

116TH CONGRESS  
2D SESSION

# S. 4621

To provide tax relief for persons affected by certain 2020 disasters.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 17, 2020

Mr. WYDEN (for himself, Mr. MERKLEY, Mrs. FEINSTEIN, Mrs. MURRAY, and Ms. HARRIS) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To provide tax relief for persons affected by certain 2020 disasters.

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 “2020 Disasters Tax  
5 Relief Act”.

6 **SEC. 2. DEFINITIONS.**

7 For purposes of this Act—

8 (1) **QUALIFIED DISASTER AREA.**—The term  
9 “qualified disaster area” means any area with re-  
10 spect to which a major disaster was declared, during

1 the period beginning on January 1, 2020, and end-  
2 ing on the date which is 60 days after the date of  
3 the enactment of this Act, by the President under  
4 section 401 of the Robert T. Stafford Disaster Relief  
5 and Emergency Assistance Act if the incident period  
6 of the disaster with respect to which such declara-  
7 tion is made begins after the date of the enactment  
8 of the Taxpayer Certainty and Disaster Tax Relief  
9 Act of 2019 and on or before the date of the enact-  
10 ment of this Act.

11 (2) QUALIFIED DISASTER ZONE.—The term  
12 “qualified disaster zone” means that portion of any  
13 qualified disaster area which was determined by the  
14 President, during the period beginning on January  
15 1, 2020, and ending on the date which is 60 days  
16 after the date of the enactment of this Act, to war-  
17 rant individual or individual and public assistance  
18 from the Federal Government under the Robert T.  
19 Stafford Disaster Relief and Emergency Assistance  
20 Act by reason of the qualified disaster with respect  
21 to such disaster area.

22 (3) QUALIFIED DISASTER.—

23 (A) IN GENERAL.—The term “qualified  
24 disaster” means, with respect to any qualified  
25 disaster area, the disaster by reason of which a

1 major disaster was declared with respect to  
2 such area.

3 (B) EXCEPTION.—Such term shall not in-  
4 clude any major disaster declared as a result of  
5 the Coronavirus Disease 2019 (COVID–19)  
6 pandemic.

7 (4) INCIDENT PERIOD.—The term “incident pe-  
8 riod” means, with respect to any qualified disaster,  
9 the period specified by the Federal Emergency Man-  
10 agement Agency as the period during which such  
11 disaster occurred (except that for purposes of this  
12 Act such period shall not be treated as beginning be-  
13 fore January 1, 2020, or ending after the date which  
14 is 30 days after the date of the enactment of this  
15 Act).

16 **SEC. 3. SPECIAL DISASTER-RELATED RULES FOR USE OF**  
17 **RETIREMENT FUNDS.**

18 (a) TAX-FAVORED WITHDRAWALS FROM RETIRE-  
19 MENT PLANS.—

20 (1) IN GENERAL.—Section 72(t) of the Internal  
21 Revenue Code of 1986 shall not apply to any quali-  
22 fied disaster distribution.

23 (2) AGGREGATE DOLLAR LIMITATION.—

24 (A) IN GENERAL.—For purposes of this  
25 subsection, the aggregate amount of distribu-

1 tions received by an individual which may be  
2 treated as qualified disaster distributions for  
3 any taxable year shall not exceed the excess (if  
4 any) of—

5 (i) \$100,000, over

6 (ii) the aggregate amounts treated as  
7 qualified disaster distributions received by  
8 such individual for all prior taxable years.

9 (B) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would  
10 (without regard to subparagraph (A)) be a  
11 qualified disaster distribution, a plan shall not  
12 be treated as violating any requirement of the  
13 Internal Revenue Code of 1986 merely because  
14 the plan treats such distribution as a qualified  
15 disaster distribution, unless the aggregate  
16 amount of such distributions from all plans  
17 maintained by the employer (and any member  
18 of any controlled group which includes the em-  
19 ployer) to such individual exceeds \$100,000.

21 (C) CONTROLLED GROUP.—For purposes  
22 of subparagraph (B), the term “controlled  
23 group” means any group treated as a single  
24 employer under subsection (b), (c), (m), or (o)

1 of section 414 of the Internal Revenue Code of  
2 1986.

