HB380

ZM94RRK-1

By Representative Lovvorn

RFD: Ways and Means Education

First Read: 21-Mar-24

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:

"§40-18-111

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

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

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

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

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

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

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

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

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

its predecessor codes.

(b) An Alabama income tax credit is established 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 shall equal three thousand dollars ($3,000) or 50 percent of the total cost of the construction, acquisition, and installation of the qualified storm shelter at the primary residence, whichever is less. The total costs for purposes of the tax credit calculation under this subsection shall exclude any costs reimbursed or expected to be reimbursed by any other entity including, but not limited to, insurance reimbursements, grants, or other government subsidies or incentives. The tax credit must be ~~taken~~applied for and claimed in the tax year in which the taxpayer was issued a tax credit certificate under subsection (f).

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

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

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

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

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

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

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

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

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

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