

1 HB457
2 136511-1
3 By Representatives McMillan, Faust, Shiver, Baker and Davis
4 RFD: Ways and Means Education
5 First Read: 01-MAR-12

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8 SYNOPSIS: Currently, homeowners and their property are
9 exposed to potentially damaging and life
10 threatening conditions as a result of hurricanes,
11 tornadoes, other windstorm events, and rising
12 floodwaters.

13 This bill would allow a state income tax
14 deduction of up to a certain amount for state sales
15 tax paid on tangible personal property used to
16 retrofit the legal residence of a taxpayer and
17 would allow a taxpayer to claim a state income tax
18 deduction of up to a certain amount for excess
19 premium paid during the applicable tax year for
20 property and casualty insurance providing coverage
21 for the legal residence of the taxpayer.

22
23 A BILL
24 TO BE ENTITLED
25 AN ACT
26

1 Relating to state income tax; to allow a state
2 income tax deduction for state sales tax paid on tangible
3 personal property used to retrofit the legal residence of a
4 taxpayer; to allow a taxpayer to claim a state income tax
5 deduction for excess premium paid for property and casualty
6 insurance under certain circumstances; and to repeal Sections
7 40-18-15.4 and 40-18-15.5, Code of Alabama 1975.

8 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

9 Section 1. (a) An individual taxpayer, whose legal
10 residence is located in Alabama, may claim a deduction against
11 the income tax imposed pursuant to Section 40-18-5, Code of
12 Alabama 1975, for state sales tax paid on the retail sale of
13 tangible personal property used to retrofit the legal
14 residence of an individual to make the residence more
15 resistant to loss due to a hurricane, tornado, or other
16 catastrophic windstorm event.

17 (b) In order to qualify for the state income tax
18 deduction allowed pursuant to this section, the costs may
19 include ordinary repair, replacement, and upgrades to existing
20 residential property and new construction so long as the
21 repair, replacement, or upgrade is designed to resist loss
22 associated with any windstorm event or rising floodwater, and
23 meet or exceed the standards set forth in the most recent
24 editions of the Insurance Institute for Business and Home
25 Safety published Fortified for Safer Living or Fortified for
26 Existing Homes, the International Code Council published ICC
27 600, the International Code Council ICC 500, or any

1 specifically designated wind resistant feature, technology, or
2 code approved by the Alabama Residential and Energy Codes
3 Board. A taxpayer claiming the deduction shall receive
4 certification upon request of the Department of Revenue to
5 prove the taxpayer is entitled to the deduction.

6 (c) The aggregate tax deduction allowed pursuant to
7 this section for all taxable years beginning with the 2011 tax
8 year shall be calculated by multiplying by four percent the
9 purchase price of the tangible personal property for which the
10 individual may claim the income tax deduction. The maximum
11 deduction allowed under this section is one thousand five
12 hundred dollars (\$1,500).

13 (d) The cost of items that otherwise qualify for the
14 deduction that are purchased with federal, state, or private
15 grant funds are not eligible for this deduction if the grant
16 funds are not included in the income of the taxpayer.

17 Section 2. (a) An individual taxpayer may claim a
18 deduction against the income tax imposed pursuant to Section
19 40-18-5, Code of Alabama 1975, for excess premium paid during
20 the applicable tax year for property and casualty insurance,
21 as defined in Sections 27-5-5 and 27-5-6, Code of Alabama
22 1975, providing property and casualty coverage on the legal
23 residence of the taxpayer.

24 (b) For the purposes of computing the credit allowed
25 under this section, excess premium paid is the amount by which
26 the premium paid exceeds five percent of the adjusted gross
27 income of the taxpayer.

1 (c) (1) The credit allowed pursuant to this section
2 for any taxable year may not exceed one thousand two hundred
3 fifty dollars (\$1,250).

4 (2) If the credit allowed under this section exceeds
5 the state income tax liability for the taxable year, any
6 unused credit may be carried forward for five succeeding
7 taxable years.

8 Section 3. All laws or parts of laws which conflict
9 with this act are repealed and specifically, Sections 1 and 2
10 of Act 2011-644, 2011 Regular Session (Acts 2011, p. **), now
11 appearing as Sections 40-18-15.4 and 40-18-15.5, Code of
12 Alabama 1975, are repealed.

13 Section 4. This act shall become effective
14 immediately following its passage and approval by the
15 Governor, or its otherwise becoming law.