



## **H.R. 5366, *Doug LaMalfa Federal Disaster Tax Relief Certainty Act***

**Rep. Greg Steube (R-FL), Rep. Mike Thompson (D-CA),  
Rep. Doug LaMalfa (former R-CA), Rep. Jimmy Panetta (D-CA)**

### **Background:**

- Personal casualty losses
  - In general, taxpayers can deduct personal casualty losses arising from federally declared disasters **only if the losses exceed 10% of the taxpayer's adjusted gross income (AGI)**.
  - However, for disasters between December 28, 2019, and July 4, 2025, taxpayers can deduct personal casualty losses **without the limitation** described above.
  - The expiration of this special rule for disasters after July 4, 2025, means **fewer disaster victims are currently eligible for a deduction** when they suffer disaster-related losses.
- Wildfire relief payments
  - The Federal Disaster Tax Relief Act of 2023 made qualified wildfire relief payments excludable from taxable income, but **only if the wildfire disaster declaration occurred after December 31, 2014, and the payment was received on or before December 31, 2025**.
  - In practice, wildfire relief payments often take years to process, meaning **many victims have not yet received payments that were intended to be tax-free**.

### **H.R. 5366, *Doug LaMalfa Federal Disaster Tax Relief Certainty Act*:**

- **Extends the more generous treatment of personal casualty losses to disasters prior to January 1, 2027.**
- Excludes wildfire relief payments from taxable income **regardless of when they are received**, so long as the wildfire disaster declaration occurs after December 31, 2014, and before January 1, 2027.
- As a result of this legislation, **more taxpayers who have been harmed by disasters and wildfires will be eligible** for these tax benefits.