

October 25, 2023

The Honorable Jason Smith  
Chairman  
Committee on Ways & Means Committee  
United States House of Representatives  
Washington, DC 20515

The Honorable Richard Neal  
Ranking Member  
Committee on Ways & Means Committee  
United States House of Representatives  
Washington, DC 20515

**H.R. 4070 (LaMalfa) Sponsors**

*\*Original*

**Alabama:** Carl (R)\*, Rogers (R), Strong (R), Sewell (D)  
Moore (R)

**California:** LaMalfa (R)\*, Thompson (D)\*, Calvert (R)  
Obernolte (R), Panetta (D), Sanchez (D), Lee (D),  
Swalwell (D), Chu (D), Mullin (D), Brownley (D),  
Garcia (D)

**Colorado:** Pettersen (D), Neguse (D)

**Louisiana:** Higgins (R)\*

**North Carolina:** Rouzer (R)\*, Murphy (R)\*, Ross (D)\*, Nickel (D)

**Oregon:** Bonamici (D)

**Wisconsin:** Fitzgerald (R)\*

**RE: SUPPORT H.R. 4070 – Disaster Mitigation and Tax Parity Act of 2023**

Dear Chairman Smith and Ranking Member Neal:

As major disasters, including windstorms, wildfires, and earthquakes, become increasingly frequent and devastating, it is more important than ever to encourage residents and homeowners to utilize pre-disaster mitigation programs to fortify their homes. Pre-event mitigation is the right thing to do, and it makes good financial sense for the government. According to FEMA's 2018 Natural Hazard Mitigation Saves Interim Report, natural hazard mitigation saves \$6 on average for every \$1 spent.

As you may know, FEMA Stafford Act grants for disaster mitigation for individuals are not subject to federal income tax. Unfortunately, residential state-funded, pre-disaster mitigation grants for the same purpose are taxed as federal income even if they are exempt from state income tax. This means, if a homeowner receives a state-based grant for disaster mitigation work to protect their home from catastrophe, they are subject to federal tax liability on the grant money on top of their personal investment in these expensive projects.

H.R. 4070 introduced by Representatives Doug LaMalfa, Mike Thompson, and others (co-sponsors listed above) will eliminate federal taxation of state provided residential mitigation grants for earthquake, windstorm, and wildfire. This bipartisan, bicameral common-sense legislation ensures consistent federal tax treatment for grants received by homeowners for mitigation work and encourages state-based mitigation and resiliency programs in direct furtherance of a federal responsibility. Congress previously recognized the importance of encouraging and investing in pre-disaster mitigation. In 2005, Congress expressly excluded grants provided through FEMA from federal income tax. This legislation would fix the inconsistency and provide a path for state programs to lead the mitigation and resilience efforts encouraged by FEMA.

For all these reasons, the undersigned organizations strongly support ending this federal income tax disparity and endorse H.R. 4070 and ask that you bring it before the Ways & Means Committee for consideration.

Sincerely,

- Alabama Association of REALTORS
- Alabama Center for Insurance Information and Research
- Alabama Independent Insurance Agents
- Alabama Insurance Commissioner Mark Fowler
- Alabama Insurance Underwriting Association (AIUA)
- American Property Casualty Insurance Association (APCIA)
- Big City Emergency Managers (BCEM)
- BuildStrong Coalition
- California Earthquake Authority
- California State Association of Counties (CSAC)
- Citizens Property Insurance Corporation of Florida
- Connecticut FAIR Plan
- Consumer Federation of America
- Council of Insurance Agents & Brokers
- Earthquake Engineering Research Institute (EERI)
- Federal Alliance for Safe Homes (FLASH)
- Home Builders Association of Alabama
- Independent Insurance Agents of North Carolina
- Independent Insurance Agents & Brokers of America (Big "I")
- Independent Insurance Agents & Brokers of California
- Independent Insurance Agents & Brokers of Louisiana
- Independent Insurance Agents of Wisconsin
- Insurance Institute for Business and Home Safety (IBHS)
- International Association of Emergency Managers (IAEM)
- International Code Council (ICC)
- Kansas FAIR Plan
- Louisiana Citizens Property Insurance Corporation
- Massachusetts Property Insurance Underwriting Association (MPIUA)
- National Association of Counties (NACo)
- National Association of Homebuilders (NAHB)
- National Association of Insurance Commissioners (NAIC)
- National Association of Mutual Insurance Companies (NAMIC)
- National Association of REALTORS®
- National Council of Structural Engineers Associations
- National Emergency Management Association (NEMA)
- National Voluntary Organizations Active in Disaster (NVOAD)
- North Carolina Home Builders Association
- North Carolina Insurance Underwriting Association (NCIUA)
- North Carolina Joint Underwriting Association (NCJUA)
- NC REALTORS®
- Ohio FAIR Plan Underwriting Association
- Oregon FAIR Plan
- Personal Insurance Federation of California (PIFC)
- Property Insurance Plans Services Office
- R Street Institute
- Reinsurance Association of America (RAA)
- Rhode Island Joint Reinsurance Association (RIJRA)
- South Carolina Wind and Hail Underwriting Association (SCWHUA)
- Structural Engineers Association of California
- Texas FAIR Plan Association (TFPA)
- Texas Windstorm Insurance Association (TWIA)
- United Policyholders
- US Resiliency Council
- Wisconsin Insurance Alliance
- Wisconsin Insurance Plan