



Susan Wengraf  
Vice Mayor and Councilmember District 6

CONSENT CALENDAR

June 4, 2024

To: Honorable Mayor and Members of the City Council  
From: Vice Mayor Wengraf (Author), Councilmember Bartlett (Co-Sponsor),  
Councilmember Hahn (Co-Sponsor)  
Subject: Support for H.R. 7849 (Thompson and LaMalfa)

RECOMMENDATION

Adopt a letter of support for the Disaster Resiliency and Coverage Act of 2024 (H.R. 7849, Thompson and LaMalfa) and send it to Representatives Mike Thompson, Doug LaMalfa, Barbara Lee and Senators Alex Padilla and Laphonza Butler.

FINANCIAL IMPLICATIONS

None

CURRENT SITUATION AND ITS EFFECTS

The *Disaster Resiliency and Coverage Act of 2024* ([H.R. 7849](#)), is legislation providing homeowners in disaster-prone regions with broad incentives to harden their properties against wildfires and other risks. The legislation is intended to help address the ongoing insurance crisis in California as the rising frequency and intensity of natural disasters has led insurers to raise rates and, in several cases, exit certain markets entirely. By incentivizing homeowners to mitigate disaster risks on their property, the legislation will help bring insurers back into the market and lower rates.

The legislation includes four main provisions: The first creates a grant program, administered through State governments, through which individual households in designated disaster-prone regions (with certain limitations) are eligible for up to \$10,000 for specified disaster resiliency work on their homes. The second and third provisions (Sections 3 and 4 of the legislation) mirror existing legislation (H.R. 4070) stipulating that payments from State-run disaster resiliency programs and payments from various federal emergency agricultural programs are not considered income for federal tax purposes. The final section provides a 30 percent tax credit for qualified disaster risk mitigation activities conducted by individuals or businesses. The credit is meant to complement the grant program by providing meaningful assistance to larger property owners for whom mitigation activity costs would far exceed \$10,000.

BACKGROUND

Natural disasters fueled by climate change are threatening the insurance industry's ability to serve California's homeowners. Many insurers have responded to climate related financial risks by withdrawing their services from high-risk markets.

In 2023, State Farm, one of the US' biggest insurance providers, announced it would stop selling new home insurance policies in California. "[We] made this decision due to historic increases in construction costs outpacing inflation, rapidly growing catastrophe exposure, and a challenging reinsurance market," a statement from the company read. Many other insurance companies followed State Farm's lead and withdrew from California.

Since then, Berkeley homeowners have been reporting receiving notices of non-renewal, despite efforts at creating defensible space and home hardening their properties. Insurers base their decisions on proprietary data and modeling but provide little public insight into how these assessments are made or how they affect outcomes for customers. As a result, homeowners are left resorting to the FAIR Plan, the insurance of last resort, which is far more expensive and covers much less than previous policies.

The current insurance crisis puts what is often a homeowner's largest asset at risk; it threatens to reduce the value of their home, and it could ultimately damage the City's financial stability.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Extreme weather is causing wildfires to burn hotter and spread faster than ever before due to climate change. This bill, if passed, will support the resiliency of families and communities to implement wildfire disaster mitigations and to rebuild should they need to.

CONTACT PERSON

Vice Mayor Susan Wengraf

Council District 6

510-981-7160

Attachments:

- 1: Letter
- 2: Co-Sponsors of Bill
- 3: Bill – H.R. 7849



Berkeley City Council

June 4, 2024

The Honorable Mike Thompson  
United States Congressman  
268 Cannon Office Building  
Washington, DC 20515

The Honorable Doug LaMalfa  
United States Congressman  
408 Cannon House Office Building  
Washington, DC 20515

**RE: H.R. 7849, Disaster Resiliency and Coverage Act of 2024  
Support from the Berkeley City Council**

Dear Honorable Representative Mike Thompson and Representative Doug LaMalfa,

We write in support of your efforts and applaud you for bringing H.R. 7849 to Congress for consideration.

