

# Special tax breaks for Harvey, Irma and Maria disasters pass in Congress

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**The House and Senate approved reduced taxes for victims of Hurricanes Harvey, Irma and Maria** on Thursday over the objections of some Democrats who said Superstorm Sandy victims did not get the same treatment.

The tax provisions were combined with a bill both parties wanted to pass to extend through March the authorization for the Federal Aviation Administration, which is due to expire Saturday night.

A House bill, which also included language on federal flood insurance, was approved 264-155 before noon. The Senate later removed the flood provision, passed the bill unanimously, and sent the bill back. Without a vote, the House unanimously approved sending the bill to President Trump's desk.

A similar bill stalled on Monday when it came up in the House under a rule requiring a two-thirds vote, and debate on Wednesday night and Thursday showed that anger from the Northeast about the way Congress reacted to Sandy has not been forgotten.

Though Congress approved a \$15 billion disaster aid package for Harvey and Irma within days of its introduction, and said a much larger package would be coming later this year, it took three months to pass a \$60 billion package for Sandy, and then Republicans overwhelmingly opposed it.

Rep. Carlos Curbelo, a Florida Republican whose district includes the Keys, accused Democrats of playing politics.

"Can we do more? Yes. But that is no excuse to vote 'no' on this legislation," Curbelo said.

Rep. Bill Pascrell, D-N.J., said during debate Wednesday night that he and Rep. Tom Reed, R-N.Y., had been sponsoring a bill for five years that would take politics out of the discussion completely by making several tax breaks automatic when major disasters are declared.

Pascrell said his attempts to get tax relief for people in the Northeast in 2012 that was similar to the assistance provided after Hurricane Katrina in 2005 never got a hearing in the Republican-led Congress. He said the latest bill, which was first unveiled last Friday, never went through the Ways and Means Committee, where the chairman, Kevin Brady, represents part of Texas flooded by Harvey.

"Tax relief should not be reserved only for victims of a storm that happened to impact the home district of the Ways and Means chairman," Pascrell said. "This bill needlessly pits residents of Texas and Florida against residents of New York and New Jersey."

New Jersey Republicans agreed with Pascrell but voted for the bill that he opposed.

"I can't vote 'no' on this," said Rep. Tom MacArthur, a Republican whose district includes a large stretch of the Jersey Shore that was devastated in October 2012. "I do think this makes sense, but it is unfair to Sandy victims. I don't think the way to remedy that unfairness is to vote 'no.' "

He and Rep. Leonard Lance said they complained to their party's leadership about the bill. Brady said Monday that discussions were continuing about including Sandy provisions in a larger disaster aid bill expected to be considered later this year.

Pascrell tried unsuccessfully to use a procedural motion to attach the bill he and Reed sponsored, along with a package of benefits for Puerto Rico, to the bill. That maneuver was rejected 188-227.

The tax measures in the bill approved by the House would affect:

**Casualty losses:** Currently, taxpayers can deduct losses from their income taxes if they exceed 10% of adjusted gross income, and the taxpayer itemizes. Both of those requirements would be eliminated in the bill, so designated storm victims could write off all their losses, regardless of whether they itemize.

**Retirement withdrawals:** The bill would lift the 10% penalty on withdrawing funds from many retirement accounts, including IRAs, to pay for disaster recovery. It also would provide more flexibility for borrowing from accounts.

**Expanded charitable deductions:** The current limit on deducting charitable contributions — taxpayers generally can only deduct 50% of their income — would be lifted for donations to hurricane relief, so people making large gifts could write more of them off. It would also change rules for applying large write-offs to multiple years of tax returns.

**Employment relief:** A tax credit would be provided of 40% of wages, up to \$6,000 per employee for a disaster-affected employer from a core disaster area.