3 (D) SPECIAL RULE FOR INDIVIDUALS AF-  
4 FECTED BY MORE THAN ONE DISASTER.—The  
5 limitation of subparagraph (A) shall be applied  
6 separately with respect to distributions made  
7 with respect to each qualified disaster.

8 (3) AMOUNT DISTRIBUTED MAY BE REPAYED.—

9 (A) IN GENERAL.—Any individual who re-  
10 ceives a qualified disaster distribution may, at  
11 any time during the 3-year period beginning on  
12 the day after the date on which such distribu-  
13 tion was received, make 1 or more contributions  
14 in an aggregate amount not to exceed the  
15 amount of such distribution to an eligible retire-  
16 ment plan of which such individual is a bene-  
17 ficiary and to which a rollover contribution of  
18 such distribution could be made under section  
19 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or  
20 457(e)(16), of the Internal Revenue Code of  
21 1986, as the case may be.

22 (B) TREATMENT OF REPAYMENTS OF DIS-  
23 TRIBUTIONS FROM ELIGIBLE RETIREMENT  
24 PLANS OTHER THAN IRAS.—For purposes of  
25 the Internal Revenue Code of 1986, if a con-

1           tribution is made pursuant to subparagraph (A)  
2           with respect to a qualified disaster distribution  
3           from an eligible retirement plan other than an  
4           individual retirement plan, then the taxpayer  
5           shall, to the extent of the amount of the con-  
6           tribution, be treated as having received the  
7           qualified disaster distribution in an eligible roll-  
8           over distribution (as defined in section  
9           402(c)(4) of such Code) and as having trans-  
10          ferred the amount to the eligible retirement  
11          plan in a direct trustee to trustee transfer with-  
12          in 60 days of the distribution.

13                   (C) TREATMENT OF REPAYMENTS OF DIS-  
14                   TRIBUTIONS FROM IRAS.—For purposes of the  
15                   Internal Revenue Code of 1986, if a contribu-  
16                   tion is made pursuant to subparagraph (A)  
17                   with respect to a qualified disaster distribution  
18                   from an individual retirement plan (as defined  
19                   by section 7701(a)(37) of such Code), then, to  
20                   the extent of the amount of the contribution,  
21                   the qualified disaster distribution shall be treat-  
22                   ed as a distribution described in section  
23                   408(d)(3) of such Code and as having been  
24                   transferred to the eligible retirement plan in a

1 direct trustee to trustee transfer within 60 days  
2 of the distribution.

3 (4) DEFINITIONS.—For purposes of this sub-  
4 section—

5 (A) QUALIFIED DISASTER DISTRIBUTION.—Except as provided in paragraph (2),  
6 the term “qualified disaster distribution” means  
7 any distribution from an eligible retirement  
8 plan made—  
9

10 (i) on or after the first day of the inci-  
11 dent period of a qualified disaster and  
12 before the date which is 180 days after the  
13 date of the enactment of this Act, and

14 (ii) to an individual whose principal  
15 place of abode at any time during the inci-  
16 dent period of such qualified disaster is lo-  
17 cated in the qualified disaster area with re-  
18 spect to such qualified disaster and who  
19 has sustained an economic loss by reason  
20 of such qualified disaster.

21 (B) ELIGIBLE RETIREMENT PLAN.—The  
22 term “eligible retirement plan” shall have the  
23 meaning given such term by section  
24 402(c)(8)(B) of the Internal Revenue Code of  
25 1986.

1           (5) INCOME INCLUSION SPREAD OVER 3-YEAR  
2 PERIOD.—

3           (A) IN GENERAL.—In the case of any  
4 qualified disaster distribution, unless the tax-  
5 payer elects not to have this paragraph apply  
6 for any taxable year, any amount required to be  
7 included in gross income for such taxable year  
8 shall be so included ratably over the 3-taxable-  
9 year period beginning with such taxable year.