Property owners in Berkeley have been reporting notices of non-renewal of their insurance policies with increased frequency in the last several months. Many major insurers have pulled out of California and are no longer offering policies here, claiming that the risk is too high.

Providing incentives to homeowners who mitigate wildfire risks on their property will hopefully encourage insurers to return to California to provide insurance policies to those who take steps to create defensible space and harden their homes.

Building community resilience to wildfire is a top priority for our city. We are working hard to educate our constituents and to help Berkeley's homeowners implement actions to achieve that goal.

H.R. 7849 is a critical step to stabilizing California's Insurance Market. I hope you will continue your good work to not only incentivize insurance companies to return to California but also encourage them to provide insurance to those who engage in qualified disaster risk mitigation activities.

Sincerely,

Jesse Arreguín  
Vice Mayor  
City of Berkeley

Cc: Representative Barbara Lee and Senators Alex Padilla and Laphonza Butler

5/10/24, 11:44 AM Cosponsors - H.R.7849 - 118th Congress (2023-2024): Disaster Resiliency and Coverage Act of 2024 | Congress.gov | Library of ...



### H.R. 7849 - Disaster Resiliency and Coverage Act of 2024

118th Congress (2023-2024) | [Get alerts](#)

Summary(0) Text(1) Actions(3) Titles(2) Amendments(0) **Cosponsors(12)** Committees(2) Related Bills(0)

Sponsor: [Rep. Thompson, Mike \[D-CA-4\]](#) | Cosponsor statistics: 12 current - includes 1 original

\* = Original cosponsor

View Expanded

Cosponsor	Date Cosponsored
<a href="#">Rep. LaMalfa, Doug [R-CA-11]*</a>	03/29/2024
<a href="#">Rep. Lee, Barbara [D-CA-12]</a>	04/05/2024
<a href="#">Rep. Barragán, Nnette Diaz [D-CA-44]</a>	04/09/2024
<a href="#">Rep. Brownley, Julia [D-CA-26]</a>	04/10/2024
<a href="#">Rep. Moskowitz, Jared [D-FL-23]</a>	04/10/2024
<a href="#">Rep. Lofgren, Zoe [D-CA-18]</a>	04/11/2024
<a href="#">Rep. Carballo, Salvador [D-CA-24]</a>	04/12/2024
<a href="#">Rep. Correa, J. Luis [D-CA-48]</a>	04/17/2024
<a href="#">Rep. Huffman, Jared [D-CA-2]</a>	04/20/2024
<a href="#">Rep. Costa, Jim [D-CA-21]</a>	04/26/2024
<a href="#">Rep. Schiff, Adam B. [D-CA-30]</a>	05/01/2024
<a href="#">Rep. Panetta, Jimmy [D-CA-19]</a>	05/07/2024

#### Party of Cosponsor

Democratic [11]  Republican [1]

#### Cosponsors by U.S. State or Territory

California [11] Florida [1]

G:\M\18\THOMCA\THOMCA\_048.XML

.....  
(Original Signature of Member)

118TH CONGRESS  
2D SESSION

# H. R. \_\_\_\_\_

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to require the President to establish an individual household disaster mitigation program, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

Mr. THOMPSON of California introduced the following bill; which was referred to the Committee on \_\_\_\_\_

---

# A BILL

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to require the President to establish an individual household disaster mitigation program, and for other purposes.

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 Resiliency and  
5 Coverage Act of 2024”.

G:\M\18\THOMCA\THOMCA\_048.XML

2

1 **SEC. 2. INDIVIDUAL HOUSEHOLD DISASTER MITIGATION**  
2 **PROGRAM.**

3 Title II of the Robert T. Stafford Disaster Relief and  
4 Emergency Assistance Act (42 U.S.C. 5131 et seq.) is  
5 amended by adding at the end the following:

6 **“SEC. 206. INDIVIDUAL HOUSEHOLD DISASTER MITIGATION**  
7 **PROGRAM.**

8 “(a) **ESTABLISHMENT.**—The President shall estab-  
9 lish a program to provide grants to States and Indian trib-  
10 al governments for qualifying pre-disaster mitigation ac-  
11 tivities on individual residential households that are at risk  
12 of being damaged by a major disaster.

