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3 HOUSE WAYS AND MEANS EDUCATION COMMITTEE SUBSTITUTE FOR HB428
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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, as defined.
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.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

1 (2) SINGLE FAMILY RESIDENCE BUILDING. A structure
2 designed according to the International Residential Codes or
3 its predecessor codes.

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

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

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

12 b. The shelter or room is placed in service as an
13 attachment to the taxpayer's primary residence, or on the same
14 lot or parcel as the residence, and no other qualified storm
15 shelter is attached to the residence or on the 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 (b) (1) An Alabama income tax credit is established
24 for eligible taxpayers who incur costs for the construction,
25 acquisition, or installation of a qualified storm shelter in
26 the state. Except as provided in subdivision (2), the tax
27 credit shall equal three thousand dollars (\$3,000) or 50

1 percent of the total cost of the construction, acquisition,
2 and installation of the qualified storm shelter, whichever is
3 lesser.

4 (2) When a person incurs the cost to construct,
5 acquire, or install a qualified storm shelter on a property
6 owned by another person, the person shall be eligible for a
7 tax credit equal to four thousand five hundred dollars
8 (\$4,500) or 75 percent of the total cost of the construction,
9 acquisition, and installation of the qualified storm shelter,
10 whichever is lesser.

11 (3) The tax credit must be taken in the earliest tax
12 year in which the shelter was placed into service.

13 (c) The tax credit issued under this act may not
14 decrease a taxpayer's tax liability to less than zero. The tax
15 credit is not refundable or transferable. The taxpayer
16 applying for the tax credit shall apply for the tax credit for
17 the year in which the storm shelter was acquired, constructed,
18 or installed.

19 (d) The Department of Revenue shall prescribe a form
20 to claim the tax credit issued under this act that provides
21 information to the department sufficient for the proper
22 administration of the tax credit. The form shall allow a
23 taxpayer to submit documentation that the costs for which the
24 taxpayer claims credit were incurred for the construction,
25 acquisition, or installation of a qualified storm shelter and
26 that the qualified storm shelter meets or exceeds the Federal
27 Emergency Management Agency minimum criteria for safety.

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

4 (f) The Department of Revenue shall prepare a report
5 detailing the number of qualified storm shelters constructed,
6 acquired, and installed and the amount of tax credits claimed
7 under this act. The report shall be provided annually to the
8 Chair of the House Ways and Means Education Committee, the
9 Chair of the Senate Finance and Taxation Education Committee,
10 the Director of the Alabama Emergency Management Agency, and
11 the Governor.

12 (g) The tax credit allowed under this section shall
13 be effective January 1, 2020, for the 2020 taxable year, and
14 shall continue through the 2023 tax year, unless continued by
15 an act of the Legislature.

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