10           (B) SPECIAL RULE.—For purposes of sub-  
11 paragraph (A), rules similar to the rules of sub-  
12 paragraph (E) of section 408A(d)(3) of the In-  
13 ternal Revenue Code of 1986 shall apply.

14           (6) SPECIAL RULES.—

15           (A) EXEMPTION OF DISTRIBUTIONS FROM  
16 TRUSTEE TO TRUSTEE TRANSFER AND WITH-  
17 HOLDING RULES.—For purposes of sections  
18 401(a)(31), 402(f), and 3405 of the Internal  
19 Revenue Code of 1986, qualified disaster dis-  
20 tributions shall not be treated as eligible roll-  
21 over distributions.

22           (B) QUALIFIED DISASTER DISTRIBUTIONS  
23 TREATED AS MEETING PLAN DISTRIBUTION RE-  
24 QUIREMENTS.—For purposes the Internal Rev-  
25 enue Code of 1986, a qualified disaster dis-



1           tribution shall be treated as meeting the re-  
2           quirements of sections 401(k)(2)(B)(i),  
3           403(b)(7)(A)(i), 403(b)(11), and 457(d)(1)(A)  
4           of such Code and section 8433(h)(1) of title 5,  
5           United States Code, and, in the case of a  
6           money purchase pension plan, a qualified dis-  
7           aster distribution which is an in-service with-  
8           drawal shall be treated as meeting the distribu-  
9           tion rules of section 401(a) of such Code.

10           (b) RECONTRIBUTIONS OF WITHDRAWALS FOR  
11 HOME PURCHASES.—

12           (1) RECONTRIBUTIONS.—

13           (A) IN GENERAL.—Any individual who re-  
14           ceived a qualified distribution may, during the  
15           applicable period, make 1 or more contributions  
16           in an aggregate amount not to exceed the  
17           amount of such qualified distribution to an eli-  
18           gible retirement plan (as defined in section  
19           402(c)(8)(B) of the Internal Revenue Code of  
20           1986) of which such individual is a beneficiary  
21           and to which a rollover contribution of such dis-  
22           tribution could be made under section 402(c),  
23           403(a)(4), 403(b)(8), or 408(d)(3), of such  
24           Code, as the case may be.

1 (B) TREATMENT OF REPAYMENTS.—Rules  
2 similar to the rules of subparagraphs (B) and  
3 (C) of subsection (a)(3) shall apply for purposes  
4 of this subsection.

5 (2) QUALIFIED DISTRIBUTION.—For purposes  
6 of this subsection, the term “qualified distribution”  
7 means any distribution—

8 (A) described in section  
9 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(i) (but only  
10 to the extent such distribution relates to finan-  
11 cial hardship), 403(b)(11)(B), or 72(t)(2)(F),  
12 of the Internal Revenue Code of 1986,

13 (B) which was to be used to purchase or  
14 construct a principal residence in a qualified  
15 disaster area, but which was not so used on ac-  
16 count of the qualified disaster with respect to  
17 such area, and

18 (C) which was received during the period  
19 beginning on the date which is 180 days before  
20 the first day of the incident period of such  
21 qualified disaster and ending on the date which  
22 is 30 days after the last day of such incident  
23 period.

24 (3) APPLICABLE PERIOD.—For purposes of this  
25 subsection, the term “applicable period” means, in

1 the case of a principal residence in a qualified dis-  
2 aster area with respect to any qualified disaster, the  
3 period beginning on the first day of the incident pe-  
4 riod of such qualified disaster and ending on the  
5 date which is 180 days after the date of the enact-  
6 ment of this Act.

7 (c) LOANS FROM QUALIFIED PLANS.—

8 (1) INCREASE IN LIMIT ON LOANS NOT TREAT-  
9 ED AS DISTRIBUTIONS.—In the case of any loan  
10 from a qualified employer plan (as defined under  
11 section 72(p)(4) of the Internal Revenue Code of  
12 1986) to a qualified individual made during the 180-  
13 day period beginning on the date of the enactment  
14 of this Act—

15 (A) clause (i) of section 72(p)(2)(A) of  
16 such Code shall be applied by substituting  
17 “\$100,000” for “\$50,000”, and

18 (B) clause (ii) of such section shall be ap-  
19 plied by substituting “the present value of the  
20 nonforfeitable accrued benefit of the employee  
21 under the plan” for “one-half of the present  
22 value of the nonforfeitable accrued benefit of  
23 the employee under the plan”.

