

**H.R. 4172,
Give Assistance and Help to Americans impacted by Natural Disasters Act
("Give A HAND" Act)**

The Give Assistance and Help to Americans impacted by Natural Disasters Act ("Give A HAND" Act) would ensure that all victims of natural disasters are treated equally by the Federal government by providing relief to individuals and businesses to both recover in the immediate aftermath of the natural disasters and rebuild American communities. Under the bill, taxpayers who suffered from natural disasters in the past (from 2012 through 2015) would receive certain tax benefits retroactively that will help make them whole. The bill also provides a package of relief provisions that are effective for all natural disasters from 2016 going forward including relief for victims from the recent wildfires in Northern California, and Hurricanes Harvey, Irma, and Maria. The bill would ensure that U.S. territories impacted by natural disasters, including Puerto Rico and the U.S. Virgin Islands – still reeling from the devastating storms, have the adequate tools and economic support from the Federal government to rebuild and begin to grow once again. Finally, the bill would ensure that Medicare beneficiaries who were unable to meet enrollment deadlines as a result of the disaster receive relief from statutory late enrollment penalties.

TITLE I: Tax Relief Relating to Disasters in 2012, 2013, 2014, and 2015

Section 101. Expensing of Qualified Disaster Expenses. Allow businesses in the designated disaster areas to elect to expense costs of disaster-related hazardous substance abatement, debris removal, and disaster-related property repairs.

Section 102. Increased Charitable Contribution Limits. Increase the charitable deduction limits of taxpayers with respect to certain cash contributions to certain tax exempt organizations made for the purpose of relief efforts related to natural disasters. If the donations exceed the increased contribution limits, the taxpayer can carry forward the deduction for a limited time.

Section 103. Casualty Loss Deduction Limitation. Waive the requirement that net casualty losses exceed 10% of taxpayer's adjusted gross income before they are deductible for federal income tax purposes for personal casualty losses suffered as a result of the disasters by taxpayers residing in the designated disaster areas, and allow the deduction for non-itemizers.

Section 104. Net Operating Loss (NOL) Carry-back. Provide a five-year carryback of net operating losses attributable to the disasters that occur in the designated disaster areas.

Section 105. Waiver of Certain Mortgage Revenue Bond Limitations. Waive certain first-time homebuyer, purchase, and income rules for targeted residences financed with qualified mortgage bonds.

Section 106. Bonus Depreciation. Provide a 50 percent bonus depreciation allowance in addition to the normal depreciation amount for capital expenditures on commercial or residential rental properties in disaster areas.

Section 107. Increase in New Markets Tax Credit Allocation for Community Development Entities Serving in Disaster Areas. Provide an additional \$500 million in New Markets Tax Credits per year for 2013-2015 to be allocated among qualified community development entities to make qualified community investments within a designated disaster area.

Section 108. Loans from Retirement Plans. Allow taxpayers whose principal place of residence is in the designated disaster areas and who suffered a loss on account of the disaster to take a limited distribution from an IRA or 401(k) account with no tax penalty, provided such amount is timely repaid.

Section 109. Housing Exclusion. Provide tax relief for those who provide free housing to those who are displaced by disasters & lived in the designated disaster areas by allowing for an additional personal exemption. The exemption for the individuals providing free housing for people displaced by disaster is equal to \$500 for each displaced person up to \$2,000.

Section 110. Tax Exclusion of Certain Cancellation of Indebtedness by Reason of Disasters. Exclude for federal tax purposes certain debt owed by taxpayers who principally reside in the designated disaster areas if the debt is cancelled as a result of the disaster.

Section 111. Look-back Provision for Child Tax Credit and Earned Income Tax Credit. Allow families that reside or are substantially employed in the designated disaster areas to elect to use their previous year's income to calculate the Child Tax Credit and the Earned Income Tax Credit.

Section 112. Rehabilitation Credit. Increase the credit for rehabilitating qualifying buildings and structures damaged by designated disasters. Taxpayers currently may claim a credit equal to 10% of qualifying expenditures to rehabilitate a qualified building or 20% for historical structures. The provision would increase the rehabilitation tax credit from 10 percent to 13 percent for the rehabilitation of buildings within the disaster zone constructed prior to 1936, and from 20 to 26 percent for certified historic structures.

Section 113. Advance refunding of certain tax-exempt bonds. Allow advance refunding of certain tax-exempt bonds issued by state and local governments and other entities in disaster zones.

Section 114. Qualified Disaster Area Recovery Bonds. Create a new category of permanent tax-exempt ("private-activity") bonds (qualified disaster area recovery bonds) to finance the construction and rehabilitation of certain residential and nonresidential property located in the designated disaster areas.

Section 115. Low-Income Housing Tax Credit. Increase the allocation of the low-income housing tax credits for certain areas covered by the disaster declaration.

