

1 SB395
2 132580-2
3 By Senators Brooks and Pittman
4 RFD: Rules
5 First Read: 14-APR-11

1 SB395

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4 ENROLLED, An Act,

5 Relating to homeowners insurance and homeowners who
6 retrofit or upgrade their new or existing homes to help resist
7 damages associated with a hurricane, tornado, other
8 catastrophic windstorm event, or rising floodwaters; to
9 provide an income tax deduction not to exceed the lesser of 50
10 percent of the costs of such retrofitting and upgrades or
11 \$3,000; and to provide that all rate filings and related
12 actuarial information for homeowners insurance coverage shall
13 be treated as public information, available for review in the
14 office of the Commissioner of Insurance in Montgomery,
15 Alabama, and via the Internet on the website of the Department
16 of Insurance.

17 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

18 Section 1. (a) An individual taxpayer, whose legal
19 residence is located in an Alabama Insurance Underwriting
20 Association zone pursuant to Section 27-1-17, Code of Alabama,
21 1975, shall be allowed a deduction from taxable income,
22 regardless of whether the taxpayer itemizes his or her income
23 tax deductions, in calculating the income tax imposed pursuant
24 to Section 40-18-5, Code of Alabama 1975, for certain retrofit
25 costs as described in this section. The deduction shall be

1 allowed for the costs incurred to retrofit, as specified in
2 Section 27-31D-2, Code of Alabama 1975, a structure qualifying
3 as the legal residence of a taxpayer to make the residence
4 more resistant to loss due to a hurricane, tornado, or other
5 catastrophic windstorm event.

6 (b) In order to qualify for the state income tax
7 deduction allowed pursuant to this section, the costs may not
8 include ordinary repair or replacement of existing items, and
9 shall be associated with those fortification measures defined
10 in Chapter 31D, Title 27, Code of Alabama 1975, designed to
11 increase the resistance of the residence to hurricane,
12 tornado, or catastrophic windstorm event damage. A taxpayer
13 claiming the deduction shall receive certification, as
14 prescribed by the Chapter 31D, Title 27, Code of Alabama 1975,
15 that the fortification measures were implemented and costs
16 were incurred, and shall provide the certification upon
17 request of the Department of Revenue to prove the taxpayer is
18 entitled to the deduction.

19 (c) The aggregate tax deduction allowed pursuant to
20 this section for all taxable years beginning with the 2011 tax
21 year shall not exceed the lesser of the following:

22 (1) Fifty percent of the retrofitting cost incurred.

23 (2) Three thousand dollars (\$3,000).

24 (d) The cost of items that otherwise qualify for the
25 deduction that are purchased with any available grant funds

1 are not eligible for this deduction if the grants are not
2 included in the income of the taxpayer.

3 (e) Costs incurred by the taxpayer and used as the
4 basis for a deduction under Section 2 may not be used as the
5 basis for a deduction under this section. The deductions under
6 Section 2 and this section combined may not exceed three
7 thousand dollars (\$3,000).

8 Section 2. (a) Any individual taxpayer, whose legal
9 residence is located in Alabama, shall be allowed a deduction
10 from taxable income, regardless of whether the taxpayer
11 itemizes his or her income tax deductions, in calculating the
12 income tax imposed pursuant to Section 40-18-5, Code of
13 Alabama 1975, for certain retrofit costs as described in this
14 section. The deduction shall be allowed for the costs incurred
15 to retrofit a structure qualifying as the legal residence of
16 the taxpayer to make the structure more resistant to loss due
17 to hurricane, tornado, other catastrophic windstorm event, or
18 rising floodwaters.

19 (b) In order to qualify for the state income tax
20 deduction allowed pursuant to this section, costs may include
21 ordinary repair, replacement, and upgrades to existing
22 residential property and new construction so long as the
23 repair, replacement, and upgrades are designed to resist loss
24 associated with any windstorm event or rising floodwater, and
25 meet or exceed the standards set forth in the most recent

1 editions of the Institute for Business and Home Safety
2 published Fortified for Safer Living, the Institute for
3 Business and Home Safety published Fortified for Existing
4 Homes, the International Code Council published ICC 600, the
5 International Code Council ICC 500, or any specifically
6 designated wind resistant feature, technology, or code
7 approved by the Alabama Residential and Energy Codes Board. A
8 taxpayer claiming the deduction shall receive certification in
9 a manner prescribed by the Alabama Residential and Energy
10 Codes Board that the fortification measures were implemented
11 and costs were incurred, and shall provide the certification
12 upon request of the Department of Revenue to prove the
13 taxpayer is entitled to the deduction.

14 (c) The aggregate tax deduction allowed pursuant to
15 this section for all taxable years beginning with the 2011 tax
16 year shall not exceed the lesser of the following:

17 (1) Fifty percent of the repair, replacement, and
18 upgrade cost incurred.

19 (2) Three thousand dollars (\$3,000).

20 (d) The cost of items that otherwise qualify for the
21 deduction that are purchased with any available grant funds
22 are not eligible for this deduction if the grants are not
23 included in the income of the taxpayer.

24 (e) Costs incurred by the taxpayer and used as the
25 basis for a deduction under Section 1 may not be used as the

1 basis for a deduction under this section. The deductions under
2 Section 1 and this section combined may not exceed three
3 thousand dollars (\$3,000).

4 Section 3. (a) Except as limited in subsection (c),
5 all rate filings and related actuarial information for
6 homeowners insurance coverage in Alabama filed after the
7 effective date of this act shall be treated as public
8 information.

9 (b) All rate filings and related actuarial
10 information for homeowners insurance coverage shall be
11 available to the public for review at the office of the
12 Commissioner of Insurance in Montgomery, Alabama, and shall be
13 available via the Internet through the website of the
14 Department of Insurance.

15 (c) Any proprietary actuarial risk analysis or
16 forecasting information or information otherwise restricted by
17 statute or regulation included in a rate filing or related
18 actuarial information is considered to be a commercially
19 valuable trade secret under Chapter 27, Title 8, Code of
20 Alabama 1975, and shall be confidential. The department,
21 absent a court order, shall not release this confidential
22 information. Any such information shall be submitted under
23 separate cover and clearly state the desires of the party
24 filing the information as to its confidentiality. The
25 information shall be maintained by the department separate and

1 distinct from all of the records available for public
2 inspection. Notice of at least 10 business days shall be given
3 to the applicable entity if such information is requested by
4 court order from the department.

5 Section 4. Sections 1 and 2 of this act shall become
6 effective immediately following its passage and approval by
7 the Governor, or its otherwise becoming law. Section 3 of this
8 act shall become effective on the first day of the third month
9 following its passage and approval by the Governor, or its
10 otherwise becoming law.

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB395

Senate 25-MAY-11

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris
Secretary

House of Representatives
Amended and passed 02-JUN-11

Senate concurred in House amendment 02-JUN-11

By: Senator Brooks