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(Original Signature of Member)

116TH CONGRESS
1ST SESSION

H. R.

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

IN THE HOUSE OF REPRESENTATIVES

Mr. BILIRAKIS introduced the following bill; which was referred to the Committee on _____

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

1 1986 is amended by inserting after section 25D the fol-
2 lowing new section:

3 **“SEC. 25E. DISASTER MITIGATION EXPENDITURES.**

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

9 “(b) MAXIMUM CREDIT.—

10 “(1) IN GENERAL.—Subject to paragraph (2),
11 the credit allowed under subsection (a) for any tax-
12 able year shall not exceed \$5,000.

13 “(2) PHASEOUT.—

14 “(A) IN GENERAL.—The amount under
15 paragraph (1) for the taxable year shall be re-
16 duced (but not below zero) by an amount which
17 bears the same ratio to the amount under such
18 paragraph as—

19 “(i) the amount (not less than zero)
20 equal to the adjusted gross income of the
21 taxpayer for such taxable year minus
22 \$84,200, bears to

23 “(ii) \$40,800.

24 “(B) JOINT RETURN.—For purposes of de-
25 termining the amount of any reduction under

1 subparagraph (A) for any taxable year, if a
2 joint return was filed for such taxable year,
3 each of the dollar amounts under such subpara-
4 graph shall be doubled.

5 “(C) INFLATION ADJUSTMENT.—In the
6 case of any taxable year after 2020, each of the
7 dollar amounts under subparagraph (A) shall
8 be increased by an amount equal to—

9 “(i) such dollar amount, multiplied by

10 “(ii) the cost-of-living adjustment de-
11 termined under section 1(f)(3) for the cal-
12 endar year in which the taxable year be-
13 gins, determined by substituting ‘calendar
14 year 2019’ for ‘calendar year 2016’ in sub-
15 paragraph (A)(ii) thereof.

16 “(D) ROUNDING.—If any reduction deter-
17 mined under subparagraph (A) or (B) is not a
18 multiple of \$50, or any increase under subpara-
19 graph (C) is not a multiple of \$50, such
20 amount shall be rounded to the nearest multiple
21 of \$50.

22 “(c) DEFINITIONS.—For purposes of this section—

23 “(1) QUALIFIED DISASTER MITIGATION EX-
24 PENDITURE.—

1 “(A) IN GENERAL.—The term ‘qualified
2 disaster mitigation expenditure’ means an ex-
3 penditure relating to a qualified dwelling unit—
4 “(i) for property to—
5 “(I) improve the strength of a
6 roof deck attachment,
7 “(II) create a secondary water
8 barrier to prevent water intrusion or
9 mitigate against potential water intru-
10 sion from wind-driven rain,
11 “(III) improve the durability, im-
12 pact resistance (not less than class 3
13 or 4 rating), or fire resistance (not
14 less than class A rating) of a roof cov-
15 ering,
16 “(IV) brace gable-end walls,
17 “(V) reinforce the connection be-
18 tween a roof and supporting wall,
19 “(VI) protect openings from pen-
20 etration by wind-borne debris,
21 “(VII) protect exterior doors and
22 garages from natural hazards,
23 “(VIII) complete measures con-
24 tained in the publication of the Fed-
25 eral Emergency Management Agency

1 entitled ‘Wind Retrofit Guide for Res-
2 idential Buildings’ (P-804),

3 “(IX) elevate the qualified dwell-
4 ing unit, as well as utilities, machin-
5 ery, or equipment, above the base
6 flood elevation or other applicable
7 minimum elevation requirement,

8 “(X) seal walls in the basement
9 of the qualified dwelling unit using
10 waterproofing compounds, or

11 “(XI) protect propane tanks or
12 other external fuel sources,

13 “(ii) to install—

14 “(I) check valves to prevent flood
15 water from backing up into drains,

16 “(II) flood vents, breakaway
17 walls or open lattice for homes located
18 in V zones,

19 “(III) a stormwater drainage sys-
20 tem or improve an existing system,

21 “(IV) natural or nature-based
22 features for flood control, including
23 living shorelines,

24 “(V) roof coverings, sheathing,
25 flashing, roof and attic vents, eaves,

1 or gutters that conform to ignition-re-
2 sistant construction standards,

3 “(VI) wall components for wall
4 assemblies that conform to ignition-re-
5 sistant construction standards,

