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(Original Signature of Member)

118TH CONGRESS
2D SESSION

H. R. _____

To provide for emergency tax relief for taxpayers affected by the severe storms, flooding, straight-line winds, and tornadoes in certain Iowa counties.

IN THE HOUSE OF REPRESENTATIVES

Mr. FEENSTRA introduced the following bill; which was referred to the Committee on _____

A BILL

To provide for emergency tax relief for taxpayers affected by the severe storms, flooding, straight-line winds, and tornadoes in certain Iowa counties.

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 “Storm Recovery and
5 Community Restoration Act”.

1 **SEC. 2. SPECIAL DISASTER-RELATED RULES FOR USE OF**
2 **RETIREMENT FUNDS.**

3 (a) TAX-FAVORED WITHDRAWALS FROM RETIRE-
4 MENT PLANS.—

5 (1) IN GENERAL.—Section 72(t) of the Internal
6 Revenue Code of 1986 shall not apply to any quali-
7 fied Iowa disaster distribution.

8 (2) AGGREGATE DOLLAR LIMITATION.—

9 (A) IN GENERAL.—For purposes of this
10 subsection, the aggregate amount of distribu-
11 tions received by an individual which may be
12 treated as qualified Iowa disaster distributions
13 for any taxable year shall not exceed the excess
14 (if any) of—

15 (i) \$100,000, over

16 (ii) the aggregate amounts treated as
17 qualified Iowa disaster distributions re-
18 ceived by such individual for all prior tax-
19 able years.

20 (B) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual would
21 (without regard to subparagraph (A)) be a
22 qualified Iowa disaster distribution, a plan shall
23 not be treated as violating any requirement of
24 the Internal Revenue Code of 1986 merely be-
25 cause the plan treats such distribution as a
26

1 qualified Iowa disaster distribution, unless the
2 aggregate amount of such distributions from all
3 plans maintained by the employer (and any
4 member of any controlled group which includes
5 the employer) to such individual exceeds
6 \$100,000.

7 (C) CONTROLLED GROUP.—For purposes
8 of subparagraph (B), the term “controlled
9 group” means any group treated as a single
10 employer under subsection (b), (c), (m), or (o)
11 of section 414 of the Internal Revenue Code of
12 1986.

13 (3) AMOUNT DISTRIBUTED MAY BE REPAYED.—

14 (A) IN GENERAL.—Any individual who re-
15 ceives a qualified Iowa disaster distribution
16 may, at any time during the 3-year period be-
17 ginning on the day after the date on which such
18 distribution was received, make one or more
19 contributions in an aggregate amount not to ex-
20 ceed the amount of such distribution to an eligi-
21 ble retirement plan of which such individual is
22 a beneficiary and to which a rollover contribu-
23 tion of such distribution could be made under
24 section 402(c), 403(a)(4), 403(b)(8), 408(d)(3),

1 or 457(e)(16), of the Internal Revenue Code of
2 1986, as the case may be.

3 (B) TREATMENT OF REPAYMENTS OF DIS-
4 TRIBUTIONS FROM ELIGIBLE RETIREMENT
5 PLANS OTHER THAN IRAS.—For purposes of
6 the Internal Revenue Code of 1986, if a con-
7 tribution is made pursuant to subparagraph (A)
8 with respect to a qualified Iowa disaster dis-
9 tribution from an eligible retirement plan other
10 than an individual retirement plan, then the
11 taxpayer shall, to the extent of the amount of
12 the contribution, be treated as having received
13 the qualified Iowa disaster distribution in an el-
14 igible rollover distribution (as defined in section
15 402(c)(4) of such Code) and as having trans-
16 ferred the amount to the eligible retirement
17 plan in a direct trustee to trustee transfer with-
18 in 60 days of the distribution.