24 (2) DELAY OF REPAYMENT.—In the case of a  
25 qualified individual (with respect to any qualified

1 disaster) with an outstanding loan (on or after the  
2 first day of the incident period of such qualified dis-  
3 aster) from a qualified employer plan (as defined in  
4 section 72(p)(4) of the Internal Revenue Code of  
5 1986)—

6 (A) if the due date pursuant to subpara-  
7 graph (B) or (C) of section 72(p)(2) of such  
8 Code for any repayment with respect to such  
9 loan occurs during the period beginning on the  
10 first day of the incident period of such qualified  
11 disaster and ending on the date which is 180  
12 days after the last day of such incident period,  
13 such due date shall be delayed for 1 year (or,  
14 if later, until the date which is 180 days after  
15 the date of the enactment of this Act),

16 (B) any subsequent repayments with re-  
17 spect to any such loan shall be appropriately  
18 adjusted to reflect the delay in the due date  
19 under subparagraph (A) and any interest accru-  
20 ing during such delay, and

21 (C) in determining the 5-year period and  
22 the term of a loan under subparagraph (B) or  
23 (C) of section 72(p)(2) of such Code, the period  
24 described in subparagraph (A) of this para-  
25 graph shall be disregarded.

1           (3) QUALIFIED INDIVIDUAL.—For purposes of  
2 this subsection, the term “qualified individual”  
3 means any individual—

4           (A) whose principal place of abode at any  
5 time during the incident period of any qualified  
6 disaster is located in the qualified disaster area  
7 with respect to such qualified disaster, and

8           (B) who has sustained an economic loss by  
9 reason of such qualified disaster.

10       (d) PROVISIONS RELATING TO PLAN AMEND-  
11 MENTS.—

12           (1) IN GENERAL.—If this subsection applies to  
13 any amendment to any plan or annuity contract,  
14 such plan or contract shall be treated as being oper-  
15 ated in accordance with the terms of the plan during  
16 the period described in paragraph (2)(B)(i).

17           (2) AMENDMENTS TO WHICH SUBSECTION AP-  
18 PLIES.—

19           (A) IN GENERAL.—This subsection shall  
20 apply to any amendment to any plan or annuity  
21 contract which is made—

22           (i) pursuant to any provision of this  
23 section, or pursuant to any regulation  
24 issued by the Secretary or the Secretary of

1 Labor under any provision of this section,  
2 and

3 (ii) on or before the last day of the  
4 first plan year beginning on or after Janu-  
5 ary 1, 2022, or such later date as the Sec-  
6 retary may prescribe.

7 In the case of a governmental plan (as defined  
8 in section 414(d) of the Internal Revenue Code  
9 of 1986), clause (ii) shall be applied by sub-  
10 stituting the date which is 2 years after the  
11 date otherwise applied under clause (ii).

12 (B) CONDITIONS.—This subsection shall  
13 not apply to any amendment unless—

14 (i) during the period—

15 (I) beginning on the date that  
16 this section or the regulation de-  
17 scribed in subparagraph (A)(i) takes  
18 effect (or in the case of a plan or con-  
19 tract amendment not required by this  
20 section or such regulation, the effec-  
21 tive date specified by the plan), and

22 (II) ending on the date described  
23 in subparagraph (A)(ii) (or, if earlier,  
24 the date the plan or contract amend-  
25 ment is adopted),

1 the plan or contract is operated as if such plan  
2 or contract amendment were in effect, and

3 (ii) such plan or contract amendment  
4 applies retroactively for such period.

