

1 HB276
2 205017-2
3 By Representative Lovvorn
4 RFD: Ways and Means Education
5 First Read: 18-FEB-20

1 ENGROSSED

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4 A BILL
5 TO BE ENTITLED
6 AN ACT
7

8 Relating to taxation; to provide an income tax
9 credit for the construction, acquisition, or installation of a
10 qualified storm shelter.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. (a) As used in this act, the following
13 terms shall have the following meanings:

14 (1) MANUFACTURED HOME. Any structure built to the
15 Manufactured Home Construction and Safety Standards that
16 displays a red certification label on the exterior of each
17 transportable section.

18 (2) PRIMARY RESIDENCE. Any manufactured home or
19 single family residence building that is the legal residence
20 of the taxpayer and is used for purposes of the taxpayer's
21 income tax calculation.

22 (3) QUALIFIED STORM SHELTER. A storm shelter or safe
23 room to which all of the following apply:

24 a. The design is capable of withstanding an EF5
25 tornado.

26 b. The shelter or room is placed in service as an
27 attachment to the taxpayer's primary residence, or on the same

1 lot or parcel as the residence, and no other qualified storm
2 shelter is attached to the residence or on the lot.

3 c. The shelter or room meets or exceeds the most
4 recent Federal Emergency Management Agency minimum criteria
5 for the design, construction, and operation of residential
6 safe rooms.

7 d. The shelter or room is built on the site of the
8 taxpayer's primary residence or is manufactured offsite and
9 installed on the site of the taxpayer's primary residence.

10 (4) SINGLE FAMILY RESIDENCE BUILDING. A structure
11 designed according to the International Residential Codes or
12 its predecessor codes.

13 (b) (1) An Alabama income tax credit is established
14 for eligible taxpayers who incur costs for the construction,
15 acquisition, or installation of a qualified storm shelter in
16 the state. Except as provided in subdivision (2), the tax
17 credit shall equal three thousand dollars (\$3,000) or 50
18 percent of the total cost of the construction, acquisition,
19 and installation of the qualified storm shelter, whichever is
20 less.

21 (2) When a person incurs the cost to construct,
22 acquire, or install a qualified storm shelter on a property
23 owned by another person, the person shall be eligible for a
24 tax credit equal to four thousand five hundred dollars
25 (\$4,500) or 75 percent of the total cost of the construction,
26 acquisition, and installation of the qualified storm shelter,
27 whichever is less.

1 (3) The costs computed under subdivisions (1) or (2)
2 shall be exclusive of any costs reimbursed by a third party,
3 including, but not limited to, insurance reimbursements and
4 grants.

5 ~~(3)~~ (4) The tax credit must be taken in the earliest
6 tax year in which the shelter was placed into service.

7 (c) The tax credit issued under this act may not
8 decrease a taxpayer's tax liability to less than zero. The tax
9 credit is not refundable or transferable. The taxpayer
10 applying for the tax credit shall apply for the tax credit for
11 the year in which the storm shelter was acquired, constructed,
12 or installed.

13 (d) The Department of Revenue shall grant the tax
14 credit against the state income tax that is due by the
15 taxpayer holding the tax credit certificate issued under
16 subsection (f) in the amount stated on the tax credit
17 certificate. The department may audit and reassess any credit
18 improperly obtained by the taxpayer, in accordance with the
19 Alabama Taxpayers' Bill of Rights and Uniform Revenue
20 Procedures Act under Chapter 2A of Title 40, Code of Alabama
21 1975.

22 (e) The tax credit authorized by this act is limited
23 to an aggregate amount of two million dollars (\$2,000,000)
24 annually.

25 ~~(f) Prior to claiming the income tax credit~~
26 ~~authorized under subsection (b), the taxpayer shall apply for~~
27 ~~the certification of the credit with the Alabama Emergency~~

1 Management Agency by providing the document reflecting the
2 costs for construction, acquisition, or installation of the
3 qualified storm shelter, along with the necessary documents to
4 show that the storm shelter meets the qualifications of a
5 qualified storm shelter as provided under this act. The
6 Alabama Emergency Management Agency shall review the documents
7 and provide certification to the taxpayers who meet the
8 qualifications of the qualified storm shelter. The
9 certifications shall also include the total qualifying cost of
10 construction, acquisition, and installation of a qualified
11 storm shelter. In the event the reservations of tax credits
12 equal the total amount available for reservations during the
13 tax year, all eligible taxpayers with applications then
14 awaiting approval or thereafter submitted shall be notified by
15 the Alabama Emergency Management Agency that no additional tax
16 credits shall be granted during that tax year.

17 f) Prior to claiming the income tax credit
18 authorized under subsection (b), the taxpayer shall file an
19 annual informational report in a manner prescribed by the
20 Alabama Emergency Management Agency, which includes
21 information reflecting the costs for construction,
22 acquisition, or installation of the qualified storm shelter,
23 along with additional information as required by the Alabama
24 Emergency Management Agency. Following the receipt of all
25 information required by this subsection, the Alabama Emergency
26 Management Agency shall issue a tax credit certificate to
27 taxpayers seeking the credit. Tax credit certificates shall be

1 issued on a first come, first served basis until the annual
2 cap provided by subsection (e) is met. In the event the
3 reservations of tax credits equal the total amount available
4 for reservations during the tax year, all eligible taxpayers
5 with applications then awaiting approval or thereafter
6 submitted shall be notified in a manner as prescribed by the
7 Alabama Emergency Management Agency that no additional tax
8 credits shall be granted during that tax year.

9 (g) The Alabama Emergency Management Agency shall
10 prepare a report detailing the number of qualified storm
11 shelters constructed, acquired, and installed and the amount
12 of tax credits claimed under this act. The information on the
13 report shall be consistent with the information required under
14 Section 40-1-50, Code of Alabama 1975, and rules adopted by
15 the Department of Revenue. Information provided under this
16 section is exempt from the confidentiality provisions of
17 Section 40-2A-10, Code of Alabama 1975, and shall be provided
18 by the Alabama Emergency Management Agency to the Legislature
19 in accordance with Section 40-1-50, Code of Alabama 1975, and
20 rules adopted by the Department of Revenue.

21 (h) The Alabama Emergency Management Agency may
22 adopt rules to implement and administer this act.

23 (i) The tax credit allowed under this section shall
24 be effective January 1, 2021, for the 2021 taxable year, and
25 shall continue through the 2024 tax year, unless continued by
26 an act of the Legislature.

1 Section 2. This act shall become effective on the
2 first day of the third month following its passage and
3 approval by the Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on Ways and Means
Education..... 18-FEB-20

Read for the second time and placed
on the calendar..... 27-FEB-20

Read for the third time and passed
as amended..... 03-MAR-20

Yeas 100, Nays 0, Abstains 0

Jeff Woodard
Clerk