19 (C) TREATMENT OF REPAYMENTS FOR
20 DISTRIBUTIONS FROM IRAS.—For purposes of
21 the Internal Revenue Code of 1986, if a con-
22 tribution is made pursuant to subparagraph (A)
23 with respect to a qualified Iowa disaster dis-
24 tribution from an individual retirement plan (as
25 defined by section 7701(a)(37) of such Code),

1 then, to the extent of the amount of the con-
2 tribution, the qualified Iowa disaster distribu-
3 tion shall be treated as a distribution described
4 in section 408(d)(3) of such Code and as having
5 been transferred to the eligible retirement plan
6 in a direct trustee to trustee transfer within 60
7 days of the distribution.

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

10 (A) QUALIFIED IOWA DISASTER DISTRIBUTION.—Except as provided in paragraph (2),
11 the term “qualified Iowa disaster distribution”
12 means any distribution from an eligible retire-
13 ment plan made on or after the applicable date,
14 and before January 1, 2026, to an individual
15 whose principal place of abode on the applicable
16 date, is located in the Iowa disaster area.

17 (B) IOWA DISASTER AREA.—For purposes
18 of paragraph (1), the term “Iowa disaster area”
19 means—
20

21 (i) any area within the Iowa counties
22 of Clarke, Harrison, Mills, Polk,
23 Pottawattamie, Ringgold, Shelby, or Union
24 with respect to which a major disaster was
25 declared, during the period beginning on

1 April 26, 2024, and ending on the date
2 which is 60 days after the date of the en-
3 actment of this Act, by the President
4 under section 401 of the Robert T. Staf-
5 ford Disaster Relief and Emergency Assist-
6 ance Act, and

7 (ii) any area within the Iowa counties
8 of Clay, Emmet, Lyon, Plymouth, or Sioux
9 with respect to which a major disaster was
10 declared, during the period beginning on
11 June 16, 2024, and ending on the date
12 which is 60 days after the date of the en-
13 actment of this Act, by the President
14 under section 401 of the Robert T. Staf-
15 ford Disaster Relief and Emergency Assist-
16 ance Act.

17 (C) APPLICABLE DATE.—For purposes of
18 this paragraph, the term “applicable date”
19 means—

20 (i) in the case of a disaster area de-
21 scribed in subparagraph (B)(i), April 26,
22 2024, and

23 (ii) in the case of a disaster area de-
24 scribed in subparagraph (B)(ii), June 16,
25 2024.

1 (D) ELIGIBLE RETIREMENT PLAN.—The
2 term “eligible retirement plan” has the meaning
3 given such term by section 402(c)(8)(B) of the
4 Internal Revenue Code of 1986.

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

7 (A) IN GENERAL.—In the case of any
8 qualified Iowa disaster distribution, unless the
9 taxpayer elects not to have this paragraph
10 apply for any taxable year, any amount re-
11 quired to be included in gross income for such
12 taxable year shall be so included ratably over
13 the 3-taxable-year period beginning with such
14 taxable year.

15 (B) SPECIAL RULE.—For purposes of sub-
16 paragraph (A), rules similar to the rules of sub-
17 paragraph (E) of section 408A(d)(3) of the In-
18 ternal Revenue Code of 1986 shall apply.

19 (6) SPECIAL RULES.—

20 (A) EXEMPTION OF DISTRIBUTIONS FROM
21 TRUSTEE TO TRUSTEE TRANSFER AND WITH-
22 HOLDING RULES.—For purposes of sections
23 401(a)(31), 402(f), and 3405 of the Internal
24 Revenue Code of 1986, qualified Iowa disaster

1 distributions shall not be treated as eligible roll-
2 over distributions.

3 (B) QUALIFIED IOWA DISASTER DISTRIBUTU-
4 TIONS TREATED AS MEETING PLAN DISTRIBUTU-
5 TION REQUIREMENTS.—For purposes the Inter-
6 nal Revenue Code of 1986, a qualified Iowa dis-
7 aster distribution shall be treated as meeting
8 the requirements of sections 401(k)(2)(B)(i),
9 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A)
10 of such Code.