13 “(b) **ESTABLISHMENT OF ELIGIBLE DISASTER**  
14 **AREAS.**—In carrying out the program under this section,  
15 the President shall—

16 “(1) establish eligible disaster areas, in con-  
17 sultation with States, that the President determines  
18 to be at risk of a natural hazard, including—

19 “(A) a description of the type, likelihood,  
20 and severity of each potential natural hazard  
21 affecting each such risk area; and

22 “(B) by taking into account previously de-  
23 clared major disasters impacting such areas;  
24 and

25 “(2) provide technical assistance to the States  
26 or Indian tribal governments in developing the plan

G:\M\18\THOMCA\THOMCA\_048.XML

3

1 described in subsection (c) and administering grants  
2 provided for individual households under the pro-  
3 gram.

4 “(c) PLAN FOR ELIGIBLE ACTIVITIES.—To be eligi-  
5 ble for a grant under this section, a State or Indian tribal  
6 government shall submit to the President a plan that in-  
7 cludes—

8 “(1) each disaster risk area established by the  
9 President under subsection (b) in which the State or  
10 Indian tribal government proposes to provide funds  
11 under the program;

12 “(2) an assessment of the status of the avail-  
13 ability and affordability of homeowner insurance cov-  
14 erage in each such risk area;

15 “(3) a list of each qualifying mitigation activity  
16 that is eligible for funds in each such risk area;

17 “(4) the criteria by which a State or Indian  
18 tribal government will evaluate applicants, which  
19 shall include consideration of the household income  
20 of the applicant and whether the residence is located  
21 in a Community Disaster Resilience Zone; and

22 “(5) a financial plan that includes maximum  
23 amounts available to a household for each qualifying  
24 mitigation activity.

G:\M\18\THOMCA\THOMCA\_048.XML

4

1       “(d) CONSULTATION.—In establishing the program  
2 under this section, the President shall consult with the Di-  
3 rector of the Federal Insurance Office to determine what  
4 qualifying mitigation activities are likely to incentivize  
5 homeowner insurance companies to offer, or increase cov-  
6 erage of, homeowners insurance to households located in  
7 eligible disaster areas.

8       “(e) LIMITATIONS.—

9           “(1) HIGH-RISK AREAS.—Funds provided under  
10 this section may only be used in eligible disaster  
11 areas that the State or Indian tribal government de-  
12 termines are at a high risk of experiencing a major  
13 disaster for the major disaster that presents such a  
14 risk.

15           “(2) LIMITATION BASED ON ADJUSTED GROSS  
16 INCOME.—An individual shall not be eligible to re-  
17 ceive a grant under this section if the adjusted gross  
18 income of such individual exceeds \$250,000  
19 (\$500,000 in the case of a joint tax return) for the  
20 taxable year ending in the calendar year immediately  
21 preceding the calendar year with respect to which a  
22 grant application is filed.

23           “(3) DEFINITION OF ADJUSTED GROSS IN-  
24 COME.—In this section, the term ‘adjusted gross in-

G:\M\18\THOMCA\THOMCA\_048.XML

5

1       come' has the meaning given such term in section  
2       62(a) of the Internal Revenue Code of 1986.

3       “(f) MULTI-TIERED MITIGATION STANDARDS.—

4               “(1) IN GENERAL.—The President, acting  
5       through the Administrator of the Federal Emer-  
6       gency Management Agency, shall establish mitiga-  
7       tion standards for individual households that carry  
8       out each type of qualifying mitigation activity eligi-  
9       ble for funds under the program, which may include  
10      a multi-tiered standard.

