

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 5863
OFFERED BY MR. SMITH OF MISSOURI**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Federal Disaster Tax
3 Relief Act of 2023”.

**4 SEC. 2. EXTENSION OF RULES FOR TREATMENT OF CER-
5 TAIN DISASTER-RELATED PERSONAL CAS-
6 UALTY LOSSES.**

7 For purposes of applying section 304(b) of the Tax-
8 payer Certainty and Disaster Tax Relief Act of 2020, sec-
9 tion 301 of such Act shall be applied by substituting “the
10 Federal Disaster Tax Relief Act of 2023” for “this Act”
11 each place it appears.

**12 SEC. 3. EXCLUSION FROM GROSS INCOME FOR COMPENSA-
13 TION FOR LOSSES OR DAMAGES RESULTING
14 FROM CERTAIN WILDFIRES.**

15 (a) IN GENERAL.—For purposes of the Internal Rev-
16 enue Code of 1986, gross income shall not include any
17 amount received by an individual as a qualified wildfire
18 relief payment.

1 (b) QUALIFIED WILDFIRE RELIEF PAYMENT.—For
2 purposes of this section—

3 (1) IN GENERAL.—The term “qualified wildfire
4 relief payment” means any amount received by or on
5 behalf of an individual as compensation for expenses
6 or losses incurred as a result of a qualified wildfire
7 disaster, but only to the extent any expense or loss
8 compensated by such payment is not compensated
9 for by insurance or otherwise.

10 (2) QUALIFIED WILDFIRE DISASTER.—The
11 term “qualified wildfire disaster” means any feder-
12 ally declared disaster (as defined in section
13 165(i)(5)(A) of the Internal Revenue Code of 1986)
14 declared, after December 31, 2014, as a result any
15 forest or range fire.

16 (c) DENIAL OF DOUBLE BENEFIT.—Notwith-
17 standing any other provision of the Internal Revenue Code
18 of 1986—

19 (1) no deduction or credit shall be allowed (to
20 the person for whose benefit a qualified wildfire re-
21 lief payment is made) for, or by reason of, any ex-
22 penditure to the extent of the amount excluded
23 under this section with respect to such expenditure,
24 and

1 (2) no increase in the basis or adjusted basis of
2 any property shall result from any amount excluded
3 under this subsection with respect to such property.

4 (d) **LIMITATION ON APPLICATION.**—This section
5 shall only apply to qualified wildfire relief payments re-
6 ceived by the individual during taxable years beginning
7 after December 31, 2019, and before January 1, 2026.

8 **SEC. 4. EAST PALESTINE DISASTER RELIEF PAYMENTS.**

9 (a) **DISASTER RELIEF PAYMENTS TO VICTIMS OF**
10 **EAST PALESTINE TRAIN DERAILMENT.**—East Palestine
11 train derailment payments shall be treated as qualified
12 disaster relief payments for purposes of section 139(b) of
13 the Internal Revenue Code of 1986.

14 (b) **EAST PALESTINE TRAIN DERAILMENT PAY-**
15 **MENTS.**—For purposes of this section, the term “East
16 Palestine train derailment payment” means any amount
17 received by or on behalf of an individual as compensation
18 for loss, damages, expenses, loss in real property value,
19 closing costs with respect to real property (including real-
20 tor commissions), or inconvenience (including access to
21 real property) resulting from the East Palestine train de-
22 railment if such amount was provided by—

23 (1) a Federal, State, or local government agen-
24 cy,

25 (2) Norfolk Southern Railway, or

1 (3) any subsidiary, insurer, or agent of Norfolk
2 Southern Railway or any related person.

3 (c) TRAIN DERAILMENT.—For purposes of this sec-
4 tion, the term “East Palestine train derailment” means
5 the derailment of a train in East Palestine, Ohio, on Feb-
6 ruary 3, 2023.

7 (d) EFFECTIVE DATE.—This section shall apply to
8 amounts received on or after February 3, 2023.