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

13 (1) RECONTRIBUTIONS.—

14 (A) IN GENERAL.—Any individual who re-
15 ceived a qualified distribution may, during the
16 period beginning on the applicable date, and
17 ending on December 31, 2024, make one or
18 more contributions in an aggregate amount not
19 to exceed the amount of such qualified distribu-
20 tion to an eligible retirement plan (as defined in
21 section 402(c)(8)(B) of the Internal Revenue
22 Code of 1986) of which such individual is a
23 beneficiary and to which a rollover contribution
24 of such distribution could be made under sec-

1 tion 402(c), 403(a)(4), 403(b)(8), or 408(d)(3),
2 of such Code, as the case may be.

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

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

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

15 (B) received on or after the applicable
16 date, and before December 31, 2024, and

17 (C) which was to be used to purchase or
18 construct a principal residence in the Iowa dis-
19 aster area.

20 (3) APPLICABLE DATE.—For purposes of this
21 subsection, the term “applicable date” means—

22 (A) in the case of a qualified distribution
23 received with respect to the Iowa disaster area
24 described in subsection (a)(4)(B)(i), April 26,
25 2024, and

1 (B) in the case of a qualified distribution
2 received with respect to the Iowa disaster area
3 described in subsection (a)(4)(B)(ii), June 14,
4 2024.

5 (c) LOANS FROM QUALIFIED PLANS.—

6 (1) INCREASE IN LIMIT ON LOANS NOT TREAT-
7 ED AS DISTRIBUTIONS.—In the case of any loan
8 from a qualified employer plan (as defined under
9 section 72(p)(4) of the Internal Revenue Code of
10 1986) to a qualified individual made during the pe-
11 riod beginning on the date of the enactment of this
12 Act and ending on December 31, 2025—

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

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

22 (2) DELAY OF REPAYMENT.—In the case of a
23 qualified individual with an outstanding loan on or
24 after the qualified beginning date from a qualified

1 employer plan (as defined in section 72(p)(4) of the
2 Internal Revenue Code of 1986)—

3 (A) if the due date pursuant to subpara-
4 graph (B) or (C) of section 72(p)(2) of such
5 Code for any repayment with respect to such
6 loan occurs during the period beginning on the
7 qualified beginning date and ending on Decem-
8 ber 31, 2025, such due date shall be delayed for
9 1 year,

10 (B) any subsequent repayments with re-
11 spect to any such loan shall be appropriately
12 adjusted to reflect the delay in the due date
13 under paragraph (1) and any interest accruing
14 during such delay, and

15 (C) in determining the 5-year period and
16 the term of a loan under subparagraph (B) or
17 (C) of section 72(p)(2) of such Code, the period
18 described in subparagraph (A) shall be dis-
19 regarded.

20 (3) QUALIFIED INDIVIDUAL.—For purposes of
21 this subsection, the term “qualified individual”
22 means an individual whose principal place of abode
23 on the applicable date described in subsection
24 (a)(4)(C) is located in the Iowa disaster area and
25 who has sustained an economic loss by reason of se-

1 vere storms, flooding, straight-line winds, or torna-
2 does beginning on such date.

3 (4) QUALIFIED BEGINNING DATE.—For pur-
4 poses of this subsection, the qualified beginning date
5 is the applicable date described in subsection
6 (a)(4)(C).

7 (d) PROVISIONS RELATING TO PLAN AMEND-
8 MENTS.—

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

14 (2) AMENDMENTS TO WHICH SUBSECTION AP-
15 PLIES.—

16 (A) IN GENERAL.—This subsection shall
17 apply to any amendment to any plan or annuity
18 contract which is made—

19 (i) pursuant to any provision of this
20 section, or pursuant to any regulation
21 issued by the Secretary or the Secretary of
22 Labor under any provision of this section,
23 and

24 (ii) on or before the last day of the
25 first plan year beginning on or after Janu-

1 ary 1, 2026, or such later date as the Sec-
2 retary may prescribe.

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

8 (B) CONDITIONS.—This subsection shall
9 not apply to any amendment unless—

10 (i) during the period—

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

18 (II) ending on the date described
19 in subparagraph (A)(ii) (or, if earlier,
20 the date the plan or contract amend-
21 ment is adopted),

22 the plan or contract is operated as if such plan
23 or contract amendment were in effect, and

24 (ii) such plan or contract amendment
25 applies retroactively for such period.

