

112TH CONGRESS
1ST SESSION

S. 1632

To amend the Internal Revenue Code of 1986 to provide a look back rule in the case of federally declared disasters for determining earned income for purposes of the child tax credit and the earned income credit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 23, 2011

Mr. MENENDEZ (for himself, Mr. SCHUMER, Mr. LEAHY, and Mr. CARDIN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a look back rule in the case of federally declared disasters for determining earned income for purposes of the child tax credit and the earned income credit, and for other purposes.

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 “Tax Relief for Victims
5 of Disasters Act of 2011”.

1 **SEC. 2. SPECIAL RULE FOR DETERMINING EARNED IN-**
2 **COME MADE APPLICABLE GENERALLY TO**
3 **FEDERALLY DECLARED DISASTERS.**

4 (a) **IN GENERAL.**—Section 1400S(d)(2)(A) of the In-
5 ternal Revenue Code of 1986 is amended—

6 (1) by striking “and any” and inserting “any”,
7 and

8 (2) by inserting before the period at the end “,
9 and any qualified federally declared disaster indi-
10 vidual”.

11 (b) **QUALIFIED FEDERALLY DECLARED DISASTER**
12 **INDIVIDUAL.**—Section 1400S(d)(2) of the Internal Rev-
13 enue Code of 1986 is amended by adding at the end the
14 following:

15 “(E) **QUALIFIED FEDERALLY DECLARED**
16 **DISASTER INDIVIDUAL.**—The term ‘qualified
17 federally declared disaster individual’ means
18 with respect to a federally declared disaster oc-
19 ccurring after December 31, 2010, and before
20 January 1, 2013, any individual—

21 “(i) whose principal place of abode on
22 the applicable date was located in the dis-
23 aster area and such individual was dis-
24 placed from such principal place of abode
25 by reason of the federally declared dis-
26 aster, or

1 “(ii) who performed substantially all
2 employment services in the disaster area
3 and was so employed on the applicable
4 date.

5 For purposes of the preceding sentence and
6 paragraph (3)(D), the terms ‘federally declared
7 disaster’ and ‘disaster area’ have the meanings
8 given such terms in section 165(h)(3).”.

9 (c) APPLICABLE DATE.—Section 1400S(d)(3) of the
10 Internal Revenue Code of 1986 is amended by striking
11 “and” at the end of subparagraph (B), by striking the
12 period at the end of subparagraph (C) and inserting “,
13 and”, and by inserting after subparagraph (C) the fol-
14 lowing:

15 “(D) in the case of a qualified federally de-
16 clared disaster individual, the date of the feder-
17 ally declared disaster.”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply with respect to federally declared
20 disasters occurring after December 31, 2010.

21 **SEC. 3. LOSSES ATTRIBUTABLE TO FEDERALLY DECLARED**
22 **DISASTERS.**

23 (a) IN GENERAL.—Section 1400S(b) of the Internal
24 Revenue Code of 1986 is amended—

1 (1) by striking “and (2)(A)” in the matter pre-
2 ceding paragraph (1) and inserting “, (2)(A), and
3 (3)”,

4 (2) by striking “or” at the end of paragraph
5 (2),

6 (3) by striking the period at the end of para-
7 graph (3) and inserting “, or”, and

8 (4) by inserting after paragraph (3) the fol-
9 lowing new paragraph:

10 “(4) which arise in the disaster area (as defined
11 in section 165(h)(3)(C)(ii)) and which are attrib-
12 utable to a federally declared disaster (as defined in
13 section 165(h)(3)(C)(i)) occurring after December
14 31, 2010, and before January 1, 2013.”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply with respect to federally declared
17 disasters occurring after December 31, 2010.

18 **SEC. 4. ADDITIONAL EXEMPTION FOR HOUSING QUALIFIED**
19 **FEDERALLY DECLARED DISASTER DIS-**
20 **PLACED INDIVIDUALS.**

21 (a) IN GENERAL.—In the case of taxable years of a
22 natural person beginning in 2011 or 2012, for purposes
23 of the Internal Revenue Code of 1986, taxable income
24 shall be reduced by \$500 for each qualified federally de-

1 clared disaster displaced individual of the taxpayer for the
2 taxable year.

3 (b) LIMITATIONS.—

4 (1) DOLLAR LIMITATION.—The reduction under
5 subsection (a) shall not exceed \$2,000, reduced by
6 the amount of the reduction under this section for
7 all prior taxable years.

8 (2) INDIVIDUALS TAKEN INTO ACCOUNT ONLY
9 ONCE.—An individual shall not be taken into ac-
10 count under subsection (a) if such individual was
11 taken into account under such subsection by the tax-
12 payer for any prior taxable year.

13 (3) IDENTIFYING INFORMATION REQUIRED.—
14 An individual shall not be taken into account under
15 subsection (a) for a taxable year unless the taxpayer
16 identification number of such individual is included
17 on the return of the taxpayer for such taxable year.

18 (c) QUALIFIED FEDERALLY DECLARED DISASTER
19 DISPLACED INDIVIDUAL.—For purposes of this section,
20 the term “qualified federally declared disaster displaced
21 individual” means, with respect to any taxpayer for any
22 taxable year, any qualified federally declared disaster indi-
23 vidual (as defined in section 1400S(d)(2)(E)(i)) if such
24 individual is provided housing free of charge by the tax-
25 payer in the principal residence of the taxpayer for a pe-

1 riod of 60 consecutive days which ends in such taxable
2 year. Such term shall not include the spouse or any de-
3 pendent of the taxpayer.

4 (d) COMPENSATION FOR HOUSING.—No deduction
5 shall be allowed under this section if the taxpayer receives
6 any rent or other amount (from any source) in connection
7 with the providing of such housing.

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