

Amendment offered by Mr. Thompson, Mr. Neal, Mr. Levin, Mr. Lewis, Mr. Larson, Mr. Blumenauer, Mr. Kind, Mr. Pascrell, Mr. Crowley, Mr. Davis, Ms. Sánchez, Mr. Higgins, Ms. Sewell, Ms. DelBene, and Ms. Chu

The amendment would remove limitations to the casualty loss deduction included in Public Law 115-97, and enact permanent tax relief for victims of Presidentially-declared natural disasters, in a fiscally responsible manner.

1 (1) IN GENERAL.—Section 72(t)(2) is amended
2 by adding at the end the following new subpara-
3 graph:

4 “(II) DISTRIBUTIONS FROM RETIREMENT
5 PLANS IN CONNECTION WITH FEDERALLY DE-
6 CLARED DISASTERS.—Any qualified disaster re-
7 covery distribution.”.

8 (2) QUALIFIED DISASTER RECOVERY DISTRIBU-
9 TION.—Section 72(t) is amended by adding at the
10 end the following new paragraph:

11 “(11) QUALIFIED DISASTER RECOVERY DIS-
12 TRIBUTION.—For purposes of paragraph (2)(II)—

13 “(A) IN GENERAL.—Except as provided in
14 subparagraph (B), the term ‘qualified disaster
15 recovery distribution’ means, with respect to
16 any federally declared disaster, any distribution
17 from an eligible retirement plan made on or
18 after the applicable disaster date and before the
19 date that is 1 year after the applicable disaster
20 date, to an individual whose principal place of
21 abode on the applicable disaster date, is located
22 in the disaster area and who has sustained an
23 economic loss by reason of such federally de-
24 clared disaster.

25 “(B) DOLLAR LIMITATION.—

1 “(iii) CONTROLLED GROUP.—For pur-
2 poses of clause (ii), the term ‘controlled
3 group’ means any group treated as a single
4 employer under subsection (b), (c), (m), or
5 (o) of section 414.

6 “(C) AMOUNT DISTRIBUTED MAY BE RE-
7 PAID.—

8 “(i) IN GENERAL.—Any individual
9 who receives a qualified disaster recovery
10 distribution may, at any time during the 3-
11 year period beginning on the day after the
12 date on which such distribution was re-
13 ceived, make one or more contributions in
14 an aggregate amount not to exceed the
15 amount of such distribution to an eligible
16 retirement plan of which such individual is
17 a beneficiary and to which a rollover con-
18 tribution of such distribution could be
19 made under section 402(c), 403(a)(4),
20 403(b)(8), 408(d)(3), or 457(e)(16), as the
21 case may be.

22 “(ii) TREATMENT OF REPAYMENTS OF
23 DISTRIBUTIONS FROM ELIGIBLE RETIRE-
24 MENT PLANS OTHER THAN IRAS.—For
25 purposes of this title, if a contribution is

1 in a direct trustee to trustee transfer with-
2 in 60 days of the distribution.

3 “(D) INCOME INCLUSION SPREAD OVER 3-
4 YEAR PERIOD.—

5 “(i) IN GENERAL.—In the case of any
6 qualified disaster recovery distribution, un-
7 less the taxpayer elects not to have this
8 paragraph apply for any taxable year, any
9 amount required to be included in gross in-
10 come for such taxable year shall be so in-
11 cluded ratably over the 3-taxable-year pe-
12 riod beginning with such taxable year.

13 “(ii) SPECIAL RULE.—For purposes of
14 clause (i), rules similar to the rules of sec-
15 tion 408A(d)(3)(E) shall apply.

16 “(E) OTHER DEFINITIONS.—

17 “(i) FEDERALLY DECLARED DIS-
18 ASTER; DISASTER AREA.—The terms ‘fed-
19 erally declared disaster’ and ‘disaster area’
20 have the meanings given such terms under
21 section 165(i)(5).

