



Roadmap to Recovery®
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January 26, 2023

The Honorable Jason Smith
Chairman, House Committee on Ways & Means
1011 Longworth House Office Building
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member, House Committee on Ways & Means
372 Cannon House Office Building
Washington, D.C. 20515

RE: SUPPORT H.R.4070 – The Disaster Mitigation and Tax Parity Act

Dear Chairman Smith and Ranking Member Neal:

On behalf of United Policyholders,¹ I write to express support for the Disaster Mitigation and Tax Parity Act introduced on June 13, 2023 and sponsored by Representative Doug LaMalfa. United Policyholders strongly supports promoting parity in federal tax treatment for grants given to property owners for natural disaster mitigation. We believe the legislation will further incentivize individuals to seek out state grants and will encourage state-based mitigation and resiliency programs. It is in the best interests of our nation that we engage property owners to the fullest extent possible in helping reduce damage from natural disasters. As you know, state and federal grants for disaster mitigation efforts receive inconsistent tax treatment. FEMA Stafford Act grants to individuals for disaster mitigation are exempt from federal income tax while state grants for the exact same purpose are not. This remains true even when state grants are exempt from state income tax.

¹ United Policyholders (“UP”) is a non-profit organization that has been informing, helping, and speaking for insurance consumers in the United States since 1991. UP is funded by donations and grants and its work is largely done by volunteers. Through its Roadmap to Preparedness and Roadmap to Recovery programs, UP helps Americans be personally responsible by reducing risk, buying insurance, and navigating the claim process successfully after a loss.



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Risk mitigation grants encourage and provide the means for property owners to take action to protect their properties. The mitigation actions taken by individual property owners in turn protect surrounding communities. They benefit local, state, and federal government agencies by reducing the amount of governmental resources needed for post-disaster relief efforts such as debris removal and infrastructure repair and replacement. Preventative measures also protect against lost tax revenue that results when homes and businesses are severely damaged and destroyed. Taxing grants intended for risk mitigation is akin to giving with one hand while taking away with the other. It undermines the purpose of the grants by diminishing the enthusiasm for seeking such grants. It also functionally reduces the amount of funds available for the actual mitigation efforts.

United Policyholders frequently works with victims of large-scale natural disasters including wildfires, windstorms, earthquakes, hurricanes and floods. We know first-hand that the severity and frequency of these events are increasing. We also know that pre-disaster mitigation efforts and preparedness programs work. They help save lives and are economically beneficial for individuals as well as governments on the local, state, and federal levels.

United Policyholders commends this common-sense and bipartisan legislation that will end the federal income tax disparity and will incentivize homeowners to protect themselves and their communities from natural disasters.

For the above reasons, United Policyholders strongly supports H.R.4070.

Sincerely,

A handwritten signature in black ink that reads "Amy Bach".

Amy Bach
Executive Director