By: Representative Powell

To: Ways and Means

HOUSE BILL NO. 2

AN ACT TO AUTHORIZE AN INCOME TAX CREDIT FOR TAXPAYERS WHO INCUR COSTS FOR THE CONSTRUCTION, ACQUISITION OR INSTALLATION OF A STORM SHELTER OR SAFE ROOM FOR CERTAIN MULTI-FAMILY RESIDENTIAL PROPERTY; TO PROVIDE THE AMOUNT OF THE TAX CREDIT; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. (1) As used in this section, the following words shall have the meanings ascribed herein unless the context clearly requires otherwise:

(a) "Storm shelter" or "safe room" means a hardened structure that:

(i) Is designed to provide critical protection during extreme wind events,

(ii) Is internally or externally located in relation to the qualified property, and

(iii) Has been certified by an inspector employed or licensed by the State of Mississippi, or the county or municipality in which the qualified property is located as having been constructed in compliance with International Code Council

500/National Storm Shelter Association Standard for the Design and Construction of Storm Shelters and any applicable building code requirements.

(b) "Qualified property" means property that is:

(i) Owned by a taxpayer and located in the State of Mississippi,

(ii) Designated as R-2 Occupancy multi-family residential use, and

(iii) A property for which a certificate of occupancy has been issued.

(2) (a) Subject to the provisions of this section, a taxpayer who incurs costs for the construction, acquisition and/or installation of a storm shelter or safe room for qualifying property shall be allowed a credit against the taxes imposed under this chapter. The credit shall be for an amount equal to the lesser of (i) fifty percent (50%) of the costs incurred by the taxpayer for a storm shelter or safe room that is used at a qualified property and placed in service during the taxable year for which a credit is claimed or (ii) Twenty Thousand Dollars ($20,000.00) of such costs for such a storm shelter or safe room. However, the tax credit shall not exceed the amount of tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits allowable to the taxpayer under this chapter, except credit for tax payments made by or on behalf of the taxpayer. Any tax credit claimed under this section but not used in any taxable

year may be carried forward for five (5) consecutive years from the close of the tax year in which the credit was earned. The maximum aggregate amount of tax credits that may be allocated under this section in a calendar year shall not exceed Five Million Dollars ($5,000,000.00).

(b) A taxpayer shall apply for credits under this section with the department on forms prescribed by the department. In the application the taxpayer shall certify to the department the dollar amount of the costs incurred or to be incurred during the calendar year. Within thirty (30) days after the receipt of an application, the department shall allocate credits based on the dollar amount of costs as certified in the application. However, if the department cannot allocate the full amount of credits certified in the application due to the limit on the aggregate amount of credits that may be allocated under this section in a calendar year, the department shall so notify the applicant within thirty (30) days with the amount of credits, if any, that may be allocated to the applicant in the calendar year. Once the department has allocated credits to a taxpayer, if the costs for which a credit is allocated have not been incurred as of the date of the allocation, then the costs must be incurred not later than sixty (60) days from the date of the allocation. If the costs are not incurred within such time period, the allocation shall be cancelled and returned to the department for reallocation. Upon final documentation of the costs, if the actual dollar amount of

the costs is lower than the amount estimated, the department shall adjust the tax credit allowed under this section.

(c) Costs for which a credit is claimed under this section may not be used as a deduction by the taxpayer for state income tax purposes.

SECTION 2. Section 1 of this act shall be codified as a separate section in Chapter 7, Title 27, Mississippi Code of 1972.

SECTION 3. This act shall take effect and be in force from and after January 1, 2022.