

(September 28, 2005) Congressional Action in Response to Hurricane Katrina

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- Emergency Funding-First Installment. The president signed into law a \$10.5 billion supplemental appropriations bill, HR 3645, for fiscal year 2005 for hurricane disaster relief. Major funding areas are:

\$10.0 billion for the Homeland Security Department's Emergency Preparedness and Response-Disaster Relief account (under which FEMA operates).

\$500.0 million for the Defense Department's Operation & Maintenance account.

- Emergency Funding-Second Installment. The president signed into law a \$51.8 billion supplemental appropriations bill, HR 3673, for fiscal year 2005 for hurricane disaster relief. Major funding areas are:

\$50.0 billion for the Homeland Security Department's Emergency Preparedness and Response-Disaster Relief account (under which FEMA operates).

\$400.0 million for the Army Corps of Engineers.

\$1.4 billion for the Defense Department's Operation & Maintenance account.

- Pell Grant Repayment Relief. The House passed a bill allowing the Education Department secretary to waive repayments of Pell Grants (normally required when students stop attending school) if students are attending a school affected by a major disaster. (HR 3169)

- Other Education Grant Repayment Relief. The House passed a bill allowing the Education Department secretary to waive the repayment of federal education grant assistance to students whose attendance was interrupted because of the impact of the disaster on the student or the institution. (HR 3668)

- Increased Flood Insurance Borrowing. The House passed a bill increasing by \$2 billion (from \$1.5 billion to \$3.5 billion), the amount FEMA may, with the president's approval, borrow to carry out the national flood insurance program. (HR 3669)

- Federal Judiciary Emergency Special Sessions. The House passed a bill allowing U.S. Courts of Appeals to conduct proceedings outside their normal territorial jurisdictions. (HR 3650)

- Easing of Welfare Regulations. The House passed a bill, HR 3672, that would:

Authorize the Homeland Security Department secretary to pay out the welfare block grant funds to the states for the first quarter of fiscal year 2006 "as soon as practicable" (they would normally go out on October 1).

Give a one-year 20 percent increase in welfare funds to Louisiana, Mississippi and Alabama.

Make available up to \$2 billion to allow all states to access current welfare funds to reimburse them for actual costs of providing emergency cash assistance to evacuees spread throughout the United States.

Waive the current spending restrictions on unspent, prior-year welfare funds.

Waive welfare work requirements and time limits, through the end of fiscal year 2006, "to meet a subsistence need of a family resulting from Hurricane Katrina."

Waive penalties on states for failing to comply with certain welfare requirements, if such failure resulted directly from the hurricane or was due to a state's focusing on hurricane victims' needs.

- Volunteer Liability Protection. The House passed a bill providing injury liability protection, including personal injury and property damage, for any person or organization that in response to Hurricane Katrina, "voluntarily, in good faith, and without a preexisting duty or expectation of compensation, renders aid (including medical treatment and rescue assistance) to any individual. (HR 3736)

- Individual Tax Relief and Encouraging Private Contributions. The House passed a bill, HR 3768, that:

Allows individuals who lived in the disaster area as of August 28, 2005, the option of using their 2004 income to calculate the child credit and the Earned Income Credit on their 2005 tax returns.

Grants the U.S. Treasury Department the authority to ensure that taxpayers do not lose dependency exemptions or child credits for 2005 due to temporary relocations.

Ensures that individuals affected by the hurricane are not taxed on personal debt relief, such as the cancellation of a mortgage, provided before 2007.

Creates a special, one-year tax deduction for individuals who provide rent-free housing to dislocated persons for at least 60 days: \$500 for each dislocated person housed in the individual's principal residence (up to a maximum of \$2,000).

Waives the 10 percent and \$100 floors for personal casualty losses. Under current law, individuals who itemize their deductions may deduct personal casualty losses to the extent they exceed 10 percent of adjusted gross income and a \$100 floor.

Waives the 10 percent tax on up to \$100,000 of early withdrawals from IRAs and pensions for individuals affected by the hurricane. Distributed amounts could be repaid to the IRA or pension plan over the three-year period following the distribution and receive rollover treatment.