Section 116. Relief for mutual ditch or irrigation companies. Exclude disaster payments and provide additional flexibility to certain mutual ditch or irrigation companies to rebuild damaged infrastructure, thereby allowing mutual ditch or irrigation companies to retain their 501(c)(12) status while in non-compliance with rules that they may receive no less than 85 percent of its income from annual assessment from its members.

Title II – General Tax Relief for Disaster-related Payments and Creation of Business Natural Disaster Fund Accounts

Section 201. Exclusion from tax for certain government payments. Exclude state and local government disaster mitigation payments from taxable income.

Section 202. Natural Disaster Fund Accounts. Allow businesses to create natural disaster fund accounts, whereby they could set aside pretax dollars for natural disaster expenses, including insurance deductibles and coinsurance.

Title III – Permanent Disaster Relief Provisions

Section 301. Increase Property Replacement Period to 5 years. Increase the replacement period from 2 years to 5 years for business property in the designated disaster areas. Currently, if a taxpayer's business property is involuntarily converted as a result of a federally declared disaster, the taxpayer is not required to replace it with property that is similar or related in service to the original property in order to avoid having to recognize gain on the conversion, as long as the replacement property is still held for a type of business purpose. The replacement period for business property is two years after the close of the first tax year in which any part of the conversion gain is realized.

Section 302. Worker Retention Credit for Employers. Provide a temporary retention credit for disaster-damaged businesses that continued to pay wages to their employees who were unable to continue in their jobs after the storm had rendered the business currently inoperable. Eligible employees would include those whose principal place of employment was in the applicable disaster area.

Section 303. Expanded Deductibility of Disaster-related Medical Expenses. Eliminate the medical deduction floor (10 percent of qualified medical expenses) for an individual who incurs deductible medical expenses directly related to an injury caused by a disaster.

Section 304. Expensing of Qualified Disaster Expenses. Allow businesses in the designated disaster areas to elect to expense costs of disaster-related hazardous substance abatement, debris removal, and disaster-related property repairs.

Section 305. Casualty Loss Deduction Limitation. Waive the requirement that net casualty losses exceed 10% of taxpayer's adjusted gross income before they are deductible for federal income tax purposes for personal casualty losses suffered as a result of the disasters by taxpayers residing in the designated disaster areas, and allow the deduction for non-itemizers.

Section 306. Net Operating Loss (NOL) Carry-back. Provide a five-year carryback of net operating losses attributable to the disasters that occur in the designated disaster areas.

Section 307. Loans from Retirement Plans. Allow taxpayers whose principal place of residence is in the designated disaster areas and who suffered a loss on account of the disaster to take a limited distribution from an IRA or 401(k) account with no tax penalty, provided such amount is timely repaid.

Section 308. Housing Exclusion. Provide tax relief for those who provide free housing to those who are displaced by a disaster & lived in the designated disaster area by allowing for an additional personal exemption. The exemption for the individuals providing free housing for people displaced by disaster is equal to \$500 for each displaced person up to \$2,000.

Section 309. Tax Exclusion of Certain Cancellation of Indebtedness by Reason of Disasters. Exclude for federal tax purposes certain debt owed by taxpayers who principally reside in the designated disaster areas if the debt is cancelled as a result of the disaster.

Section 310. Look-back Provision for Child Tax Credit and Earned Income Tax Credit. Allow families that reside or are substantially employed in the designated disaster areas to elect to use their previous year's income to calculate the Child Tax Credit and the Earned Income Tax Credit.

Section 311. Qualified Disaster Area Recovery Bonds. Create of a new category of permanent tax-exempt ("private-activity") bonds (qualified disaster area recovery bonds) to finance the construction and rehabilitation of certain residential and nonresidential property located in the designated disaster areas.

Section 312. Low-Income Housing Tax Credit. Increase the allocation of the low-income housing tax credits for counties covered by the disaster declaration as a result of the disaster.

Section 313. Increased Charitable Contribution Limits. Increase the charitable deduction limits of taxpayers with respect to certain cash contributions to certain tax exempt organizations made for the purpose of relief efforts related to natural disasters. If the donations exceed the increased contribution limits, the taxpayer can carry forward the deduction for a limited time.

Section 314. Increase in New Markets Tax Credit Allocation for Community Development Entities Serving in Disaster Areas (effective starting in 2016). Allow an additional annual allocation of the new markets tax credit in an amount equal to \$500 million each year to be allocated among qualified community development entities to make qualified community investments within a designated disaster area.

Section 315. Rehabilitation Credit. Increase the credit for rehabilitating qualifying buildings and structures damaged by designated disasters. Taxpayers currently may claim a credit equal to 10% of qualifying expenditures to rehabilitate a qualified building or 20% for historical structures. The provision would increase the rehabilitation tax credit from 10 percent to 13 percent for the rehabilitation of buildings within the disaster zone constructed prior to 1936, and from 20 to 26 percent for certified historic structures.

