

Union Calendar No. 525

119TH CONGRESS
2^D SESSION

H. R. 5366

[Report No. 119-605]

To amend the Internal Revenue Code of 1986 to codify and extend the rules for personal casualty losses arising from major disasters and the rules for the exclusion from gross income of compensation for losses or damages resulting from certain wildfires.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 15, 2025

Mr. STEUBE (for himself, Mr. THOMPSON of California, Mr. LAMALFA, and Mr. PANETTA) introduced the following bill; which was referred to the Committee on Ways and Means

APRIL 9, 2026

Additional sponsors: Mr. VINDMAN, Mr. NEGUSE, Mr. MIN, Mr. CROW, Ms. TOKUDA, Mr. DONALDS, Mr. BILIRAKIS, Mr. DIAZ-BALART, Ms. MOORE of Wisconsin, Mr. BERGMAN, and Mr. WILSON of South Carolina

APRIL 9, 2026

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on September 15, 2025]

A BILL

To amend the Internal Revenue Code of 1986 to codify and extend the rules for personal casualty losses arising from major disasters and the rules for the exclusion from gross income of compensation for losses or damages resulting from certain wildfires.

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 “Doug LaMalfa Federal*
5 *Disaster Tax Relief Certainty Act”.*

6 **SEC. 2. CODIFICATION AND EXTENSION OF RULES FOR CAS-**
7 **UALTY LOSSES ARISING FROM MAJOR DISAS-**
8 **TERS.**

9 *(a) IN GENERAL.—Section 165(h) of the Internal Rev-*
10 *enue Code of 1986 is amended by adding at the end the*
11 *following new paragraph:*

12 *“(6) SPECIAL RULE FOR QUALIFIED NET DIS-*
13 *ASTER LOSSES.—*

14 *“(A) IN GENERAL.—If an individual has a*
15 *qualified net disaster loss for any taxable year,*
16 *the amount determined under paragraph*
17 *(2)(A)(i) shall be the sum of—*

18 *“(i) such qualified net disaster loss,*
19 *and*

20 *“(ii) so much of the excess referred to*
21 *in the matter preceding clause (i) of para-*
22 *graph (2)(A) (reduced by the amount in*
23 *clause (i) of this subparagraph) as exceeds*
24 *10 percent of the adjusted gross income of*
25 *the individual.*

1 “(B) *QUALIFIED NET DISASTER LOSS.*—For
2 purposes of subparagraph (A), the term ‘quali-
3 fied net disaster loss’ means the excess (if any)
4 of—

5 “(i) *qualified disaster-related personal*
6 *casualty losses, over*

7 “(ii) *personal casualty gains reduced*
8 *by the portion of such gains taken into ac-*
9 *count under paragraph (5)(B)(i).*

10 “(C) *QUALIFIED DISASTER-RELATED PER-*
11 *SONAL CASUALTY LOSSES.*—For purposes of this
12 paragraph—

13 “(i) *IN GENERAL.*—The term ‘qualified
14 *disaster-related personal casualty losses*
15 *means losses described in subsection (c)(3)*
16 *(determined after application of paragraph*
17 *(1)) which arise in a qualified disaster area*
18 *on or after the first day of the incident pe-*
19 *riod of the qualified disaster to which such*
20 *area relates, and which are attributable to*
21 *such disaster.*

22 “(ii) *QUALIFIED DISASTER AREA.*—
23 *The term ‘qualified disaster area’ means*
24 *any area with respect to which a major dis-*
25 *aster has been declared by the President*

1 under section 401 of the Robert T. Stafford
2 Disaster Relief and Emergency Assistance
3 Act if the incident period of the disaster
4 with respect to which such declaration is
5 made begins on or after December 28, 2019,
6 and before January 1, 2027.

7 “(iii) *QUALIFIED DISASTER*.—The
8 term ‘qualified disaster’ means, with respect
9 to any qualified disaster area, the disaster
10 by reason of which a major disaster was de-
11 clared with respect to such area.

12 “(iv) *INCIDENT PERIOD*.—The term
13 ‘incident period’ means, with respect to any
14 qualified disaster, the period specified by
15 the Federal Emergency Management Agency
16 as the period during which such disaster oc-
17 curred.”.