1 **SEC. 3. TEMPORARY SUSPENSION OF LIMITATIONS ON**
2 **CHARITABLE CONTRIBUTIONS.**

3 (a) IN GENERAL.—Except as otherwise provided in
4 paragraph (2), subsection (b) of section 170 of the Inter-
5 nal Revenue Code of 1986 shall not apply to qualified con-
6 tributions and such contributions shall not be taken into
7 account for purposes of applying subsections (b) and (d)
8 of such section to other contributions.

9 (b) TREATMENT OF EXCESS CONTRIBUTIONS.—For
10 purposes of section 170 of the Internal Revenue Code of
11 1986—

12 (1) INDIVIDUALS.—In the case of an indi-
13 vidual—

14 (A) LIMITATION.—Any qualified contribu-
15 tion shall be allowed only to the extent that the
16 aggregate of such contributions does not exceed
17 the excess of the taxpayer's contribution base
18 (as defined in subparagraph (G) of section
19 170(b)(1) of such Code) over the amount of all
20 other charitable contributions allowed under
21 section 170(b)(1) of such Code.

22 (B) CARRYOVER.—If the aggregate
23 amount of qualified contributions made in the
24 contribution year (within the meaning of section
25 170(d)(1) of such Code) exceeds the limitation
26 of clause (i), such excess shall be added to the

1 excess described in the portion of subparagraph
2 (A) of such section which precedes clause (i)
3 thereof for purposes of applying such section.

4 (2) CORPORATIONS.—In the case of a corpora-
5 tion—

6 (A) LIMITATION.—Any qualified contribu-
7 tion shall be allowed only to the extent that the
8 aggregate of such contributions does not exceed
9 the excess of the taxpayer’s taxable income (as
10 determined under paragraph (2) of section
11 170(b) of such Code) over the amount of all
12 other charitable contributions allowed under
13 such paragraph.

14 (B) CARRYOVER.—Rules similar to the
15 rules of subparagraph (A)(ii) shall apply for
16 purposes of this subparagraph.

17 (c) EXCEPTION TO OVERALL LIMITATION ON
18 ITEMIZED DEDUCTIONS.—So much of any deduction al-
19 lowed under section 170 of the Internal Revenue Code of
20 1986 as does not exceed the qualified contributions paid
21 during the taxable year shall not be treated as an itemized
22 deduction for purposes of section 68 of such Code.

23 (d) QUALIFIED CONTRIBUTIONS.—

24 (1) IN GENERAL.—For purposes of this sub-
25 section, the term “qualified contribution” means any

1 charitable contribution (as defined in section 170(c)
2 of the Internal Revenue Code of 1986) if—

3 (A) such contribution—

4 (i) is paid during the period beginning
5 on April 24, 2024, and ending on Decem-
6 ber 31, 2024, in cash to an organization
7 described in section 170(b)(1)(A) of such
8 Code, and

9 (ii) is made for relief efforts in the
10 Iowa disaster area,

11 (B) the taxpayer obtains from such organi-
12 zation contemporaneous written acknowledg-
13 ment (within the meaning of section 170(f)(8)
14 of such Code) that such contribution was used
15 (or is to be used) for relief efforts described in
16 clause (i)(II), and

17 (C) the taxpayer has elected the applica-
18 tion of this subsection with respect to such con-
19 tribution.

20 (2) IOWA DISASTER AREA.—For purposes of
21 paragraph (1), the term “Iowa disaster area” has
22 the meaning given such term in section 2(a)(4)(B).

23 (3) EXCEPTION.—Such term shall not include a
24 contribution by a donor if the contribution is—

1 (A) to an organization described in section
2 509(a)(3) of the Internal Revenue Code of
3 1986, or

4 (B) for the establishment of a new, or
5 maintenance of an existing, donor advised fund
6 (as defined in section 4966(d)(2) of such Code).

7 (4) APPLICATION OF ELECTION TO PARTNER-
8 SHIPS AND S CORPORATIONS.—In the case of a part-
9 nership or S corporation, the election under sub-
10 paragraph (A)(iii) shall be made separately by each
11 partner or shareholder.