6 “(VII) a wall-to-foundation an-
7 chor or connector, or a shear transfer
8 anchor or connector,

9 “(VIII) wood structural panel
10 sheathing for strengthening cripple
11 walls,

12 “(IX) anchorage of the masonry
13 chimney to the framing,

14 “(X) prefabricated lateral resist-
15 ing systems,

16 “(XI) a standby generator sys-
17 tem consisting of a standby generator
18 and an automatic transfer switch,

19 “(XII) a storm shelter that meets
20 the design and construction standards
21 established by the International Code
22 Council and the National Storm Shel-
23 ter Association (ICC-500), or a safe
24 room that satisfies the criteria con-
25 tained in—

1 “(aa) the publication of the
2 Federal Emergency Management
3 Agency entitled ‘Safe Rooms for
4 Tornadoes and Hurricanes’ (P-
5 361), or

6 “(bb) the publication of the
7 Federal Emergency Management
8 Agency entitled ‘Taking Shelter
9 from the Storm’ (P-320),

10 “(XIII) a lightning protection
11 system,

12 “(XIV) exterior walls, doors, win-
13 dows, or other exterior dwelling unit
14 elements that conform to ignition-re-
15 sistant construction standards,

16 “(XV) exterior deck or fence
17 components that conform to ignition-
18 resistant construction standards,

19 “(XVI) structure-specific water
20 hydration systems, including fire miti-
21 gation systems such as interior and
22 exterior sprinkler systems,

23 “(XVII) water capture and deliv-
24 ery systems to accommodate drought

1 events or to decrease water use, in-
2 cluding the design of such systems,

3 “(XVIII) flood openings for fully
4 enclosed areas below the lowest floor
5 of the dwelling unit,

6 “(XIX) lateral bracing for wall
7 elements, foundation elements, and
8 garage doors or other large openings
9 to resist seismic loads, or

10 “(XX) automatic shutoff valves
11 for water and gas lines, or

12 “(iii) for services or equipment to—

13 “(I) create buffers around the
14 qualified dwelling unit through the re-
15 moval or reduction of flammable vege-
16 tation, including vertical clearance of
17 tree branches,

18 “(II) create buffers around the
19 dwelling unit through—

20 “(aa) the removal of exterior
21 deck or fence components or igni-
22 tion-prone landscape features, or

23 “(bb) replacement of the
24 components or features described
25 in item (aa) with components or

1 features that conform to ignition-
2 resistant construction standards,
3 “(III) perform fire maintenance
4 procedures identified by the Federal
5 Emergency Management Agency or
6 the United States Forest Service, in-
7 cluding fuel management techniques
8 such as creating fuel and fire breaks,
9 “(IV) gather and analyze water
10 and weather data to better under-
11 stand the local climate and drought
12 history,
13 “(V) replace flammable vegeta-
14 tion with less flammable species, or
15 “(VI) determine the risk of nat-
16 ural disasters which may occur in the
17 area in which the qualified dwelling
18 unit is located, or
19 “(iv) for property relating to satis-
20 fying the standards required for receipt of
21 a FORTIFIED designation from the In-
22 surance Institute for Business and Home
23 Safety, provided that the qualified dwelling
24 unit receives such designation following in-
25 stallation of such property.

1 “(B) EXCEPTION.—The term ‘qualified
2 disaster mitigation expenditure’ shall not in-
3 clude any expenditure or portion thereof which
4 is paid, funded, or reimbursed by a Federal,
5 State, or local government entity, or any polit-
6 ical subdivision, agency, or instrumentality
7 thereof.

8 “(2) QUALIFIED DWELLING UNIT.—The term
9 ‘qualified dwelling unit’ means a dwelling unit which
10 is—

11 “(A) located—

12 “(i) in the United States or in a terri-
13 tory of the United States, and

14 “(ii) in an area—

15 “(I) in which a Federal disaster
16 declaration has been made within the
17 preceding 10-year period, or

18 “(II) which is adjacent to an
19 area described in subclause (I), and

20 “(B) used as a residence by the taxpayer.

