

Tax Relief after a Disaster: How Individuals, Small Businesses, and Communities Recover

Opening Statement of Senator Bob Casey, Jr.

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This afternoon we convene the Finance Committee Subcommittee on Taxation and IRS Oversight to discuss an important topic—how the tax code can help areas recover and rebuild after major disasters.

I would like to thank Chairman Wyden and Ranking Member Hatch for the opportunity to hold this hearing and our Subcommittee Ranking Member, Senator Enzi, for joining me today. I would also like to acknowledge Senator Schumer for his leadership on this important issue.

Natural disasters such as floods, hurricanes and tornados can have a devastating impact on communities. In Pennsylvania, I have seen firsthand the tremendous impact flooding has had on our Commonwealth. In 2011, Hurricane Irene and Tropical Storm Lee caused the worst flooding in Pennsylvania in over 40 years. Then, in 2012, Hurricane Sandy caused further severe flooding damage. In the aftermath of these storms, I visited communities across Pennsylvania and witnessed the devastation. Flooded homes and businesses, severely damaged infrastructure and overwhelmed local governments were common place after these events.

The federal government has a number of tools at its disposal to help these communities in need. Today, we are here to discuss one such tool—tax relief. While there are several permanent provisions in the code to assist in these situations, the reality is we take a one-off approach in response to federal disasters.

For example, taxpayers who provided free housing to those displaced by Hurricane Katrina and the Midwest tornados of 2007 received additional tax exemptions for each victim whom they housed, but no similar relief was offered to those who housed victims of Hurricanes Sandy and Irene. Similarly, families affected by the Gulf Coast Hurricanes in 2005 and Midwestern storms in 2007 were eligible for additional tax credits for education expenses, but victims of other major disasters such as the flooding Pennsylvania in 2011 and 2012 did not receive comparable assistance.

The lack of consistency in our response is troubling. The federal government should have a fair and equitable approach. Today's hearing will offer us a much-needed opportunity to examine these policies. I look forward to taking a closer look at various types of relief, the benefits and drawbacks of temporary and permanent relief provisions, and ways we can improve the code.

Natural disasters can happen to any community. It's important that the federal government stand ready to help **all** communities rebuild from natural disasters.