOWNERS INSURANCE PRE-
2 MIUM.—For purposes of this section—

3 “(1) IN GENERAL.—The term ‘qualified home-
4 owners insurance premium’ for any taxable year
5 means an amount equal to the qualifying percentage
6 of the eligible individual’s homeowners insurance
7 premium in effect on the first policy anniversary
8 date (or, if greater, the second policy anniversary
9 date) following the beginning of such individual’s ap-
10 plicable period.

11 “(2) QUALIFYING PERCENTAGE.—The term
12 ‘qualifying percentage’ is equal to the excess (ex-
13 pressed in percentage points) of—

14 “(A) the eligible individual’s percentage in-
15 crease in homeowners insurance premium be-
16 tween the last policy anniversary before the be-
17 ginning of such individual’s applicable period
18 and the policy anniversary date (as determined
19 under paragraph (1)) following the beginning of
20 such individual’s applicable period, over

21 “(B) the national average percentage in-
22 crease in homeowners insurance premiums be-
23 tween the same dates as determined by the Sec-
24 retary, in consultation with the National Asso-
25 ciation of Insurance Commissioners.

1 “(e) OTHER DEFINITIONS.—For purposes of this
2 section—

3 “(1) PRINCIPAL RESIDENCE.—The term ‘prin-
4 ciple residence’ has the same meaning as when used
5 in section 121.

6 “(2) HOMEOWNERS INSURANCE.—The term
7 ‘homeowners insurance’ means any insurance cov-
8 ering a principal residence.

9 “(f) TERMINATION.—This section shall not apply to
10 taxable years beginning after December 31, 2009.”.

11 (b) CONFORMING AMENDMENT.—The table of sec-
12 tions for subpart A of part IV of subchapter A of chapter
13 1 of such Code is amended by inserting after the item
14 relating to section 25D the following new item:

“Sec. 25E. Certain homeowners insurance premiums.”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2008.

18 **SEC. 3. NONREFUNDABLE PERSONAL CREDIT FOR HURRI-**
19 **CANE, EARTHQUAKE, AND TORNADO MITIGA-**
20 **TION PROPERTY.**

21 (a) IN GENERAL.—Subpart A of part IV of sub-
22 chapter A of chapter 1 of the Internal Revenue Code of
23 1986 is amended by inserting after section 25E, as
24 amended by section 2, the following new section:

1 **“SEC. 25F. HURRICANE, EARTHQUAKE, AND TORNADO MITI-**
2 **GATION PROPERTY.**

3 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
4 dividual, there shall be allowed as a credit against the tax
5 imposed by this chapter for the taxable year an amount
6 equal to 25 percent of the qualified hurricane, earthquake,
7 and tornado mitigation property expenditures made by the
8 taxpayer during such taxable year.

9 “(b) MAXIMUM CREDIT.—The credit allowed under
10 subsection (a) for any taxable year shall not exceed
11 \$5,000.

12 “(c) QUALIFIED HURRICANE, EARTHQUAKE, AND
13 TORNADO MITIGATION EXPENDITURE.—For purposes of
14 this section—

15 “(1) IN GENERAL.—The term ‘qualified hurri-
16 cane, earthquake, and tornado mitigation property
17 expenditure’ means an expenditure for property—

18 “(A) to improve the strength of a roof
19 deck attachment,

20 “(B) to create a secondary water barrier to
21 prevent water intrusion,

22 “(C) to improve the durability of a roof
23 covering,

24 “(D) to brace gable-end walls,

25 “(E) to reinforce the connection between a
26 roof and supporting wall,

1 “(F) to protect openings from penetration
2 by windborne debris or by wind-driven rain, or

3 “(G) to protect exterior doors and garages,
4 in a qualified dwelling unit located in a qualified
5 State and owned by the taxpayer.

6 “(2) QUALIFIED DWELLING UNIT.—The term
7 ‘qualified dwelling unit’ means a dwelling unit that
8 is assessed at a value that is less than \$1,000,000
9 by the locality in which such dwelling unit is located
10 and with respect to the taxable year for which the
11 credit described in subsection (a) is allowed.

12 “(3) QUALIFIED STATE.—The term ‘qualified
13 State’ means Alabama, Arkansas, Colorado, Con-
14 necticut, Delaware, Florida, Georgia, Hawaii, Illi-
15 nois, Indiana, Iowa, Kansas, Kentucky, Louisiana,
16 Maine, Maryland, Massachusetts, Minnesota, Mis-
17 sissippi, Missouri, Nebraska, New Hampshire, New
18 Jersey, New York, North Carolina, North Dakota,
19 Ohio, Pennsylvania, Rhode Island, South Carolina,
20 South Dakota, Tennessee, Texas, or Virginia.

21 “(d) LIMITATION.—An expenditure shall be taken
22 into account in determining the qualified hurricane, earth-
23 quake, and tornado mitigation property expenditures
24 made by the taxpayer during the taxable year only if the
25 onsite preparation, assembly, or original installation of the

1 property with respect to which such expenditure is made
2 has been completed in a manner that is deemed to be ade-
3 quate by a State-certified inspector.