11              “(2) CONSIDERATION.—In establishing the  
12      mitigation standards under paragraph (1), the  
13      President, acting through the Administrator—

14              “(A) may consider any standards estab-  
15      lished by—

16              “(i) Insurance Institute for Business  
17              and Home Safety; and

18              “(ii) any other standard-issuing entity  
19              determined appropriate; and

20              “(B) may—

21              “(i) adopt a standard considered  
22              under subparagraph (A); or

23              “(ii) establish alternative standards.

24              “(g) GUIDANCE TO INSURANCE PROVIDERS.—To be  
25      eligible for a grant under the program under this section,

G:\M\18\THOMCA\THOMCA\_048.XML

6

1 a State or Indian tribal government shall establish, and  
2 make available to the public, guidance to insurance pro-  
3 viders that includes suggested incentives for households  
4 that carry out disaster mitigation activities under the pro-  
5 gram, including—

6 “(1) the mitigation standards established under  
7 subsection (f);

8 “(2) increased eligibility for insurance coverage;  
9 and

10 “(3) discounts for households that carry out  
11 such mitigation activities.

12 “(h) MAXIMUM AMOUNTS.—A State or Indian tribal  
13 government may not provide more than an amount of  
14 \$10,000, not to exceed the actual cost of mitigation activi-  
15 ties, to any individual household under the program. Such  
16 amount shall be increased yearly to reflect any increase  
17 in the Consumer Price Index.

18 “(i) GROSS INCOME.—For purposes of the Internal  
19 Revenue Code of 1986, gross income shall not include  
20 amounts provided under this section.

21 “(j) DEFINITION OF QUALIFYING MITIGATION AC-  
22 TIVITY.—In this section, the term ‘qualifying mitigation  
23 activity’ means an activity relating to a housing unit—

24 “(1) for property to—

G:\M\18\THOMCA\THOMCA\_048.XML

7

1           “(A) improve the strength of a roof deck  
2           attachment;

3           “(B) create a secondary water barrier to  
4           prevent water intrusion or mitigate against po-  
5           tential water intrusion from wind-driven rain;

6           “(C) improve the durability, impact resist-  
7           ance (not less than class 3 or 4 rating), or fire  
8           resistance (not less than class A rating) of a  
9           roof covering;

10          “(D) brace gable-end walls;

11          “(E) reinforce the connection between a  
12          roof and supporting wall;

13          “(F) protect openings from penetration by  
14          wind-borne debris;

15          “(G) protect exterior doors and garages  
16          from natural hazards;

17          “(H) complete measures contained in the  
18          publication of the Federal Emergency Manage-  
19          ment Agency entitled ‘Wind Retrofit Guide for  
20          Residential Buildings’ (P-804);

21          “(I) elevate the qualified dwelling unit, as  
22          well as utilities, machinery, or equipment, above  
23          the base flood elevation or other applicable min-  
24          imum elevation requirement;

G:\M\18\THOMCA\THOMCA\_048.XML

8

1           “(J) seal walls in the basement of the  
2           qualified dwelling unit using waterproofing com-  
3           pounds; or

4           “(K) protect propane tanks or other exter-  
5           nal fuel sources;

6           “(2) to install—

7           “(A) check valves to prevent flood water  
8           from backing up into drains;

9           “(B) flood vents, breakaway walls or open  
10          lattice for homes located in V zones;

11          “(C) a stormwater drainage system or im-  
12          prove an existing system;

13          “(D) natural or nature-based features for  
14          flood control, including living shorelines;

15          “(E) roof coverings, sheathing, flashing,  
16          roof and attic vents, eaves, or gutters that con-  
17          form to ignition-resistant construction stand-  
18          ards;

19          “(F) wall components for wall assemblies  
20          that conform to ignition-resistant construction  
21          standards;

22          “(G) a wall-to-foundation anchor or con-  
23          nector, or a shear transfer anchor or connector;

24          “(H) wood structural panel sheathing for  
25          strengthening cripple walls;

G:\M\18\THOMCA\THOMCA\_048.XML

9

1           “(I) anchorage of the masonry chimney to  
2           the framing;

3           “(J) prefabricated lateral resisting sys-  
4           tems;

