

110TH CONGRESS  
1ST SESSION

# S. 2327

To amend the Internal Revenue Code of 1986 to provide a credit against tax for increased homeowners insurance premiums suffered by certain coastal homeowners or resulting from hurricane events.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 8, 2007

Mr. REID (for Mr. DODD) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against tax for increased homeowners insurance premiums suffered by certain coastal homeowners or resulting from hurricane events.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Homeowners Insur-  
5 ance Assistance Act of 2007”.

1 **SEC. 2. NONREFUNDABLE PERSONAL CREDIT FOR CER-**  
 2 **TAIN HOMEOWNERS INSURANCE PREMIUMS.**

3 (a) IN GENERAL.—Subpart A of part IV of sub-  
 4 chapter A of chapter 1 of the Internal Revenue Code of  
 5 1986 is amended by inserting after section 25D the fol-  
 6 lowing new section:

7 **“SEC. 25E. CERTAIN HOMEOWNERS INSURANCE PREMIUMS.**

8 “(a) ALLOWANCE OF CREDIT.—In the case of an eli-  
 9 gible individual, there shall be allowed as a credit against  
 10 the tax imposed by this chapter for the taxable year an  
 11 amount equal to 50 percent of the taxpayer’s qualified  
 12 homeowners insurance premium for such taxable year.

13 “(b) LIMITATIONS.—

14 “(1) MAXIMUM CREDIT.—The credit allowed  
 15 under subsection (a) for any taxable year shall not  
 16 exceed \$250.

17 “(2) LIMITATION BASED ON ADJUSTED GROSS  
 18 INCOME.—The amount of the credit allowable under  
 19 subsection (a) shall be reduced (but not below zero)  
 20 by 2 percentage points for each percentage point (or  
 21 fraction thereof) by which the taxpayer’s adjusted  
 22 gross income exceeds the State median income for  
 23 such a taxpayer for the preceding taxable year in the  
 24 State in which the principal residence of such tax-  
 25 payer is located.

1           “(3) LIMITATION BASED ON AMOUNT OF  
2 TAX.—In the case of a taxable year to which section  
3 26(a)(2) does not apply, the credit allowed under  
4 subsection (a) for any taxable year shall not exceed  
5 the excess of—

6           “(A) the sum of the regular tax liability  
7 (as defined in section 26(b)) plus the tax im-  
8 posed by section 55, over

9           “(B) the sum of the credits allowable  
10 under this subpart (other than this section and  
11 sections 23, 24, and 25B) and section 27 for  
12 the taxable year.

13       “(c) ELIGIBLE INDIVIDUAL.—For purposes of this  
14 section—

15       “(1) IN GENERAL.—The term ‘eligible indi-  
16 vidual’ means any taxpayer whose principal resi-  
17 dence is\_\_

18           “(A) substantially the same dwelling unit  
19 during the applicable period, and

20           “(B) located in either—

21           “(i) an area determined by the Presi-  
22 dent to warrant individual or individual  
23 and public assistance from the Federal  
24 Government under the Robert T. Stafford  
25 Disaster Relief and Emergency Assistance

1 Act by reason of 1 or more hurricanes dur-  
2 ing 2004 or 2005, or

3 “(ii) a county—

4 “(I) located in a State which bor-  
5 ders the Atlantic Ocean or the Gulf of  
6 Mexico, and

7 “(II) which is determined by the  
8 Secretary, in consultation with the  
9 National Association of Insurance  
10 Commissioners, to have experienced a  
11 higher than average increase in home-  
12 owners insurance premiums during  
13 2004, 2005, or 2006 due to hurricane  
14 risk.

15 “(2) APPLICABLE PERIOD.—The term ‘applica-  
16 ble period’ means—

17 “(A) in the case of an area described in  
18 paragraph (1)(B)(i), the period beginning the  
19 day before the determination described in such  
20 paragraph and ending on the last day of the  
21 taxable year, and

22 “(B) in the case of an area described in  
23 paragraph (1)(B)(ii), the period beginning on  
24 September 1, 2005, and ending before the last  
25 day of the taxable year.

1       “(d) QUALIFIED HOMEOWNERS INSURANCE PRE-  
2 MIUM.—For purposes of this section—

3           “(1) IN GENERAL.—The term ‘qualified home-  
4 owners insurance premium’ for any taxable year  
5 means an amount equal to the qualifying percentage  
6 of the eligible individual’s homeowners insurance  
7 premium in effect on the first policy anniversary  
8 date (or, if greater, the second policy anniversary  
9 date) following the beginning of such individual’s ap-  
10 plicable period.

11           “(2) QUALIFYING PERCENTAGE.—The term  
12 ‘qualifying percentage’ is equal to the excess (ex-  
13 pressed in percentage points) of —

14           “(A) the eligible individual’s percentage in-  
15 crease in homeowners insurance premium be-  
16 tween the last policy anniversary before the be-  
17 ginning of such individual’s applicable period  
18 and the policy anniversary date (as determined  
19 under paragraph (1)) following the beginning of  
20 such individual’s applicable period, over

21           “(B) the national average percentage in-  
22 crease in homeowners insurance premiums be-  
23 tween the same dates as determined by the Sec-  
24 retary, in consultation with the National Asso-  
25 ciation of Insurance Commissioners.

1       “(e) OTHER DEFINITIONS.—For purposes of this  
2 section—

3               “(1) PRINCIPAL RESIDENCE.—The term ‘prin-  
4       cipal residence’ has the same meaning as when used  
5       in section 121.

6               “(2) HOMEOWNERS INSURANCE.—The term  
7       ‘homeowners insurance’ means any insurance cov-  
8       ering a principal residence.

9       “(f) TERMINATION.—This section shall not apply to  
10 taxable years beginning after December 31, 2007.”.

11       (b) CONFORMING AMENDMENT.—The table of sec-  
12 tions for subpart A of part IV of subchapter A of chapter  
13 1 of such Code is amended by inserting after the item  
14 relating to section 25D the following new item:

“Sec. 25E. Certain homeowners insurance premiums.”.

15       (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2006.

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