Increases the limit on loans from pension plans from \$50,000 to \$100,000.

Extends from one to two years the Work Opportunity Tax Credit (WOTC) for employers who hire individuals who lived in the disaster area prior to the hurricane. The credit equals 40 percent of the first \$6,000 of wages paid to the employee each year.

Increases to five years the period in which insurance proceeds would be nontaxable if reinvested in replacement property in the disaster area. Under current law, insurance proceeds are not taxable if they are invested in replacement property within two years (with respect to damaged business property) or four years (with respect to damaged principal residences in p residentially -declared disaster areas).

Allows all homebuyers-not just first-time homebuyers-to qualify for mortgage revenue bonds to finance low-interest rate mortgages through 2007.

Exempts cash donations related to Hurricane Katrina from the 50 percent individual income limitation and the phase-out of itemized deductions, if the donation is made before January 2006. Under current law, individuals can deduct charitable donations up to 50 percent of their adjusted gross income. Such deductions are further limited by the phase-out of itemized deductions.

Waives the 10 percent corporate income limitation for cash donations related to Hurricane Katrina, if the donation is made before January 2006. Under current law, corporations can deduct charitable donations up to 10 percent of their taxable income.

Increases the mileage reimbursement rate for individuals for charitable donation deductions from 14 cents per gallon to approximately 34 cents per gallon. Under current law, individuals can claim a tax deduction for the costs associated with using a personal vehicle for charitable work.

- Coast Guard Provisions. The House passed a bill, HR 889, which included provisions:

Authorizing an additional \$60 million in FY2005 for the Coast Guard for emergency disaster relief for Hurricane Katrina.

Providing for reimbursements (subject to appropriations) of federal employees who were connected with Coast Guard stations in Louisiana, Mississippi or Alabama for 85 percent of the fair market value of their destroyed residences or 100 percent of their remaining mortgages. An owner receiving this reimbursement would have to transfer to the secretary all right, title and interest of the owner in the relevant property.

Directing the Coast Guard, not later than September 15, 2005, and at least once every month thereafter through January 2006, to report to Congress regarding the personnel and assets deployed to assist in the response to Hurricane Katrina and the costs incurred as a result of such response that are in addition to funds already appropriated for the Coast Guard for FY2005.

Authorizing one-year extensions for licenses, certificates of registry and Merchant Mariners' documents for residents of Louisiana, Mississippi or Alabama, or for individuals whose records were destroyed in the Coast Guard facility in New Orleans (regardless of residence).

Authorizing six-month extensions for inspection certificates for vessels inspected by a Coast Guard Marine Safety Office located in Alabama, Mississippi or Louisiana.

Directing the Coast Guard, not later than October 15, 2005, to establish a temporary facility in Baton Rouge, Louisiana, to process applications for new licenses, certificate of registries and merchant mariners' documents.

- Investigation Committee. The House passed a resolution establishing a committee to investigate the preparation for and response to Hurricane Katrina, (H Res 437) but NOT a bipartisan, independent, 9-11 Commission-style investigation.

- Expressing Condolences. The House passed a resolution expressing "the condolences of the Nation to the victims of Hurricane Katrina;" commending "the resiliency and courage of the people of the States of Louisiana, Mississippi, and Alabama;" and committing "to provide the necessary resources and to stand by the people of the States of Louisiana, Mississippi, and Alabama in the relief, recovery, and rebuilding efforts." (H Res 425)

- Thanking Foreigners. The House passed a resolution "[expressing] its sincere gratitude to the foreign individuals, organizations, and governments that have offered material assistance and other forms of support to those who have been affected by Hurricane Katrina." (H Res 428)

- Immigration Relief. The House passed legislation that makes a number of small changes to immigration law in order to assist victims of Hurricane Katrina, including allowing a new immigrant status for spouses and children of legal immigrants who were killed or disabled by the Hurricane, and it extends several filing deadlines for affected aliens. (HR 3827)