5           “(K) a standby generator system con-  
6           sisting of a standby generator and an automatic  
7           transfer switch;

8           “(L) a storm shelter that meets the design  
9           and construction standards established by the  
10          International Code Council and the National  
11          Storm Shelter Association (ICC-500), or a safe  
12          room that satisfies the criteria contained in—

13               “(i) the publication of the Federal  
14               Emergency Management Agency entitled  
15               ‘Safe Rooms for Tornadoes and Hurri-  
16               canes’ (P-361); or

17               “(ii) the publication of the Federal  
18               Emergency Management Agency entitled  
19               ‘Taking Shelter from the Storm’ (P-320);

20          “(M) a lightning protection system;

21          “(N) exterior walls, doors, windows, or  
22          other exterior dwelling unit elements that con-  
23          form to ignition-resistant construction stand-  
24          ards;

G:\M\18\THOMCA\THOMCA\_048.XML

10

1           “(O) exterior deck or fence components  
2           that conform to ignition-resistant construction  
3           standards;

4           “(P) structure-specific water hydration  
5           systems, including fire mitigation systems such  
6           as interior and exterior sprinkler systems;

7           “(Q) flood openings for fully enclosed  
8           areas below the lowest floor of the dwelling  
9           unit;

10          “(R) lateral bracing for wall elements,  
11          foundation elements, and garage doors or other  
12          large openings to resist seismic loads; or

13          “(S) automatic shutoff valves for water  
14          and gas lines; or

15          “(3) for services or equipment to—

16                 “(A) create buffers around the qualified  
17                 dwelling unit through the removal or reduction  
18                 of flammable vegetation, including vertical  
19                 clearance of tree branches;

20                 “(B) create buffers around the dwelling  
21                 unit through—

22                         “(i) the removal of exterior deck or  
23                         fence components or ignition-prone land-  
24                         scape features; or

G:\M\18\THOMCA\THOMCA\_048.XML

11

1                   “(ii) replacement of the components  
2                   or features described in clause (i) with  
3                   components or features that conform to ig-  
4                   nition-resistant construction standards;

5                   “(C) perform fire maintenance procedures  
6                   identified by the Federal Emergency Manage-  
7                   ment Agency or the United States Forest Serv-  
8                   ice, including fuel management techniques such  
9                   as creating fuel and fire breaks; or

10                  “(D) replace flammable vegetation with  
11                  less flammable species.

12                  “(4) for property relating to satisfying the  
13                  standards required for receipt of a FORTIFIED  
14                  designation from the Insurance Institute for Busi-  
15                  ness and Home Safety, provided that the qualified  
16                  dwelling unit receives such designation following in-  
17                  stallation of such property; or

18                  “(5) for any other hazard mitigation activity  
19                  which has been identified by the President, in con-  
20                  sultation with the Administrator of the Federal  
21                  Emergency Management Agency, for mitigation of a  
22                  natural hazard.”.

G:\M18\THOMCA\THOMCA\_048.XML

12

1 **SEC. 3. EXCLUSION OF AMOUNTS RECEIVED FROM STATE-**  
2 **BASED CATASTROPHE LOSS MITIGATION**  
3 **PROGRAMS.**

4 (a) IN GENERAL.—Section 139 of the Internal Rev-  
5 enue Code of 1986 is amended by redesignating subsection  
6 (h) as subsection (i) and by inserting after subsection (g)  
7 the following new subsection:

8 “(h) STATE-BASED CATASTROPHE LOSS MITIGATION  
9 PROGRAMS.—

10 “(1) IN GENERAL.—Gross income shall not in-  
11 clude any amount received by an individual as a  
12 qualified catastrophe loss mitigation payment under  
13 a program established or administered by a State, or  
14 a political subdivision or instrumentality thereof, for  
15 the purpose of making such payments.

16 “(2) QUALIFIED CATASTROPHE LOSS MITIGA-  
17 TION PAYMENT.—For purposes of this section, the  
18 term ‘qualified catastrophe loss mitigation payment’  
19 means any amount which is received by an indi-  
20 vidual to make improvements to such individual’s  
21 residence for the sole purpose of hazard mitigation  
22 with respect to such residence.