22 “(ii) APPLICABLE DISASTER DATE.—
23 The term ‘applicable disaster date’ means,
24 with respect to any federally declared dis-

1 (b) RECONTRIBUTIONS OF WITHDRAWALS FOR
2 HOME PURCHASES.—Section 72(t), as amended by the
3 preceding provisions of this Act, is amended by adding at
4 the end the following new paragraph:

5 “(12) RECONTRIBUTIONS OF WITHDRAWALS
6 FOR HOME PURCHASES.—

7 “(A) IN GENERAL.—Any individual who
8 received a qualified distribution may, during the
9 180-day period beginning on the applicable dis-
10 aster date (as defined in paragraph
11 (11)(E)(ii)), make one or more contributions in
12 an aggregate amount not to exceed the amount
13 of such qualified distribution to an eligible re-
14 tirement plan (as defined in section
15 402(c)(8)(B)) of which such individual is a ben-
16 efiary and to which a rollover contribution of
17 such distribution could be made under section
18 402(c), 403(a)(4), 403(b)(8), or 408(d)(3), of
19 such Code, as the case may be.

20 “(B) TREATMENT OF REPAYMENTS.—
21 Rules similar to the rules of clauses (ii) and
22 (iii) of paragraph (11)(C) shall apply for pur-
23 poses of this paragraph.

1 fied individual made during the applicable pe-
2 riod—

3 “(i) clause (i) of paragraph (2)(A)
4 shall be applied by substituting ‘\$100,000’
5 for ‘\$50,000’, and

6 “(ii) clause (ii) of such paragraph
7 shall be applied by substituting ‘the
8 present value of the nonforfeitable accrued
9 benefit of the employee under the plan’ for
10 ‘one-half of the present value of the non-
11 forfeitable accrued benefit of the employee
12 under the plan’.

13 “(B) DELAY OF REPAYMENT.—In the case
14 of a qualified individual with an outstanding
15 loan on or after the applicable disaster date
16 from a qualified employer plan—

17 “(i) if the due date pursuant to sub-
18 paragraph (B) or (C) of paragraph (2) for
19 any repayment with respect to such loan
20 occurs during the 1-year period beginning
21 on the applicable disaster date, such due
22 date shall be delayed for 1 year,

23 “(ii) any subsequent repayments with
24 respect to any such loan shall be appro-
25 priately adjusted to reflect the delay in the

1 have the meanings given such terms under
2 section 165(i)(5).

3 “(iv) APPLICABLE DISASTER DATE.—

4 The term ‘applicable disaster date’ means,
5 with respect to any federally declared dis-
6 aster, the date on which such federally de-
7 clared disaster occurs.”.

8 (2) EFFECTIVE DATE.—The amendment made
9 by this subsection shall apply to loans made with re-
10 spect to disaster declared after August 26, 2017.

11 (d) PROVISIONS RELATING TO PLAN AMEND-
12 MENTS.—

13 (1) IN GENERAL.—If this subsection applies to
14 any amendment to any plan or annuity contract,
15 such plan or contract shall be treated as being oper-
16 ated in accordance with the terms of the plan during
17 the period described in paragraph (2)(B)(i).

18 (2) AMENDMENTS TO WHICH SUBSECTION AP-
19 PLIES.—

20 (A) IN GENERAL.—This subsection shall
21 apply to any amendment to any plan or annuity
22 contract which is made—

23 (i) pursuant to any provision of, or
24 amendment made by, this section, or pur-
25 suant to any regulation issued by the Sec-

1 (II) ending on the date described
2 in subparagraph (A)(ii) (or, if earlier,
3 the date the plan or contract amend-
4 ment is adopted),
5 the plan or contract is operated as if such
6 plan or contract amendment were in effect,
7 and
8 (ii) such plan or contract amendment
9 applies retroactively for such period.

10 **SEC. 302. EMPLOYEE RETENTION CREDIT FOR EMPLOYERS**
11 **AFFECTED BY FEDERALLY DECLARED DIS-**
12 **ASTER.**

13 (a) IN GENERAL.—Subpart D of part IV of sub-
14 chapter A of chapter 1 is amended by adding at the end
15 the following new section:

16 **“SEC. 45T. EMPLOYEE RETENTION CREDIT FOR EMPLOY-**
17 **ERS AFFECTED BY FEDERALLY DECLARED**
18 **DISASTER.**

19 “(a) IN GENERAL.—For purposes of section 38, in
20 the case of an eligible employer, the federally declared dis-
21 aster employee retention credit shall be an amount equal
22 to 40 percent of the qualified wages with respect to each
23 eligible employee of such employer for such taxable year.