4 “(e) LABOR COSTS.—For purposes of this section,
5 expenditures for labor costs properly allocable to the onsite
6 preparation, assembly, or original installation of the prop-
7 erty described in subsection (c) shall be taken into account
8 in determining the qualified hurricane, earthquake, and
9 tornado mitigation property expenditures made by the tax-
10 payer during the taxable year.

11 “(f) INSPECTION COSTS.—For purposes of this sec-
12 tion, expenditures for inspection costs properly allocable
13 to the inspection of the preparation, assembly, or installa-
14 tion of the property described in subsection (c) shall be
15 taken into account in determining the qualified hurricane,
16 earthquake, and tornado mitigation property expenditures
17 made by the taxpayer during the taxable year.”.

18 (b) CONFORMING AMENDMENT.—The table of sec-
19 tions for subpart A of part IV of subchapter A of chapter
20 1 of such Code, as amended by section 2, is amended by
21 inserting after the item relating to section 25E the fol-
22 lowing new item:

“Sec. 25F. Hurricane, earthquake, and tornado mitigation property.”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 December 31, 2008.

1 **SEC. 4. BUSINESS RELATED CREDIT FOR HURRICANE,**
2 **EARTHQUAKE, AND TORNADO MITIGATION.**

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 adding at the end the following new
6 section:

7 **“SEC. 45Q. HURRICANE, EARTHQUAKE, AND TORNADO MITI-**
8 **GATION CREDIT.**

9 “(a) GENERAL RULE.—For purposes of section 38,
10 the hurricane, earthquake, and tornado mitigation credit
11 determined under this section for any taxable year is an
12 amount equal to 25 percent of the qualified hurricane,
13 earthquake, and tornado mitigation property expenditures
14 made by the taxpayer during the taxable year.

15 “(b) MAXIMUM CREDIT.—The amount of the credit
16 determined under subsection (a) for any taxable year shall
17 not exceed \$5,000.

18 “(c) QUALIFIED HURRICANE, EARTHQUAKE, AND
19 TORNADO MITIGATION EXPENDITURE.—For purposes of
20 this section—

21 “(1) IN GENERAL.—The term ‘qualified hurri-
22 cane, earthquake, and tornado mitigation property
23 expenditure’ means an expenditure for property—

24 “(A) to improve the strength of a roof
25 deck attachment,

1 “(B) to create a secondary water barrier to
2 prevent water intrusion,

3 “(C) to improve the durability of a roof
4 covering,

5 “(D) to brace gable-end walls,

6 “(E) to reinforce the connection between a
7 roof and supporting wall,

8 “(F) to protect openings from penetration
9 by windborne debris or wind-driven rain, or

10 “(G) to protect exterior doors and garages,
11 in a qualified place of business located in a qualified
12 State and owned by the taxpayer.

13 “(2) QUALIFIED PLACE OF BUSINESS.—The
14 term ‘qualified place of business’ means a place of
15 business that is assessed at a value that is less than
16 \$5,000,000 by the locality in which such business is
17 located and with respect to the taxable year for
18 which the credit described in subsection (a) is al-
19 lowed.

20 “(3) QUALIFIED STATE.—The term ‘qualified
21 State’ means Alabama, Arkansas, Colorado, Con-
22 necticut, Delaware, Florida, Georgia, Hawaii, Illi-
23 nois, Indiana, Iowa, Kansas, Kentucky, Louisiana,
24 Maine, Maryland, Massachusetts, Minnesota, Mis-
25 sissippi, Missouri, Nebraska, New Hampshire, New

1 Jersey, New York, North Carolina, Ohio, Pennsyl-
2 vania, Rhode Island, South Carolina, South Dakota,
3 Tennessee, Texas, or Virginia.

4 “(d) LIMITATION.—An expenditure shall be taken
5 into account in determining the qualified hurricane, earth-
6 quake, and tornado mitigation property expenditures
7 made by the taxpayer during the taxable year only if the
8 onsite preparation, assembly, or original installation of the
9 property with respect to which such expenditure is made
10 has been completed in a manner that is deemed to be ade-
11 quate by a State-certified inspector.

12 “(e) LABOR COSTS.—For purposes of this section,
13 expenditures for labor costs properly allocable to the onsite
14 preparation, assembly, or original installation of the prop-
15 erty described in subsection (c) shall be taken into account
16 in determining the qualified hurricane, earthquake, and
17 tornado mitigation property expenditures made by the tax-
18 payer during the taxable year.

19 “(f) INSPECTION COSTS.—For purposes of this sec-
20 tion, expenditures for inspection costs properly allocable
21 to the inspection of the preparation, assembly, or installa-
22 tion of the property described in subsection (c) shall be
23 taken into account in determining the qualified hurricane,
24 earthquake, and tornado mitigation property expenditures
25 made by the taxpayer during the taxable year.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 38(b) of such Code is amended by
3 striking “plus” at the end of paragraph (32), by
4 striking the period at the end of paragraph (33) and
5 inserting “, and”, and by adding at the end the fol-
6 lowing new paragraph:

7 “(34) the hurricane, earthquake, and tornado
8 mitigation credit determined under section 45Q(a).”.

9 (2) The table of sections for subpart D of part
10 IV of subchapter A of chapter 1 of such Code is
11 amended by adding at the end the following new
12 item:

“Sec. 45Q. Hurricane, earthquake, and tornado mitigation credit.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2008.

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