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.”.

26 (b) CONFORMING AMENDMENTS.—

g:\V\G\032124\G032124.023.xml (915238|15)  
March 21, 2024 (9:35 p.m.)

G:\M\18\THOMCA\THOMCA\_048.XML

13

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

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

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 December 31, 2024.

11 **SEC. 4. EXCLUSION FROM GROSS INCOME OF CERTAIN**  
12 **EMERGENCY AGRICULTURAL ASSISTANCE.**

13 (a) IN GENERAL.—Section 139 of the Internal Rev-  
14 enue Code of 1986, as amended by the preceding provi-  
15 sions of this Act, is amended by redesignating subsection  
16 (i) as subsection (j) and by inserting after subsection (h)  
17 the following new subsection:

18 “(i) CERTAIN AGRICULTURAL ASSISTANCE.—For  
19 purposes of this section, the term ‘qualified disaster relief  
20 payment’ shall include any assistance received under any  
21 of the following:

22 “(1) Assistance received under the Wildfires  
23 and Hurricanes Indemnity Program Plus under sub-  
24 part O of part 760 of title 7, Code of Federal Regu-  
25 lations.

G:\M\18\THOMCA\THOMCA\_048.XML

14

1 “(2) Assistance received under section 1501 of  
2 the Agricultural Act of 2014 (7 U.S.C. 9081).

3 “(3) Noninsured crop assistance under section  
4 196 of the Federal Agriculture Improvement and  
5 Reform Act of 1996 (7 U.S.C. 7333).

6 “(4) Assistance under a food assistance pro-  
7 gram under part 9 of title 7, Code of Federal Regu-  
8 lations.

9 “(5) Assistance under title IV of the Agricul-  
10 tural Credit Act of 1978 (16 U.S.C. 2201 et seq.).

11 “(6) Assistance under the Quality Loss Assis-  
12 tance Program.”.

13 (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2024.

16 **SEC. 5. CREDIT FOR DISASTER MITIGATION EXPENDI-**  
17 **TURES.**

18 (a) IN GENERAL.—Subpart B of part IV of sub-  
19 chapter A of chapter 1 of the Internal Revenue Code of  
20 1986 is amended by inserting after section 27 the fol-  
21 lowing new section:

22 **“SEC. 28. DISASTER MITIGATION EXPENDITURES.**

23 “(a) IN GENERAL.—There shall be allowed as a cred-  
24 it against the tax imposed by this chapter for the taxable  
25 year an amount equal to 30 percent of the expenditures

G:\M\18\THOMCA\THOMCA\_048.XML

15

1 paid for qualifying mitigation activities paid or incurred  
2 by the taxpayer during such taxable year with respect to  
3 real property owned or leased by the taxpayer.

4 “(b) QUALIFIED DISASTER MITIGATION ACTIVI-  
5 TIES.—For purposes of this section—

6 “(1) QUALIFYING MITIGATION ACTIVITY.—The  
7 term ‘qualifying mitigation activity’ has the meaning  
8 given such term in section 206(j) of the Robert T.  
9 Stafford Disaster Relief and Emergency Assistance  
10 Act.

11 “(2) TREATMENT OF REIMBURSEMENTS.—Any  
12 amount originally paid or incurred by the taxpayer  
13 which is reimbursed by a State under a qualified  
14 State disaster mitigation program shall be treated as  
15 paid by such State (and not by such taxpayer).

16 “(c) APPLICATION WITH OTHER CREDITS.—

17 “(1) BUSINESS CREDIT TREATED AS PART OF  
18 GENERAL BUSINESS CREDIT.—So much of the credit  
19 which would be allowed under subsection (a) for any  
20 taxable year (determined without regard to this sub-  
21 section) that is attributable to expenditures made in  
22 the ordinary course of the taxpayer’s trade or busi-  
23 ness (or, in the case of expenditures made by a  
24 State, would have been expenditures made in the or-  
25 dinary course of the taxpayer’s trade or business if

G:\M\18\THOMCA\THOMCA\_048.XML

16

1 made by the taxpayer) shall be treated as a credit  
2 listed in section 38(b) for taxable year (and not al-  
3 lowed under subsection (a)).

