

The Casualty Loss Deduction Restoration Act

Background:

Prior to 2018, taxpayers who suffered an unexpected disaster were eligible for tax relief—through the casualty loss deduction—for uninsured casualty losses. For example, if a homeowner had property damage after a hurricane, they were eligible to recoup losses through federal tax relief.

In the years since, though, only taxpayers whose disaster has received a Presidential disaster declaration through the Stafford Act were able to take a loss and receive tax assistance.

To receive a Presidential disaster declaration, the State or Tribe is required to submit a request to the President demonstrating that the situation is beyond the capability of the State or the tribe to remedy. Unfortunately, not all requests can be granted.

Problem:

Individuals who suffer an unexpected loss that is not covered by a Presidential disaster declaration are missing out on critical federal support through the tax code to help them rebuild their homes and their lives.

Solution:

The *Casualty Loss Deduction Restoration Act* would restore the federal casualty loss deduction for all taxpayers with a casualty loss, not just those who had received a federal disaster declaration. Specifically, the bill would repeal the 2017 Stafford Act Presidential disaster requirement for casualty losses moving forward.

In addition, the bill provides up to \$50,000 in retroactive relief through the 2018 tax year for losses that did not receive a Presidential disaster declaration previously, allowing taxpayers who suffered losses in previous years to still receive federal assistance.

Original cosponsors: Rep. Joe Courtney (D-CT), Rep. Dan Crenshaw (R-TX), Rep. John Larson (D-CT), Rep. Mike Rogers (R-AL), and Rep. Julia Brownley (D-CA), Senator Richard Blumenthal (D-CT), Senator Chris Murphy (D-CT), Senator Ed Markey (D-MA), Senator Elizabeth Warren (D-MA), and Senator Bill Cassidy (R-LA).

Endorsing organizations: the National Association of REALTORS, the Eastern Connecticut Association of REALTORS, the Connecticut Association of REALTORS, the Connecticut Foundations Solutions Indemnity Company, the National Association of Home Builders, the Connecticut Society of CPAs, the American Institute of CPAs, the Capitol Region Council of Governments, the Home Builders & Remodelers Association of Central Connecticut, the Massachusetts Bankers Association, and the Connecticut Bankers Association.