

119TH CONGRESS
1ST SESSION

H. R. 1849

To amend the Internal Revenue Code of 1986 to provide for the exclusion from gross income of amounts received from State-based catastrophe loss mitigation programs.

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 2025

Mr. LAMALFA (for himself, Mr. THOMPSON of California, Mr. MURPHY, Ms. BROWNLEY, Mr. ROUZER, Mr. DAVIS of Illinois, Mr. FITZGERALD, Ms. PETTERSEN, Mr. HIGGINS of Louisiana, Mr. PETERS, Mr. MULLIN, Ms. CHU, Ms. SEWELL, and Mr. VALADAO) 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 for the exclusion from gross income of amounts received from State-based catastrophe loss mitigation programs.

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 Mitigation
5 and Tax Parity Act of 2025”.

1 **SEC. 2. 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 or paid for the benefit
 12 of an individual as a qualified catastrophe mitigation
 13 payment under a program established by—

14 “(A) a State or any political subdivision or
 15 public instrumentality thereof,

16 “(B) a joint powers authority, or

17 “(C) an entity created by State law to en-
 18 sure the availability of an adequate market of
 19 last resort for essential property insurance or
 20 basic property insurance, over which a State
 21 agency or State department of insurance has
 22 regulatory oversight,

23 for the purpose of making such payments.

24 “(2) QUALIFIED CATASTROPHE MITIGATION
 25 PAYMENT.—For purposes of this section, the term
 26 ‘qualified catastrophe mitigation payment’ means

1 any amount which is received by or paid for the ben-
2 efit of the owner of any property to make improve-
3 ments to such property for the sole purpose of re-
4 ducing the damage that would be done to such prop-
5 erty by a windstorm, earthquake, or wildfire.

6 “(3) NO INCREASE IN BASIS.—Rules similar to
7 the rules of subsection (g)(3) shall apply in the case
8 of this subsection.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Section 139(d) of the Internal Revenue
11 Code of 1986 is amended by striking “and qualified”
12 and inserting “, qualified catastrophe mitigation
13 payments, and qualified”.

14 (2) Section 139(i) of such Code (as redesign-
15 nated by subsection (a)) is amended by striking “or
16 qualified” and inserting “, qualified catastrophe
17 mitigation payment, or qualified”.

18 (c) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendments made by
20 this section shall apply to taxable years beginning
21 after December 31, 2020.

22 (2) RETROACTIVE APPLICABILITY.—The Sec-
23 retary of the Treasury, or the Secretary’s delegate,
24 shall provide an opportunity for individuals to claim
25 the exclusion from gross income under section

- 1 139(h) of the Internal Revenue Code of 1986, as
- 2 added by this section, including by amended return.