21 “(d) LIMITATION.—

22 “(1) IN GENERAL.—In the case of an expendi-
23 ture described in clause (i) or (ii) of subsection
24 (c)(1)(A), such expenditure shall be taken into ac-
25 count in determining the qualified disaster mitiga-

1 tion expenditures made by the taxpayer during the
2 taxable year only if the onsite preparation, assembly,
3 or original installation of the property with respect
4 to which such expenditure is made has been com-
5 pleted in a manner that is deemed to be in compli-
6 ance with the latest published editions of relevant
7 consensus-based codes, specifications, and standards
8 or any more restrictive Federal, State, or local flood-
9 plain management standards and consistent with
10 floodplain management regulations for the local ju-
11 risdiction in which the qualified dwelling unit is lo-
12 cated.

13 “(2) LATEST PUBLISHED EDITIONS.—The term
14 ‘latest published editions means’, with respect to rel-
15 evant consensus-based codes, specifications, and
16 standards, either of the 2 most recently published
17 editions.

18 “(e) LABOR COSTS.—For purposes of this section,
19 expenditures for labor costs properly allocable to the onsite
20 preparation, assembly, or original installation of the prop-
21 erty described in clause (i) or (ii) of subsection (c)(1)(A)
22 shall be taken into account in determining the qualified
23 disaster mitigation expenditures made by the taxpayer
24 during the taxable year.

1 “(f) INSPECTION COSTS.—For purposes of this sec-
2 tion, expenditures for the cost of any inspection required
3 under subsection (d) which is properly allocable to the in-
4 spection of the preparation, assembly, or installation of
5 the property described in clause (i) or (ii) of subsection
6 (c)(1)(A) shall be taken into account in determining the
7 qualified disaster mitigation expenditures made by the
8 taxpayer during the taxable year.

9 “(g) DOCUMENTATION.—Any taxpayer claiming the
10 credit under this section shall provide the Secretary with
11 adequate documentation regarding the specific qualified
12 disaster mitigation expenditures made by the taxpayer
13 during the taxable year, as well as such other information
14 or documentation as the Secretary may require.”.

15 (b) CONFORMING AMENDMENT.—The table of sec-
16 tions for subpart A of part IV of subchapter A of chapter
17 1 of such Code is amended by inserting after the item
18 relating to section 25D the following new item:

“Sec. 25E. Disaster mitigation expenditures.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2019.

22 **SEC. 3. BUSINESS-RELATED CREDIT FOR DISASTER MITIGA-**
23 **TION.**

24 (a) IN GENERAL.—Subpart D of part IV of sub-
25 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 45S the fol-
2 lowing new section:

3 **“SEC. 45T. DISASTER MITIGATION CREDIT.**

4 “(a) GENERAL RULE.—For purposes of section 38,
5 the disaster mitigation credit determined under this sec-
6 tion for any taxable year is an amount equal to 25 percent
7 of the qualified disaster mitigation expenditures made by
8 the taxpayer during the taxable year.

9 “(b) MAXIMUM CREDIT.—

10 “(1) IN GENERAL.—Subject to paragraph (2),
11 the amount of the credit determined under sub-
12 section (a) for any taxable year shall not exceed
13 \$5,000.

14 “(2) PHASEOUT.—

15 “(A) IN GENERAL.—The amount under
16 paragraph (1) for the taxable year shall be re-
17 duced (but not below zero) by an amount which
18 bears the same ratio to the amount under such
19 paragraph as—

20 “(i) the amount (not less than zero)
21 equal to the average gross receipts of the
22 taxpayer over the 3 preceding taxable
23 years minus \$5,000,000, bears to

24 “(ii) \$5,000,000.

1 “(B) INFLATION ADJUSTMENT.—In the
2 case of any taxable year after 2020, 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 2019’ 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.—For purposes of this section, the term ‘qualified
19 disaster mitigation expenditure’ has the same meaning
20 given such term under paragraph (1) of section 25E(c),
21 except that ‘place of business’ shall be substituted for
22 ‘qualified dwelling unit’ each place it appears in such para-
23 graph.

1 “(d) SPECIAL RULES.—Rules similar to the rules of
2 subsections (d) through (g) of section 25E shall apply for
3 purposes of this section.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 38(b) of such Code is amended by
6 striking “plus” at the end of paragraph (31), by
7 striking the period at the end of paragraph (32) and
8 inserting “, plus”, and by adding at the end the fol-
9 lowing new paragraph:

10 “(33) the disaster mitigation credit determined
11 under section 45T(a).”.

12 (2) The table of sections for subpart D of part
13 IV of subchapter A of chapter 1 of such Code is
14 amended by inserting after the item relating to sec-
15 tion 45S the following new item:

“Sec. 45T. Disaster mitigation credit.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2019.