

118TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to provide an advance refundable credit to offset certain flood insurance premiums, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Mr. CASSIDY introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to provide an advance refundable credit to offset certain flood insurance premiums, 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 “Flood Insurance Af-  
5 fordability Tax Credit Act”.

6 **SEC. 2. REFUNDABLE CREDIT FOR CERTAIN FLOOD INSUR-**  
7 **ANCE COVERAGE.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 36B the fol-  
2 lowing new section:

3 **“SEC. 36C. REFUNDABLE CREDIT FOR CERTAIN FLOOD IN-**  
4 **SURANCE COVERAGE.**

5 “(a) IN GENERAL.—There shall be allowed as a cred-  
6 it against the tax imposed by this subtitle for any taxable  
7 year an amount equal to 33 percent of the applicable flood  
8 insurance premiums paid or incurred by taxpayer during  
9 the taxable year.

10 “(b) LIMITATION BASED ON HOUSEHOLD INCOME.—

11 “(1) IN GENERAL.—The amount of the credit  
12 allowed under subsection (a) (determined without re-  
13 gard to this subsection) shall be reduced (but not  
14 below zero) by the amount which bears the same  
15 ratio to such credit as—

16 “(A) the excess (if any) of—

17 “(i) the taxpayer’s household income  
18 for such taxable year, over

19 “(ii) an amount equal to 350 percent  
20 of the poverty line for a family of the size  
21 involved, bears to

22 “(B) the phaseout amount.

23 “(2) PHASEOUT AMOUNT.—For purposes of  
24 this subsection, the phaseout amount with respect to  
25 any taxpayer for any taxable year is the excess of—

1                   “(A) an amount equal to 435 percent of  
2                   the poverty line for a family of the size in-  
3                   volved, over

4                   “(B) an amount equal to 350 percent of  
5                   the poverty line for a family of the size in-  
6                   volved.

7                   “(3) TERMS RELATED TO INCOME AND FAMI-  
8                   LIES.—Rules similar to the rules of section 36B(d)  
9                   shall apply for purposes of determining family size,  
10                  household income, and the poverty line.

11                  “(c) APPLICABLE FLOOD INSURANCE PREMIUMS.—  
12                  For purposes of this section, the term ‘applicable flood in-  
13                  surance premiums’ means premiums paid or incurred to  
14                  insure the principal residence (within the meaning of sec-  
15                  tion 121) of the taxpayer under the program established  
16                  under the National Flood Insurance Act of 1968 (42  
17                  U.S.C. 4001 et seq.).

18                  “(d) OTHER RULES.—

19                         “(1) NO CREDIT FOR MARRIED INDIVIDUALS  
20                         FILING SEPARATE RETURNS.—If the taxpayer is a  
21                         married individual (within the meaning of section  
22                         7703), this section shall apply only if the taxpayer  
23                         and the taxpayer’s spouse file a joint return for the  
24                         taxable year.

1           “(2) DENIAL OF CREDIT TO DEPENDENTS.—No  
2           credit shall be allowed under this section to any indi-  
3           vidual with respect to whom a deduction under sec-  
4           tion 151 is allowable to another taxpayer for a tax-  
5           able year beginning in the calendar year in which  
6           such individual’s taxable year begins.

7           “(e) RECONCILIATION OF CREDIT AND ADVANCE  
8           CREDIT.—The amount of the credit allowed under this  
9           section for any taxable year shall be reduced (but not  
10          below zero) by the amount of any advance payment of such  
11          credit under section 7527B.

12          “(f) REGULATIONS.—The Secretary shall prescribe  
13          such regulations as may be necessary to carry out the pro-  
14          visions of this section, including regulations which provide  
15          for the coordination of the credit allowed under this sec-  
16          tion with the program for advance payment of the credit  
17          under section 7527B.”.

18          (b) DISALLOWANCE OF DEDUCTION.—Section 280C  
19          of the Internal Revenue Code of 1986 is amended by add-  
20          ing at the end the following new subsection:

21          “(i) CREDIT FOR CERTAIN FLOOD INSURANCE COV-  
22          ERAGE.—No deduction shall be allowed for the portion of  
23          the applicable flood insurance premiums (as defined in  
24          section 36C) which is equal to the amount of the credit

1 determined for the taxable year under section 36C(a) with  
2 respect to such premiums.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 6211(b)(4)(A) of the Internal Rev-  
5 enue Code of 1986 is amended by inserting “, 36C”  
6 after “36B”.

7 (2) Paragraph (2) of section 1324(b) of title  
8 31, United States Code, is amended by inserting “,  
9 36C” after “36B”.

10 (d) CLERICAL AMENDMENT.—The table of sections  
11 for subpart C of part IV of subchapter A of chapter 1  
12 of the Internal Revenue Code of 1986 is amended by in-  
13 serting after the item relating to section 36B the following  
14 new item:

“Sec. 36C. Refundable credit for certain flood insurance coverage.”.

15 (e) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to amounts paid or incurred in tax-  
17 able years beginning after the date of the enactment of  
18 this Act.

19 **SEC. 3. ADVANCE PAYMENTS.**

20 (a) IN GENERAL.—Chapter 77 of the Internal Rev-  
21 enue Code of 1986 is amended by inserting after section  
22 7527A the following new section:

1 **“SEC. 7527B. ADVANCE PAYMENT OF CREDIT FOR CERTAIN**  
2 **FLOOD INSURANCE COVERAGE.**

3 “(a) IN GENERAL.—The Secretary shall establish a  
4 program for making payments of applicable flood insur-  
5 ance premiums (as defined in section 36C(c)) on behalf  
6 of applicable individuals to the Administrator of the Fed-  
7 eral Emergency Management Agency for such individuals.

8 “(b) LIMITATION ON ADVANCE PAYMENTS DURING  
9 ANY TAXABLE YEAR.—

10 “(1) IN GENERAL.—The Secretary may make  
11 payments under subsection (a) only to the extent  
12 that the total amount of such payments made on be-  
13 half of any applicable individual during the taxable  
14 year does not exceed 33 percent of the applicable  
15 flood insurance premiums (as defined in section  
16 36C) paid or incurred by the applicable individual  
17 during such taxable year (reduced as provided under  
18 section 36C(b) based on applicable information).

19 “(2) APPLICABLE INFORMATION.—For pur-  
20 poses of paragraph (1), the term ‘applicable infor-  
21 mation’ means—

22 “(A) tax return information for the most  
23 recent taxable year for which the Secretary de-  
24 termines information is available, or

25 “(B) such other information as the Sec-  
26 retary determines is reliable to determine the

1           amount (if any) of any reduction under section  
2           36C(b).

3           “(c) APPLICABLE INDIVIDUAL.—For purposes of this  
4 section, the term ‘applicable individual’ means any indi-  
5 vidual who elects the application of this section (in such  
6 form and manner as provided by the Secretary).”.

7           (b) CLERICAL AMENDMENT.—The table of sections  
8 for chapter 77 of such Code is amended by inserting after  
9 the item relating to section 7527A the following new item:

          “Sec. 7527B. Advance payment of credit for certain flood insurance coverage.”.