Section 316. Waiver of Certain Mortgage Revenue Bond Limitations. Waive certain first-time homebuyer, purchase, and income rules for targeted residences financed with qualified mortgage bonds.

Section 317. Advance refunding of certain tax-exempt bonds. Allow advance refunding of certain tax-exempt bonds issued by state and local governments and other entities in disaster zones.

Section 318. Relief for mutual ditch or irrigation companies. Exclude disaster payments and provide additional flexibility to certain mutual ditch or irrigation companies to rebuild damaged infrastructure, thereby allowing mutual ditch or irrigation companies to retain their 501(c)(12) status while in non-compliance with rules that they may receive no less than 85 percent of its income from annual assessment from its members.

Section 319. Limited Tax Exclusion For Employer-Provided Housing. Provide a limited exclusion for employer-provided housing for employees who principally reside in the designated disaster areas and perform substantially all employment services for that employer in that area. The employer must have had a trade or business located within the designated disaster areas.

Section 320. Bonus Depreciation. Provide a 50 percent bonus depreciation allowance in addition to the normal depreciation amount for capital expenditures on commercial or residential rental properties in disaster areas.

Section 321. Increase in Standard Mileage Rate for Charitable Use of Vehicles & Exclusion of Mileage Reimbursements to Charitable Volunteers from Gross Income. Provide additional tax relief for those who volunteer & use their vehicle for disaster relief efforts.

Section 322. Expansion of the Work Opportunity Tax Credit. Provide businesses in the designated disaster areas a tax credit for hiring workers who lost their jobs as a result of a disaster.

Section 323. Expensing of Environmental Remediation Costs. Allow taxpayers in the designated disaster areas to elect to expense qualified environmental remediation expenditures where the contamination that is being remediated is in the designated disaster areas and was caused by the disaster.

Section 324. Taxpayer Filing Relief. Provide the Secretary of the Treasury, upon written request of a governor, the discretion to provide filing deadline relief with respect to taxpayers in areas impacted by a state declaration of disaster or emergency.

TITLE IV – Relief Relating to Puerto Rico and the United States Virgin Islands

Section 401. Relief for U.S. Virgin Islands and Puerto Rico. Provide the U.S. Virgin Islands and Puerto Rico with the necessary economic support to ensure that relief provided to natural disaster victims in the United States is also provided to American citizens in the U.S. Virgin Islands and Puerto Rico, including relief targeted at working families.

Section 402. Modify and make Permanent Deduction for Domestic Production Activities in Puerto Rico. Make permanent a provision first enacted in 2006 to expand the section 199 domestic production activities deduction to activities in Puerto Rico, and further expand the section to apply to domestic production activities in the U.S. Virgin Islands.

Section 403. Increase and Make Permanent Limit on Cover over of Rum Excise Tax Revenues (from \$10.50 to \$13.50 per proof gallon) to Puerto Rico and the Virgin Islands. Provide an increase in the overall cover over payment to Puerto Rico and the U.S. Virgin Islands for the excise taxes on rum imported into the U.S. Previous extensions of this provision would “haircut” the amount that is covered over by \$0.25 – this provision would eliminate the haircut and cover over the full \$3.00 over the permanent \$10.50 cover over.

Section 404. Puerto Rico Residents Eligible for Earned Income Tax Credit. Modify the earned income tax credit (EITC) to allow residents to be eligible for the credit. The provision would compute gross income without regard to Section 933 (which exempts from federal taxation residents of Puerto Rico), providing a credit would be worth 40% of income (increasing until \$8,890, at which point the credit would phase out at a rate of 21.06%, and phase out completely at \$11,610 (\$14,610 for a couple filing jointly). The credit would be indexed to inflation.

Section 405. Equitable Treatment for Puerto Rico Residents and Child Tax Credit. Allow families with one or two children to be eligible for the refundable child tax credit. Currently, Puerto Ricans are only eligible for the Child Tax Credit if they have three or more children. This provision would ensure that families receive the support they need based on family size.

Section 406. Technical Assistance and Administrative Relief. Provide the government of Puerto Rico and the government of the U.S. Virgin Islands with technical assistance and administrative relief in enforcing this legislation.

TITLE IV – Medicare Filing Deadline Relief

Section 501. Medicare Enrollment Filing Deadline Relief. Allow the Secretary of Health and Human Services to (1) extend Medicare Part B initial, special, or general enrollment periods for Medicare beneficiaries in areas with a disaster declaration for 120 days, with the ability to

extend the enrollment period further in increments of up to 60 days at a time, and (2) waive late enrollment penalties for Medicare Part D beneficiaries in areas with a disaster declaration who qualify for special enrollment periods because of the disaster.