

# HB380 INTRODUCED



1 HB380  
2 ZM94RRK-1  
3 By Representative Lovvorn  
4 RFD: Ways and Means Education  
5 First Read: 21-Mar-24



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SYNOPSIS:

Under existing law, there is an Alabama income tax credit for eligible taxpayers who incur costs for the construction, acquisition, or installation of a qualified storm shelter at their primary residence in the state. The tax credit is equal to the lesser of \$3,000 or 50 percent of the total costs.

Also under existing law, the tax credit shall continue through the 2025 tax year unless extended by act of the Legislature.

This bill would extend the tax credit through the 2028 tax year.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to income tax credits; to amend Section 40-18-111, Code of Alabama 1975, to extend the existing tax credit on the construction, acquisition, or installation of a qualified storm shelter.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-18-111, Code of Alabama 1975, is amended to read as follows:



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29           "§40-18-111

30           (a) As used in this article, the following terms ~~shall~~  
31 have the following meanings:

32           (1) MANUFACTURED HOME. Any structure built to the  
33 Manufactured Home Construction and Safety Standards which  
34 displays a red certification label on the exterior of each  
35 transportable section.

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

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

42           a. The design is capable of withstanding an EF5  
43 tornado.

44           b. The shelter or room is placed in service as an  
45 attachment to the taxpayer's primary residence, or on the same  
46 lot or parcel as the primary residence, and no other qualified  
47 storm shelter is attached to the primary residence or on the  
48 lot.

49           c. The shelter or room meets or exceeds the most recent  
50 Federal Emergency Management Agency minimum criteria for the  
51 design, construction, and operation of residential safe rooms.

52           d. The shelter or room is built on the site of the  
53 taxpayer's primary residence or is manufactured offsite and  
54 installed on the site of the taxpayer's primary residence.

55           (4) SINGLE FAMILY RESIDENCE BUILDING. A structure  
56 designed according to the International Residential Codes or



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57 its predecessor codes.

58 (b) An Alabama income tax credit is established for  
59 eligible taxpayers who incur costs for the construction,  
60 acquisition, or installation of a qualified storm shelter at  
61 their primary residence in the state. The tax credit shall  
62 equal three thousand dollars (\$3,000) or 50 percent of the  
63 total cost of the construction, acquisition, and installation  
64 of the qualified storm shelter at the primary residence,  
65 whichever is less. The total costs for purposes of the tax  
66 credit calculation under this subsection shall exclude any  
67 costs reimbursed or expected to be reimbursed by any other  
68 entity including, but not limited to, insurance  
69 reimbursements, grants, or other government subsidies or  
70 incentives. The tax credit must be ~~taken~~applied for and  
71 claimed in the tax year in which the taxpayer was issued a tax  
72 credit certificate under subsection (f).

73 (c) The tax credit issued under this article may not  
74 decrease a taxpayer's tax liability to less than zero. If the  
75 tax liability of the taxpayer is less than the tax credit  
76 issued under this article, the taxpayer may only utilize the  
77 amount of the credit that reduces the taxpayer liability to  
78 zero. The tax credit is not refundable nor transferable and  
79 may not be carried forward. A taxpayer applying for the tax  
80 credit shall only apply for the tax credit for the year in  
81 which the qualified storm shelter was acquired, constructed,  
82 or installed, regardless of the tax liability of the taxpayer.

83 (d) The Department of Revenue shall grant the tax  
84 credit against the state income tax that is due by the



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85 taxpayer holding the tax credit certificate issued under  
86 subsection (f) in the amount stated on the tax credit  
87 certificate, subject to the limitations of subsection (c). The  
88 department may audit and reassess any credit improperly  
89 obtained by the taxpayer, in accordance with the Alabama  
90 Taxpayers' Bill of Rights and Uniform Revenue Procedures Act  
91 under Chapter 2A.

92 (e) The tax credit authorized by this article is  
93 limited to an aggregate amount for all taxpayers of two  
94 million dollars (\$2,000,000) annually.

95 (f) Prior to claiming the income tax credit authorized  
96 under subsection (b), the taxpayer shall file an annual  
97 informational report in a manner prescribed by the Alabama  
98 Emergency Management Agency, which includes information  
99 reflecting the costs for construction, acquisition, or  
100 installation of the qualified storm shelter at the primary  
101 residence, along with additional information as required by  
102 the Alabama Emergency Management Agency. Following the receipt  
103 of all information required by this subsection, the Alabama  
104 Emergency Management Agency shall issue a tax credit  
105 certificate to the taxpayer seeking the credit. Tax credit  
106 certificates shall be issued on a first come, first served  
107 basis until the annual cap provided by subsection (e) is met.  
108 In the event the reservations of tax credits equal the total  
109 amount available for reservations during the tax year, all  
110 eligible taxpayers with applications then awaiting approval or  
111 thereafter submitted shall be notified in a manner as  
112 prescribed by the Alabama Emergency Management Agency that no



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113 additional tax credits shall be granted during that tax year  
114 and, notwithstanding ~~subsection (b)~~ any provision of this  
115 section to the contrary, shall be allowed to seek a tax credit  
116 certificate in the next tax year, subject to the limitations  
117 of subsection (c).

118 (g) The Alabama Emergency Management Agency shall  
119 prepare a report detailing the number of qualified storm  
120 shelters constructed, acquired, and installed and the amount  
121 of tax credits claimed under this article. The information on  
122 the report shall be consistent with the information required  
123 under Section 40-1-50 and rules adopted by the Department of  
124 Revenue. Information provided under this section is exempt  
125 from the confidentiality provisions of Section 40-2A-10 and  
126 shall be provided by the Alabama Emergency Management Agency  
127 to the Legislature in accordance with Section 40-1-50 and  
128 rules adopted by the Department of Revenue.

129 (h) The Alabama Emergency Management Agency may adopt  
130 rules to implement and administer this article.

131 (i) The tax credit allowed under this section shall be  
132 effective January 1, 2022, for the 2022 tax year, and shall  
133 continue through the ~~2025~~ 2028 tax year, unless continued by  
134 an act of the Legislature."

135 Section 2. This act shall become effective on October  
136 1, 2024.