18 (b) *DOLLAR LIMITATION*.—Section 165(h)(1) of such
19 Code is amended by striking “\$500 (\$100 for taxable years
20 beginning after December 31, 2009)” and inserting “\$100
21 (\$500 in the case of any qualified disaster-related personal
22 casualty losses (as defined in paragraph (6)(C))”.

23 (c) *DEDUCTION ALLOWED TO INDIVIDUALS WHO DO*
24 *NOT ELECT TO ITEMIZE DEDUCTIONS*.—Section 63(b) of
25 such Code is amended—

1 (1) *by striking “and” at the end of paragraph*
2 *(6) and inserting a comma,*

3 (2) *by striking the period at the end of para-*
4 *graph (7) and inserting “, and”, and*

5 (3) *by adding at the end the following new para-*
6 *graph:*

7 “(8) *so much of the deduction allowed by section*
8 *165(a) as is attributable to the qualified net disaster*
9 *loss (as defined in section 165(h)(6)(B)).”.*

10 (d) *EFFECTIVE DATE.—*

11 (1) *IN GENERAL.—The amendments made by*
12 *this section shall apply to taxable years beginning*
13 *after December 31, 2024.*

14 (2) *COORDINATION WITH SUPERCEDED PROVI-*
15 *SIONS.—Section 304(b) of the Taxpayer Certainty*
16 *and Disaster Tax Relief Act of 2020 (division EE of*
17 *Public Law 116–260) and section 70438 of Public*
18 *Law 119–21 shall not apply to any taxable year be-*
19 *ginning after December 31, 2024.*

1 **SEC. 3. CODIFICATION AND EXTENSION OF EXCLUSION**
2 **FROM GROSS INCOME OF COMPENSATION**
3 **FOR LOSSES OR DAMAGES RESULTING FROM**
4 **CERTAIN WILDFIRES.**

5 (a) *IN GENERAL.*—Part III of subchapter B of chapter
6 1 of the Internal Revenue Code of 1986 is amended by in-
7 serting before section 140 the following new section:

8 **“SEC. 139M. COMPENSATION FOR LOSSES OR DAMAGES RE-**
9 **SULTING FROM CERTAIN WILDFIRES.**

10 “(a) *IN GENERAL.*—Gross income shall not include
11 any amount received by an individual as a qualified wild-
12 fire relief payment.

13 “(b) *QUALIFIED WILDFIRE RELIEF PAYMENT.*—For
14 purposes of this section—

15 “(1) *IN GENERAL.*—The term ‘qualified wildfire
16 relief payment’ means any amount received by or on
17 behalf of an individual as compensation for losses, ex-
18 penses, or damages (including compensation for addi-
19 tional living expenses, lost wages (other than com-
20 pensation for lost wages paid by the employer which
21 would have otherwise paid such wages), personal in-
22 jury, death, or emotional distress) incurred as a re-
23 sult of a qualified wildfire disaster, but only to the
24 extent the losses, expenses, or damages compensated by
25 such payment are not compensated for by insurance
26 or otherwise.

1 “(2) *QUALIFIED WILDFIRE DISASTER.*—*The term*
2 *‘qualified wildfire disaster’ means any Federally de-*
3 *clared disaster (as defined in section 165(i)(5)(A)) de-*
4 *clared after December 31, 2014, and before January*
5 *1, 2027, as a result of any forest or range fire.*

6 “(c) *DENIAL OF DOUBLE BENEFIT.*—*Notwithstanding*
7 *any other provision of this title—*

8 “(1) *no deduction or credit shall be allowed (to*
9 *the individual for whose benefit a qualified wildfire*
10 *relief payment is made) for, or by reason of, any ex-*
11 *penditure to the extent of the amount excluded under*
12 *this section with respect to such expenditure, and*

13 “(2) *no increase in the basis or adjusted basis of*
14 *any property shall result from any amount excluded*
15 *under this section with respect to such property.”.*

16 “(b) *CLERICAL AMENDMENT.*—*The table of sections for*
17 *part III of subchapter B of chapter 1 of such Code is amend-*
18 *ed by inserting before the item related to section 140 the*
19 *following new item:*

*“Sec. 139M. Compensation for losses or damages resulting from certain
wildfires.”.*

20 “(c) *EFFECTIVE DATE.*—*The amendments made by this*
21 *section shall apply to payments received in taxable years*
22 *beginning after December 31, 2025.*

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