To amend the Internal Revenue Code of 1986 to provide a credit for owning certain disaster resilient property.

IN THE HOUSE OF REPRESENTATIVES

Mr. PASCRELL 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 for owning certain disaster resilient property.

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Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, SECTION 1. SHORT TITLE.

This Act may be cited as the “Disaster Savings and Resilient Construction Act of 2020”.

SEC. 2. DISASTER RESILIENT PROPERTY TAX CREDIT.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 of the Internal Revenue Code of
1986 is amended by inserting after section 30D the following new section:

“SEC. 30E. DISASTER RESILIENT PROPERTY.

“(a) GENERAL RULE.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable amount for each qualified building placed in service during the taxable year.

“(b) APPLICABLE AMOUNT.—For purposes of subsection (a)—

“(1) COMMERCIAL PROPERTY.—In the case of a qualified commercial property, the applicable amount is the lesser of—

“(a) 1 percent of the cost of the building, or

“(B) $25,000 per building.

“(2) RESIDENTIAL PROPERTY.—In the case of a qualified residential property, the applicable amount is the lesser of—

“(a) 1 percent of the cost of the property, or

“(B) $3,000 per property.

“(c) QUALIFIED BUILDING.—For purposes of subsection (a)—
“(1) In general.—The term ‘qualified building’ means a building—

“(A) owned by the taxpayer in a disaster area determined as a result of a federally declared major disaster,

“(B) the construction of which began after the date of such disaster in that area,

“(C) which—

“(i) is qualified commercial property placed in service for commercial purposes, or

“(ii) is qualified residential property placed in service for residential purposes, and

“(D) for which a certificate of occupancy is issued before the end of the 3-year period beginning on the date of such disaster declaration in that area.

“(2) Qualified commercial property.—The term ‘qualified commercial property’ means a building that is—

“(A) located in the United States,

“(B) defined in the scope of the most recent International Building Code published by the International Code Council, and
“(C) designed and constructed to meet resilient construction requirements.

“(3) QUALIFIED RESIDENTIAL PROPERTY.—

The term ‘qualified residential property’ means a building that is—

“(A) located in the United States,

“(B) defined in the scope of the most recent International Residential Code published by the International Code Council, and

“(C) designed and constructed to meet resilient construction requirements.

“(d) RESILIENT CONSTRUCTION REQUIREMENTS.—

For purposes of this section—

“(1) IN GENERAL.—The resilient construction requirements with respect to a property are that the property is designed and constructed to—

“(A) resist hazards brought on by a major disaster and continues to provide its primary functions after a major disaster,

“(B) reduce the magnitude or duration of a disruptive event, and

“(C) have the absorptive capacity, adaptive capacity, and recoverability to withstand a potentially disruptive event.
“(2) TREATED AS MEETING RESILIENCY REQUIREMENTS.—For purposes of paragraph (1)—

“(A) in the case of a qualified commercial property, the property shall be treated as meeting the requirements specified in paragraph (1) if the property is a building which—

“(i) was designed to meet the requirements of the most recent International Building Code published by the International Code Council and meets the FORTIFIED Commercial Wind Standard published by the Insurance Institute for Business and Home Safety, or the most recent International Wildland Urban Interface Code published by the International Code Council,

“(ii) in the case of a substantial renovation, such renovation meets the requirements of—

“(I) the most recent International Building Code published by the International Code Council and the FORTIFIED Commercial Wind Standard published by the Insurance
Institute for Business and Home Safety, or

“(II) the most recent International Wildland Urban Interface Code published by the International Code Council, or

“(iii) in the case of a qualified commercial property in a high seismic hazard zone, was designed and built to achieve a reduction in the earthquake risks relative to code-designed buildings by minimizing building damage and promoting contingency planning for utility disruption and other threats to functional recovery that are described in the U.S. Resiliency Council Rating System with specific design criteria achieving the Platinum or Gold rating, and

“(B) in the case of a qualified residential property, the property shall be treated as meeting the requirements specified in paragraph (1) if—

“(i) the property is a building which—
“(I) was designed to meet the requirements of the most recent International Residential Code published by the International Code Council, and received a FORTIFIED Roof, FORTIFIED Silver, or FORTIFIED Gold designation from the Insurance Institute for Business and Home Safety, or

“(II) was designed to meet or exceed the requirements of the most recent Standard for Residential Construction in High-Wind Regions or International Wildland Urban Interface Code published by the International Code Council, or

“(ii) in the case of a substantial renovation, such renovation meets—

“(I) the requirements of the most recent International Residential Code published by the International Code Council and the requirements of the FORTIFIED Roof Standards published by the Insurance Institute for Business and Home Safety, or
“(II) the requirements of the
most recent Standard for Residential
Construction in High-Wind Regions
or International Wildland Urban
Interface Code published by the Inter-
national Code Council.

“(3) Absorptive capacity.—The term ‘ab-
sorptive capacity’ means the ability of the construc-
tion to endure a disruption without significant devi-
ation from normal operating performance.

“(4) Adaptive capacity.—The term ‘adaptive
capacity’ means the ability of the construction to
adapt to a drastic change in normal operating condi-
tions.

“(5) Recoverability.—The term
‘recoverability’ means the ability of the construction
to recover quickly, and at low cost, from potentially
disruptive events.

“(e) Other Definitions.—For purposes of this
section:

“(1) Construction.—The term ‘construction’
includes new construction and reconstruction and re-
habilitation that meets resilient construction require-
ments.
“(2) FEDERALLY DECLARED MAJOR DISASTER.—The term ‘federally declared major disaster’ means a disaster subsequently determined by the President to be a ‘major disaster’ that warrants assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

“(3) DISASTER AREA.—The term ‘disaster area’ means the area so determined to warrant such assistance.

“(4) MOST RECENT EDITIONS.—The term ‘most recent’ means, with respect to relevant national consensus-based codes, and specifications and standards referenced therein, either of the two most recent published editions, including, if any, amendments made by State, local, tribal, or territorial governments during the adoption process, that incorporate the latest natural hazard-resistant designs and establish criteria for the design, construction, and maintenance of structures and facilities that may be eligible for assistance under this section for the purposes of protecting the health, safety, and general welfare of a building’s users against disasters.

“(f) APPLICATION WITH OTHER CREDITS.—
“(1) Business credit treated as part of general business credit.—So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

“(2) Personal credit.—For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.

“(g) Basis reduction.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed.

“(h) Termination.—This section shall not apply to any property for which a certificate for occupancy is issued after December 31, 2022.”.

(b) Credit made part of general business credit.—Section 38(b) of such Code is amended by striking “plus” at the end of paragraph (31), by striking the period at the end of paragraph (32) and inserting “, plus”, and by adding at the end the following new paragraph:
“(33) the portion of the disaster resilient property credit described in section 30E(f)(1).”.

(c) BASIS ADJUSTMENT.—Section 1016(a) of such Code is amended by striking “and” at the end of paragraph (37), by striking the period at the end of paragraph (38) and inserting “, and”, and by adding at the end the following new paragraph:

“(39) to the extent provided in section 30E(g), in the case of amounts with respect to which a credit has been allowed under section 30E.”.

(d) CLERICAL AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 30D the following new item:

“Sec. 30E. Disaster resilient property.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property for which a certificate of occupancy is issued after the date of the enactment of this Act.