



HOUSE APPROPRIATIONS

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H.R. 5687, PUERTO RICO EARTHQUAKE SUPPLEMENTAL *Title-By-Title Summary*

DIVISION A - EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR DISASTER RELIEF ACT, 2020

Title I – Energy and Water Development, and Related Agencies

Cybersecurity, Energy Security & Emergency Response – \$6.75 million for technical assistance to conduct earthquake risk analysis, enhance long-term energy planning, improve energy sector situational awareness, and strengthen cybersecurity of critical infrastructure related to U.S. territories affected by recent disasters and emergencies.

Electricity – \$15 million for technical assistance to enhance real-time situational awareness and continued recovery support of the electric grid related to U.S. territories affected by recent disasters and emergencies.

Title II – Labor, Health and Human Services, Education, and Related Agencies

Education Recovery – \$100 million to meet the educational needs of individuals affected by recent disasters and emergencies.

In addition —

- Allows flexibility to address unmet needs from previous and current disaster supplementals.
- Allows flexibility to shift funds to most in-demand recovery programs and to speed up K-12 school recovery.
- Requires the Secretary of Education to submit a detailed spend plan.

Title III – Transportation, Housing and Urban Development, and Related Agencies

Federal Highway Administration, Emergency Relief Program – \$1.25 billion for repairs to road systems damaged by recent disasters and emergencies.

Community Development Block Grant – Disaster Recovery – \$3.26 billion for disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the areas most impacted by recent disasters and emergencies, with \$1.53 billion specifically for mitigation activities in areas that had major disasters in 2018 and 2019.

In addition —

- Allows comingling of funds provided in this legislation and previous emergency supplementals.
- Requires the Secretary of Housing and Urban Development to execute grant agreements within 60 days of grant approval.
- Requires the Secretary of Housing and Urban Development, in consultation with other Federal agencies, to complete the consultation on electrical grid funding for Puerto Rico and the US Virgin Islands within 30 days and to issue a Federal Register notice within 60 days.

Title IV – General Provisions

Disaster Nutrition Assistance – \$40 million to provide a grant to the Commonwealth of Puerto Rico for disaster nutrition assistance.

In addition —

- Extends a prior condition waiver – that currently applies to 2017 disaster declarations for Puerto Rico and the U.S. Virgin Islands – to disaster declarations declared during 2020 for those jurisdictions.

Technical budgetary provisions.

DIVISION B - PUERTO RICO DISASTER TAX RELIEF ACT OF 2020

Summary prepared by the Committee on Ways and Means

Section 101. Short Title - This section provides the following short title for the tax provisions of the bill – the “Puerto Rico Disaster Tax Relief Act of 2020”.

Section 102. Qualified Puerto Rico Disaster Zone Defined - This section defines the term “qualified Puerto Rico disaster zone” to include areas that warrant individual or individual and public assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of the recent Puerto Rico earthquakes. This term is later used to determine which areas in Puerto Rico are difficult development areas for purposes of the Low-Income Housing Tax Credit program (section 105) and which employees are eligible for an employee retention credit (section 108).

Section 103. Child Tax Credit for Puerto Rico and Other Territories of the United States - This section allows Puerto Rico residents with children to receive the refundable child tax credit for up to the amount of their Social Security taxes paid, up to \$1,400 per child. Under current law, only residents with 3 or more children are able to claim the credit.

This section also instructs the Treasury Department to make payments to each “mirror code” territory for the cost of those territories' child tax credits.

Finally, this section instructs the Treasury Department to make similar payments to American Samoa if American Samoa has a plan approved by Treasury to promptly distribute payments in a manner that replicates the benefits of the child tax credit.

Section 104. Application of Earned Income Tax Credit in Territories of the United States -

This section instructs the Treasury Department to make payments to Puerto equal to the amount by which they expand their earned income tax credit, compared to its 2019 expenditures. The payments made by the Treasury Department under this provision may not exceed a 3:1 match. This section also increases the payment by up to \$1 million for education efforts relating to the credit for 5 years.

For “mirror code” territories, this section instructs the Treasury Department to make payments to each “mirror code” territories for to 75 percent of the cost of those territories’ earned income tax credit, as well as up to \$50,000 for education efforts relating to the credit for 5 years.

For American Samoa, this section instructs Treasury to make such payments if American Samoa enacts and maintains an earned income tax credit.

Section 105. Low-Income Housing Credit Allocations for Puerto Rico - This section increases the 2020 Low-Income Housing Tax Credit (LIHTC) allocation for Puerto Rico by \$50 million. It also treats qualified Puerto Rico disaster zones as difficult development areas (DDAs) if buildings placed in service in the qualified Puerto Rico disaster zones receive a LIHTC allocation during calendar year 2020 or 2021. LIHTC properties in DDAs can receive a 30% “basis boost” in qualified costs, increasing tax credits and investment equity in a project.

Section 106. New Markets Tax Credit Allocations for Puerto Rico - This section provides a \$500 million New Markets Tax Credit allocation for low-income community investments in Puerto Rico for 2020 and for 2021. These allocations are available to community development entities that have a history of making investments in federally declared disaster areas or in Puerto Rico.

Section 107. Repeal of Limitation on Cover Over of Distilled Spirits Taxes to Puerto Rico and Virgin Islands - In general, distilled spirits brought into the U.S. are subject to a federal excise tax. This excise tax applies to distilled spirits brought in from the territories. However, when excise taxes are collected on rum brought to the U.S. from Puerto Rico or the Virgin Islands, the Treasury Department remits (or “covers over”) most of these excise taxes collected to the treasuries of Puerto Rico and the Virgin Islands.

This legislation increases the amount currently covered over on rum imported from Puerto Rico and the Virgin Islands from \$13.25 to \$13.50. It also repeals a provision that reduces the cover over from \$13.25 to \$10.50 beginning in 2022. Finally, it codifies the historic practice of

transferring \$0.46 per spirit gallon of the amount covered over to Puerto Rico to the Puerto Rico Conservation Trust.

Section 108. Employee Retention Credit With Respect to Individuals Employed in the Qualified Puerto Rico Disaster Zone - This section directs the Treasury Department to make payments to Puerto Rico to support the establishment of an employee retention credit for individuals employed in a qualified Puerto Rico disaster zone, whose businesses were materially impacted by the recent earthquakes. Puerto Rico must satisfy certain requirements to be eligible for these payments. For example, this section requires Puerto Rico to have a plan for implementing the employee retention credit that will promptly distribute such payments to its residents.

DIVISION C – BUDGETARY EFFECTS

Technical budgetary provisions.