5 **SEC. 4. EMPLOYEE RETENTION CREDIT FOR EMPLOYERS**  
6 **AFFECTED BY QUALIFIED DISASTERS.**

7 (a) IN GENERAL.—For purposes of section 38 of the  
8 Internal Revenue Code of 1986, in the case of an eligible  
9 employer, the 2020 qualified disaster employee retention  
10 credit shall be treated as a credit listed at the end of sub-  
11 section (b) of such section. For purposes of this sub-  
12 section, the 2020 qualified disaster employee retention  
13 credit for any taxable year is an amount equal to 40 per-  
14 cent of the qualified wages with respect to each eligible  
15 employee of such employer for such taxable year. The  
16 amount of qualified wages with respect to any employee  
17 which may be taken into account under this subsection  
18 by the employer for any taxable year shall not exceed  
19 \$6,000 (reduced by the amount of qualified wages with  
20 respect to such employee which may be so taken into ac-  
21 count for any prior taxable year).

22 (b) DEFINITIONS.—For purposes of this section—

23 (1) ELIGIBLE EMPLOYER.—The term “eligible  
24 employer” means any employer—

1 (A) which conducted an active trade or  
2 business in a qualified disaster zone at any time  
3 during the incident period of the qualified dis-  
4 aster with respect to such qualified disaster  
5 zone, and

6 (B) with respect to whom the trade or  
7 business described in subparagraph (A) is inop-  
8 erable at any time during the period beginning  
9 on the first day of the incident period of such  
10 qualified disaster and ending on the date of the  
11 enactment of this Act, as a result of damage  
12 sustained by reason of such qualified disaster.

13 (2) ELIGIBLE EMPLOYEE.—The term “eligible  
14 employee” means with respect to an eligible em-  
15 ployer an employee whose principal place of employ-  
16 ment with such eligible employer (determined imme-  
17 diately before the qualified disaster referred to in  
18 paragraph (1)) was in the qualified disaster zone re-  
19 ferred to in such paragraph.

20 (3) QUALIFIED WAGES.—The term “qualified  
21 wages” means wages (as defined in section 51(c)(1)  
22 of the Internal Revenue Code of 1986, but without  
23 regard to section 3306(b)(2)(B) of such Code) paid  
24 or incurred by an eligible employer with respect to  
25 an eligible employee at any time on or after the date



1 on which the trade or business described in para-  
2 graph (1) first became inoperable at the principal  
3 place of employment of the employee (determined  
4 immediately before the qualified disaster referred to  
5 in such paragraph) and before the earlier of—

6 (A) the date on which such trade or busi-  
7 ness has resumed significant operations at such  
8 principal place of employment, or

9 (B) the date which is 150 days after the  
10 last day of the incident period of the qualified  
11 disaster referred to in paragraph (1).

12 Such term shall include wages paid without regard  
13 to whether the employee performs no services, per-  
14 forms services at a different place of employment  
15 than such principal place of employment, or per-  
16 forms services at such principal place of employment  
17 before significant operations have resumed.

18 (c) CERTAIN RULES TO APPLY.—For purposes of  
19 this section, rules similar to the rules of sections 51(i)(1),  
20 52, and 280C(a), of the Internal Revenue Code of 1986,  
21 shall apply.

22 (d) EMPLOYEE NOT TAKEN INTO ACCOUNT MORE  
23 THAN ONCE.—An employee shall not be treated as an eli-  
24 gible employee for purposes of this section for any period  
25 with respect to any employer if such employer is allowed

1 a credit under section 51 of the Internal Revenue Code  
2 of 1986 with respect to such employee for such period.

3 **SEC. 5. OTHER DISASTER-RELATED TAX RELIEF PROVI-**  
4 **SIONS.**

5 (a) SPECIAL RULES FOR QUALIFIED DISASTER-RE-  
6 LATED PERSONAL CASUALTY LOSSES.—

7 (1) IN GENERAL.—If an individual has a net  
8 disaster loss for any taxable year—

9 (A) the amount determined under section  
10 165(h)(2)(A)(ii) of the Internal Revenue Code  
11 of 1986 shall be equal to the sum of—

12 (i) such net disaster loss, and

13 (ii) so much of the excess referred to  
14 in the matter preceding clause (i) of sec-  
15 tion 165(h)(2)(A) of such Code (reduced  
16 by the amount in clause (i) of this sub-  
17 paragraph) as exceeds 10 percent of the  
18 adjusted gross income of the individual,

