WASHINGTON, D.C. – To help families and businesses struggling to rebuild in the wake of Hurricane Sandy, several U.S. representatives Thursday announced legislation to provide tax relief to the victims of the storm that caused widespread destruction throughout the Northeast.

The Hurricane Sandy Tax Relief Act of 2012, modeled after a similar bill passed into law in the wake of Hurricane Katrina, is aimed at providing tax relief for victims of Sandy in federal disaster areas.

The Hurricane Sandy Tax Relief Act of 2012 is sponsored by Rep. Pascrell Bill Pascrell, Jr. (D-NJ) and co-sponsored by Reps. Charles B. Rangel (D-NY), Chris Smith (R-NJ), Frank Pallone (D-NJ), Rosa DeLauro (D-CT), Frank LoBiondo (R-NJ), Rodney Frelinghuysen (R-NJ), Joe Crowley (D-NY), Jon Larson (D-CT), Scott Garrett (R-NJ), Lenard Lance (R-NJ), Michael Grimm (R-NY) and Jon Runyan (R-NJ).

The legislation will provide for individual, businesses and public and municipal assistance through a variety of options.

For individuals: A waiver of the adjusted gross income limitation for theft/loss deduction, so individuals can deduct the cost of uninsured losses;

An increase to the limitation on charitable contributions for disaster relief;

A look-back provision for the child tax credit and earned income tax credit, to allow a family in the affected region to opt to use their previous year's earnings to calculate their child tax credit and earned income tax credit; and

Allowing taxpayers, whose principal place of residence is in the disaster area and who suffered a loss from Sandy, to take distributions from retirement savings accounts with no tax penalty, provided such amount is repaid within three years.

For businesses: Allowing businesses to expense the cost of disaster recovery;

Allowing businesses to use net operating loss to recover past tax payments or reduce future tax payments, if they are operating with no tax liability during the prescribed period;

Increasing the new markets tax credit for investments in community development entities serving Sandy disaster areas;

Allowing public utilities to reduce their tax liability when rebuilding or replacing assets damaged in the storm; and

Work opportunity tax credits for displaced workers.

For municipalities: A new state-by-state, private activity bond allocation for Sandy-affected areas to rebuild docks and wharfs, commuting facilities, certain housing, water, sewage, and solid waste infrastructure, and facilities used to provide electric energy or gas.

For housing assistance: Increased allocation of the low income housing tax credit for declared disaster areas; and waiver of certain mortgage revenue bond requirements, easing access to capital.

The Hurricane Sandy Tax Relief Act of 2012