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California Earthquake Authority applauds introduction of federal tax-parity legislation for disaster-mitigation incentives

- *Legislation sponsored by California congressional leaders would end federal taxation for CEA-funded seismic-retrofit grants, other programs*
 - *Potential tax relief would benefit Californians who make their homes more earthquake-resistant*

(SACRAMENTO) The California Earthquake Authority (CEA) applauds the introduction today of legislation led by members of California’s congressional delegation, which would exclude from federal taxation disaster-mitigation grants from an entity established by a state, such as the \$3,000 grants CEA provides California homeowners through the [Earthquake Brace + Bolt](#) (EBB) program.

Senators Dianne Feinstein (D-CA) and Alex Padilla (D-CA), together with Senators Burr (R-N.C.) and Tillis (R-N.C.), introduced Senate Bill 2432, the Disaster Mitigation and Tax Parity Act. U.S. Representative Mike Thompson of California (D-05), along with bipartisan cosponsors from several states, today formally introduced identical legislation in the U.S. House.*

“We commend the bill sponsors for their hard work on this legislation and for recognizing that homeowners should not be forced to pay a tax penalty for making their homes safer and more resilient to earthquakes, wildfires and windstorms,” said CEA CEO Glenn Pomeroy. “It is refreshing to see members of both political parties working together to solve a common problem.”

EBB grants, which already are exempt from taxes at a state level, provide funds for owners of vulnerable older houses in high-seismic-hazard areas whose homes need to be [strengthened](#) with a seismic retrofit. Currently, if Californians receive a mitigation grant funded by FEMA, the money is exempt from federal taxes, but if they receive a similar grant funded by the state, they must pay federal taxes on the funds. This bill would eliminate that disparity.

“This bill’s passage would be great news for the EBB program because it would remove a tax penalty that could deter Californians from seeking retrofit grants,” said CEA Chief Mitigation Officer and EBB Executive Director Janiele Maffei. “EBB has now helped strengthen more than [15,000](#) California homes against earthquake damage, and as we look for ways to help more Californians strengthen their homes—particularly Californians with lower incomes and in under-served communities—we want to be sure we’re offering them stronger, safer homes and peace of mind, not higher tax bills.”

About CEA

The [California Earthquake Authority](#) (CEA) is a not-for-profit public instrumentality of the state of California that has two distinct roles: Since 1996, CEA has provided residential earthquake insurance while educating Californians about earthquake risk and helping them reduce their risk of earthquake losses through residential mitigation. Since 2019, CEA also has administered the [Wildfire Fund](#), a catastrophe fund that provides a source of funding for payment of claims arising from a wildfire caused by any large electrical utility company that meets the legal requirements for participation in the fund.

* The House measure is not yet in print and has not yet been assigned a bill number. House cosponsors include California Representatives Pete Aguilar (D-31), Ken Calvert (R-42), Ami Bera (D-07), Judy Chu (D-27), John Garamendi (D-03), Jimmy Panetta (D-20), Linda Sanchez (D-38), and Jackie Speier (D-14); South Carolina Representative Tom Rice (R-07); North Carolina Representative David Rouzer (R-07); and Alabama Representative Terri Sewell (D-07).

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