19 (B) section 165(h)(1) of such Code shall  
20 be applied by substituting “\$500” for “\$500  
21 (\$100 for taxable years beginning after Decem-  
22 ber 31, 2009)”,

23 (C) the standard deduction determined  
24 under section 63(c) of such Code shall be in-  
25 creased by the net disaster loss, and

1 (D) section 56(b)(1)(D) of such Code shall  
2 not apply to so much of the standard deduction  
3 as is attributable to the increase under sub-  
4 paragraph (C) of this paragraph.

5 (2) NET DISASTER LOSS.—For purposes of this  
6 subsection, the term “net disaster loss” means the  
7 excess of qualified disaster-related personal casualty  
8 losses over personal casualty gains (as defined in  
9 section 165(h)(3)(A) of the Internal Revenue Code  
10 of 1986).

11 (3) QUALIFIED DISASTER-RELATED PERSONAL  
12 CASUALTY LOSSES.—For purposes of this sub-  
13 section, the term “qualified disaster-related personal  
14 casualty losses” means losses described in section  
15 165(c)(3) of the Internal Revenue Code of 1986  
16 which arise in a qualified disaster area on or after  
17 the first day of the incident period of the qualified  
18 disaster to which such area relates, and which are  
19 attributable to such qualified disaster.

20 (b) SPECIAL RULE FOR DETERMINING EARNED IN-  
21 COME.—

22 (1) IN GENERAL.—In the case of a qualified in-  
23 dividual, if the earned income of the taxpayer for the  
24 applicable taxable year is less than the earned in-  
25 come of the taxpayer for the preceding taxable year,

1 the credits allowed under sections 24(d) and 32 of  
2 the Internal Revenue Code of 1986 may, at the elec-  
3 tion of the taxpayer, be determined by sub-  
4 stituting—

5 (A) such earned income for the preceding  
6 taxable year, for

7 (B) such earned income for the applicable  
8 taxable year.

9 (2) QUALIFIED INDIVIDUAL.—For purposes of  
10 this subsection, the term “qualified individual”  
11 means any individual whose principal place of abode  
12 at any time during the incident period of any quali-  
13 fied disaster was located—

14 (A) in the qualified disaster zone with re-  
15 spect to such qualified disaster, or

16 (B) in the qualified disaster area with re-  
17 spect to such qualified disaster (but outside the  
18 qualified disaster zone with respect to such  
19 qualified disaster) and such individual was dis-  
20 placed from such principal place of abode by  
21 reason of such qualified disaster.

22 (3) APPLICABLE TAXABLE YEAR.—For pur-  
23 poses of this subsection, the term “applicable taxable  
24 year” means—

1 (A) in the case of a qualified individual  
2 other than an individual described in subpara-  
3 graph (B), any taxable year which includes any  
4 portion of the incident period of the qualified  
5 disaster to which the qualified disaster area re-  
6 ferred to in paragraph (2)(A) relates, or

7 (B) in the case of a qualified individual de-  
8 scribed in subparagraph (B) of paragraph (2),  
9 any taxable year which includes any portion of  
10 the period described in such subparagraph.

11 (4) EARNED INCOME.—For purposes of this  
12 subsection, the term “earned income” has the mean-  
13 ing given such term under section 32(c) of the Inter-  
14 nal Revenue Code of 1986.

15 (5) SPECIAL RULES.—

16 (A) APPLICATION TO JOINT RETURNS.—  
17 For purposes of paragraph (1), in the case of  
18 a joint return for an applicable taxable year—

19 (i) such paragraph shall apply if ei-  
20 ther spouse is a qualified individual, and

21 (ii) the earned income of the taxpayer  
22 for the preceding taxable year shall be the  
23 sum of the earned income of each spouse  
24 for such preceding taxable year.

1 (B) UNIFORM APPLICATION OF ELEC-  
2 TION.—Any election made under paragraph (1)  
3 shall apply with respect to both sections 24(d)  
4 and 32 of the Internal Revenue Code of 1986.