1 incurred by an eligible employer with respect to an
2 eligible employee on any day during the period de-
3 scribed in paragraph (1)(B) and which occurs dur-
4 ing the period—

5 “(A) beginning on the date on which the
6 trade or business described in paragraph (1)
7 first became inoperable at the principal place of
8 employment of the employee immediately before
9 the disaster, and

10 “(B) ending on the date on which such
11 trade or business has resumed significant oper-
12 ations at such principal place of employment.

13 Such term shall include wages paid without regard
14 to whether the employee performs no services, per-
15 forms services at a different place of employment
16 than such principal place of employment, or per-
17 forms services at such principal place of employment
18 before significant operations have resumed.

19 “(4) CERTAIN RULES TO APPLY.—For purposes
20 of this section, rules similar to the rules of sections
21 51(i)(1) and 52 shall apply.

22 “(5) EMPLOYEE NOT TAKEN INTO ACCOUNT
23 MORE THAN ONCE.—An employee shall not be treat-
24 ed as an eligible employee for purposes of this sub-
25 section for any period with respect to any employer

1 “(1) IN GENERAL.—Except as otherwise pro-
2 vided in paragraph (2), subsection (b) shall not
3 apply to qualified contributions and such contribu-
4 tions shall not be taken into account for purposes of
5 applying subsections (b) and (d) to other contribu-
6 tions.

7 “(2) TREATMENT OF EXCESS CONTRIBU-
8 TIONS.—

9 “(A) INDIVIDUALS.—

10 “(i) LIMITATION.—Any qualified con-
11 tribution shall be allowed only to the ex-
12 tent that the aggregate of such contribu-
13 tions does not exceed the excess of the tax-
14 payer’s contribution base over the amount
15 of all other charitable contributions allowed
16 under subsection (b)(1).

17 “(ii) CARRYOVER.—If the aggregate
18 amount of qualified contributions made in
19 the contribution year (within the meaning
20 of subsection (d)(1)) exceeds the limitation
21 of clause (i), such excess shall be added to
22 the excess described in the portion of sub-
23 paragraph (A) of such subsection which
24 precedes clause (i) thereof for purposes of
25 applying such subsection.

1 “(ii) the taxpayer obtains from such
2 organization contemporaneous written ac-
3 knowledgment that such contribution was
4 used (or is to be used) for relief efforts de-
5 scribed in clause (i)(II), and

6 “(iii) the taxpayer has elected the ap-
7 plication of this subsection with respect to
8 such contribution.

9 “(B) EXCEPTION.—Such term shall not in-
10 clude a contribution by a donor if the contribu-
11 tion is—

12 “(i) to an organization described in
13 section 509(a)(3) of the Internal Revenue
14 Code of 1986, or

15 “(ii) for the establishment of a new,
16 or maintenance of an existing, donor ad-
17 vised fund (as defined in section
18 4966(d)(2) of such Code).

19 “(C) APPLICATION TO PARTNERSHIPS AND
20 S CORPORATIONS.—In the case of a partnership
21 or S corporation, the election under subpara-
22 graph (A)(iii) shall be made separately by each
23 partner or shareholder.”

1 “(i) the personal casualty losses—

2 “(I) attributable to a federally
3 declared disaster, and

4 “(II) occurring in a disaster
5 area, over

6 “(ii) personal casualty gains.

7 “(C) FEDERALLY DECLARED DISASTER.—

8 For purposes of this paragraph—

9 “(i) FEDERALLY DECLARED DIS-
10 ASTER.—The term ‘federally declared dis-
11 aster’ has the meaning given such term by
12 subsection (i)(5)(A).

13 “(ii) DISASTER AREA.—The term ‘dis-
14 aster area’ has the meaning given such
15 term by subsection (i)(5)(B).”.

