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3 CONFERENCE COMMITTEE SUBSTITUTE FOR HB227
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8 SYNOPSIS: This bill would establish an income tax
9 credit for eligible taxpayers who incur costs for
10 the construction, acquisition, or installation of a
11 qualified storm shelter.
12

13 A BILL
14 TO BE ENTITLED
15 AN ACT
16

17 Relating to taxation; to provide an income tax
18 credit for the construction, acquisition, or installation of a
19 qualified storm shelter; and to provide that federal
20 restaurant revitalization grants are excluded from Alabama
21 income taxation to the same extent as under federal income tax
22 law.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

26 (1) MANUFACTURED HOME. Any structure built to the
27 Manufactured Home Construction and Safety Standards which

1 displays a red certification label on the exterior of each
2 transportable section.

3 (2) PRIMARY RESIDENCE. Any manufactured home or
4 single family residence building that is the full-time legal
5 residence of the taxpayer and is used for purposes of the
6 taxpayer's income tax calculation.

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

9 a. The design is capable of withstanding an EF5
10 tornado.

11 b. The shelter or room is placed in service as an
12 attachment to the taxpayer's primary residence, or on the same
13 lot or parcel as the primary residence, and no other qualified
14 storm shelter is attached to the primary residence or on the
15 lot.

16 c. The shelter or room meets or exceeds the most
17 recent Federal Emergency Management Agency minimum criteria
18 for the design, construction, and operation of residential
19 safe rooms.

20 d. The shelter or room is built on the site of the
21 taxpayer's primary residence or is manufactured offsite and
22 installed on the site of the taxpayer's primary residence.

23 (4) SINGLE FAMILY RESIDENCE BUILDING. A structure
24 designed according to the International Residential Codes or
25 its predecessor codes.

26 (b) An Alabama income tax credit is established for
27 eligible taxpayers who incur costs for the construction,

1 acquisition, or installation of a qualified storm shelter at
2 their primary residence in the state. The tax credit shall
3 equal three thousand dollars (\$3,000) or 50 percent of the
4 total cost of the construction, acquisition, and installation
5 of the qualified storm shelter at the primary residence,
6 whichever is less. The total costs for purposes of the tax
7 credit calculation under this subsection shall exclude any
8 costs reimbursed or expected to be reimbursed by any other
9 entity including, but not limited to, insurance
10 reimbursements, grants, or other government subsidies or
11 incentives. The tax credit must be taken in the tax year in
12 which the taxpayer was issued a tax credit certificate under
13 subsection (f).

14 (c) The tax credit issued under this act may not
15 decrease a taxpayer's tax liability to less than zero. If the
16 tax liability of the taxpayer is less than the tax credit
17 issued under this act, the taxpayer may only utilize the
18 amount of the credit that reduces the taxpayer liability to
19 zero. The tax credit is not refundable nor transferable and
20 may not be carried forward. A taxpayer applying for the tax
21 credit shall only apply for the tax credit for the year in
22 which the qualified storm shelter was acquired, constructed,
23 or installed, regardless of the tax liability of the taxpayer.

24 (d) The Department of Revenue shall grant the tax
25 credit against the state income tax that is due by the
26 taxpayer holding the tax credit certificate issued under
27 subsection (f) in the amount stated on the tax credit

1 certificate, subject to the limitations of subsection (c). The
2 department may audit and reassess any credit improperly
3 obtained by the taxpayer, in accordance with the Alabama
4 Taxpayers' Bill of Rights and Uniform Revenue Procedures Act
5 under Chapter 2A of Title 40, Code of Alabama 1975.

6 (e) The tax credit authorized by this act is limited
7 to an aggregate amount for all taxpayers of two million
8 dollars (\$2,000,000) annually.

9 (f) Prior to claiming the income tax credit
10 authorized under subsection (b), the taxpayer shall file an
11 annual informational report in a manner prescribed by the
12 Alabama Emergency Management Agency, which includes
13 information reflecting the costs for construction,
14 acquisition, or installation of the qualified storm shelter at
15 the primary residence, along with additional information as
16 required by the Alabama Emergency Management Agency. Following
17 the receipt of all information required by this subsection,
18 the Alabama Emergency Management Agency shall issue a tax
19 credit certificate to the taxpayer seeking the credit. Tax
20 credit certificates shall be issued on a first come, first
21 served basis until the annual cap provided by subsection (e)
22 is met. In the event the reservations of tax credits equal the
23 total amount available for reservations during the tax year,
24 all eligible taxpayers with applications then awaiting
25 approval or thereafter submitted shall be notified in a manner
26 as prescribed by the Alabama Emergency Management Agency that
27 no additional tax credits shall be granted during that tax

1 year and, notwithstanding subsection (b), shall be allowed to
2 seek a tax credit certificate in the next tax year, subject to
3 the limitations of subsection (c).

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

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

18 (i) The tax credit allowed under this section shall
19 be effective January 1, 2022, for the 2022 tax year, and shall
20 continue through the 2025 tax year, unless continued by an act
21 of the Legislature.

22 Section 2. For tax years ending after the enactment
23 of the federal American Rescue Plan Act, any amount received
24 from the Administrator of the Small Business Administration in
25 the form of a restaurant revitalization grant under Section
26 5003 of the American Rescue Plan Act shall be all of the
27 following:

1 (1) Exempt from the income taxes imposed by Chapter
2 18 of Title 40, Code of Alabama 1975, to the same extent as
3 the amount is exempt from federal income tax under Section
4 9673 of the American Rescue Plan Act.

5 (2) Not considered in determining deductibility of
6 otherwise deductible expenses allowed to be paid with the
7 exempt funds, including, but not limited to, payroll,
8 utilities, mortgage interest, or rent, to the same extent as
9 the expenses remain deductible in calculating federal income
10 tax under Section 9673 of the American Rescue Plan Act.

11 (3) Excluded from any and all calculations in
12 determining a taxpayer's federal income tax deduction pursuant
13 to Chapter 18 of Title 40, Code of Alabama 1975.

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