5 (C) ERRORS TREATED AS MATHEMATICAL  
6 ERROR.—For purposes of section 6213 of the  
7 Internal Revenue Code of 1986, an incorrect  
8 use on a return of earned income pursuant to  
9 paragraph (1) shall be treated as a mathe-  
10 matical or clerical error.

11 (D) NO EFFECT ON DETERMINATION OF  
12 GROSS INCOME, ETC.—Except as otherwise pro-  
13 vided in this subsection, the Internal Revenue  
14 Code of 1986 shall be applied without regard to  
15 any substitution under paragraph (1).

16 **SEC. 6. ADDITIONAL LOW-INCOME HOUSING CREDIT ALLO-**  
17 **CATIONS.**

18 (a) IN GENERAL.—For purposes of section 42 of the  
19 Internal Revenue Code of 1986, the State housing credit  
20 ceiling for any qualified State for calendar year 2021 shall  
21 be increased by the lesser of—

22 (1) the aggregate housing credit dollar amount  
23 allocated by the State housing credit agencies of  
24 such qualified State for such calendar year to build-

1       ings located in qualified disaster zones in such quali-  
2       fied State, or

3               (2) 50 percent of the sum of the State housing  
4       credit ceilings for such qualified State for calendar  
5       year 2020.

6       (b) ALLOCATIONS TREATED AS MADE FIRST FROM  
7       ADDITIONAL ALLOCATION FOR PURPOSES OF DETER-  
8       MINING CARRYOVER.—For purposes of determining the  
9       unused State housing credit ceiling for any calendar year  
10      under section 42(h)(3)(C) of the Internal Revenue Code  
11      of 1986, any increase in the State housing credit ceiling  
12      under subsection (a) shall be treated as an amount de-  
13      scribed in clause (ii) of such section.

14      (c) DEFINITIONS.—For purposes of this section—

15              (1) QUALIFIED STATE.—The term “qualified  
16      State” means any State in which there is a qualified  
17      disaster zone.

18              (2) OTHER DEFINITIONS.—Terms used in this  
19      section which are also used in section 42 of the In-  
20      ternal Revenue Code of 1986 shall have the same  
21      meaning in this section as in such section 42.

22      **SEC. 7. TREATMENT OF CERTAIN POSSESSIONS.**

23      (a) PAYMENTS TO POSSESSIONS WITH MIRROR  
24      CODE TAX SYSTEMS.—The Secretary of the Treasury  
25      shall pay to each possession of the United States which

1 has a mirror code tax system amounts equal to the loss  
2 (if any) to that possession by reason of the application  
3 of the provisions of this Act. Such amounts shall be deter-  
4 mined by the Secretary of the Treasury based on informa-  
5 tion provided by the government of the respective posses-  
6 sion.

7 (b) PAYMENTS TO OTHER POSSESSIONS.—The Sec-  
8 retary of the Treasury shall pay to each possession of the  
9 United States which does not have a mirror code tax sys-  
10 tem amounts estimated by the Secretary of the Treasury  
11 as being equal to the aggregate benefits (if any) that  
12 would have been provided to residents of such possession  
13 by reason of the provisions of this Act if a mirror code  
14 tax system had been in effect in such possession. The pre-  
15 ceding sentence shall not apply unless the respective pos-  
16 session has a plan, which has been approved by the Sec-  
17 retary of the Treasury, under which such possession will  
18 promptly distribute such payments to its residents.

19 (c) MIRROR CODE TAX SYSTEM.—For purposes of  
20 this section, the term “mirror code tax system” means,  
21 with respect to any possession of the United States, the  
22 income tax system of such possession if the income tax  
23 liability of the residents of such possession under such sys-  
24 tem is determined by reference to the income tax laws of



1 the United States as if such possession were the United  
2 States.

3 (d) TREATMENT OF PAYMENTS.—For purposes of  
4 section 1324 of title 31, United States Code, the payments  
5 under this section shall be treated in the same manner  
6 as a refund due from a credit provision referred to in sub-  
7 section (b)(2) of such section.

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