16 (b) CONFORMING AMENDMENT.—Paragraph (4) of
17 section 165(h), as so redesignated, is amended by striking
18 “paragraph (2)” and inserting “paragraphs (2) and (3)”.

19 (c) LOSS ALLOWED WHETHER OR NOT INDIVIDUAL
20 ITEMIZED DEDUCTIONS.—Section 62(a) is amended by
21 inserting after paragraph (21) the following new para-
22 graph:

23 “(22) DISASTER CASUALTY LOSSES.—Any net
24 disaster loss (as defined in section 165(h)(3)(B)).”.

1 “(B) such earned income for the taxable
2 year which includes the applicable date.

3 “(2) QUALIFIED INDIVIDUAL.—For purposes of
4 this subsection, the term ‘qualified individual’
5 means, with respect to any federally declared dis-
6 aster, any individual whose principal place of abode
7 on the applicable disaster date, was located—

8 “(A) in any portion of a disaster area de-
9 termined by the President to warrant individual
10 or individual and public assistance under the
11 Robert T. Stafford Disaster Relief and Emer-
12 gency Assistance Act by reason of the federally
13 declared disaster, or

14 “(B) in any portion of the disaster area
15 not described in subparagraph (A) and such in-
16 dividual was displaced from such principal place
17 of abode by reason of the federally declared dis-
18 aster.

19 “(3) OTHER DEFINITIONS.—For purposes of
20 this paragraph—

21 “(A) FEDERALLY DECLARED DISASTER;
22 DISASTER AREA.—The terms ‘federally declared
23 disaster’ and ‘disaster area’ have the meanings
24 given such terms under section 165(i)(5).

1 “(D) NO EFFECT ON DETERMINATION OF
2 GROSS INCOME, ETC.—Except as otherwise pro-
3 vided in this subsection, this title shall be ap-
4 plied without regard to any substitution under
5 paragraph (1).”.

6 (b) CHILD TAX CREDIT.—Section 24(d) is amended
7 by adding at the end the following new paragraph:

8 “(4) SPECIAL RULE FOR DETERMINING
9 EARNED INCOME OF TAXPAYERS AFFECTED BY FED-
10 ERALLY DECLARED DISASTERS.—For election by
11 qualified individuals with respect to certain federally
12 declared disasters to substitute earned income from
13 the preceding taxable year, see section 32(n).”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply with respect to disasters declared
16 after August 26, 2017.

17 **SEC. 306. APPLICATION OF DISASTER-RELATED TAX RE-**
18 **LIEF TO POSSESSIONS OF UNITED STATES.**

19 (a) PAYMENTS TO UNITED STATES VIRGIN ISLANDS
20 AND PUERTO RICO.—

21 (1) PROVISIONS OF THIS TITLE.—

22 (A) UNITED STATES VIRGIN ISLANDS.—

23 The Secretary of the Treasury shall periodically
24 (but not less frequently than annually) pay to
25 the United States Virgin Islands amounts equal

1 sion if the income tax liability of the residents of
2 such possession under such system is determined by
3 reference to the income tax laws of the United
4 States as if such possession were the United States.

5 (2) TREATMENT OF PAYMENTS.—For purposes
6 of section 1324 of title 31, United States Code, the
7 payments under this subsection shall be treated in
8 the same manner as a refund due from a credit pro-
9 vision referred to in subsection (b)(2) of such sec-
10 tion.

11 (3) COORDINATION WITH UNITED STATES IN-
12 COME TAXES.—In the case of any person with re-
13 spect to whom a tax benefit is taken into account
14 with respect to the taxes imposed by any possession
15 of the United States by reason of this title, the In-
16 ternal Revenue Code of 1986 shall be applied with
17 respect to such person without regard to the provi-
18 sions of this title which provide such benefit.

19 **Subtitle B—Revenue Provision**

20 **SEC. 311. CORPORATE RATE INCREASE TO ACHIEVE REV-** 21 **ENUE NEUTRALITY.**

22 Effective for taxable years beginning after the date
23 of the enactment of this Act, the rate of tax specified in
24 section 11(b) of the Internal Revenue Code of 1986 shall
25 be increased by such number of percentage points as is