4 “(2) PERSONAL CREDIT.—For purposes of this  
5 title, the credit allowed under subsection (a) for any  
6 taxable year (determined after application of para-  
7 graph (1)) shall be treated as a credit allowable  
8 under subpart A for such taxable year.

9 “(d) REDUCTION OF CREDIT PERCENTAGE WHERE  
10 TAXPAYER EXPENDITURES LESS THAN 30 PERCENT.—

11 “(1) IN GENERAL.—If the expenditure percent-  
12 age with respect to any item of expenditure de-  
13 scribed under subsection (a) is less than 30 percent,  
14 subsection (a) shall be applied by substituting ‘the  
15 expenditure percentage’ for ‘30 percent’ with respect  
16 to such item of expenditure.

17 “(2) EXPENDITURE PERCENTAGE.—For pur-  
18 poses of this section, the term ‘expenditure percent-  
19 age’ means, with respect to any item of expenditure  
20 described under subsection (a) any portion of which  
21 is paid or incurred by a State, the ratio (expressed  
22 as a percentage) of—

23 “(A) the taxpayer’s expenditure for such  
24 item, divided by

G:\M\18\THOMCA\THOMCA\_048.XML

17

1           “(B) the sum of the taxpayer’s and such  
2           State’s expenditures for such item.

3           “(e) SPECIAL RULES.—

4           “(1) TREATMENT OF EXPENDITURES RELATED  
5           TO MARKETABLE TIMBER.—An expenditure shall not  
6           be taken into account for purposes of this section  
7           (whether made by the taxpayer or a State) if such  
8           expenditure is properly allocable to timber which is  
9           sold or exchanged by the taxpayer. The preceding  
10          sentence shall not apply to the extent that such  
11          amount exceeds the gain on such sale or exchange.

12          “(2) BASIS REDUCTION.—For purposes of this  
13          subtitle, if the basis of any property would (but for  
14          this paragraph) be determined by taking into ac-  
15          count any expenditure described under subsection  
16          (a), the basis of such property shall be reduced by  
17          the amount of the credit allowed under subsection  
18          (a) with respect to such expenditure (determined  
19          without regard to subsection (c)).

20          “(3) DENIAL OF DOUBLE BENEFIT.—The  
21          amount of any deduction or other credit allowable  
22          under this chapter for any expenditure for which a  
23          credit is allowable under subsection (a) shall be re-  
24          duced by the amount of credit allowed under such

G:\M\18\THOMCA\THOMCA\_048.XML

18

1 subsection for such expenditure (determined without  
2 regard to subsection (c)).”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 38(b) of such Code is amended by  
5 striking “plus” at the end of paragraph (40), by  
6 striking the period at the end of paragraph (41) and  
7 inserting “, plus”, and by adding at the end the fol-  
8 lowing new paragraph:

9 “(42) the portion of the disaster mitigation ex-  
10 penditures credit to which section 28(e)(1) applies.”.

11 (2) Section 1016(a) of such Code is amended  
12 by redesignating paragraphs (35) through (38) as  
13 paragraphs (36) through (39), respectively, and by  
14 inserting after paragraph (34) the following new  
15 paragraph:

16 “(35) to the extent provided in section  
17 28(e)(2),”.

18 (3) The table of sections for subpart B of part  
19 IV of subchapter A of chapter 1 of such Code is  
20 amended by inserting after the item relating to sec-  
21 tion 27 the following new item:

“Sec. 28. Qualified disaster mitigation expenditures.”.

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to expenditures paid or incurred  
24 after the date of the enactment of this Act, in taxable  
25 years ending after such date.

g:\V\G\032124\G032124.023.xml (915238|15)  
March 21, 2024 (9:35 p.m.)