

ACT NO. 2012-413

1 SB227
2 125365-3
3 By Senators Brooks, Pittman, Glover, Keahey and Figures
4 RFD: Banking and Insurance
5 First Read: 07-FEB-12



1 SB227

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4 ENROLLED, An Act,

5 Establishing a catastrophe savings account to
6 provide reimbursement for deductible amounts and other
7 uninsured portions of risks of loss to owners of residential
8 property from a windstorm event and allowing a tax deduction
9 for deposits made into the account.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. As used in this act, the following terms
12 shall have the following meanings:

13 (1) CATASTROPHE SAVINGS ACCOUNT. A regular savings
14 account or money market account established by an insurance
15 policyholder who is a state income taxpayer for residential
16 property in this state to cover an insurance deductible under
17 an insurance policy for the taxpayer's legal residence
18 property that covers hurricane, rising floodwaters, or other
19 catastrophic windstorm event damage or by an individual to
20 cover self-insured losses for the taxpayer's legal residence
21 from a hurricane, rising floodwaters, or other catastrophic
22 windstorm event. The account must be labeled as a catastrophe
23 savings account in order to qualify as a catastrophe savings
24 account as defined in this act. A taxpayer may establish only
25 one catastrophe savings account and shall specify that the

1 purpose of the account is to cover the amount of insurance
2 deductibles and other uninsured portions of risks of loss from
3 hurricane, rising floodwater, or other catastrophic windstorm
4 event.

5 (2) WINDSTORM EVENT. Windstorms, cyclones,
6 hurricanes, tornadoes, high winds, and hail, and similar
7 perils not normally among those covered under most property
8 casualty insurance policies but obtainable through the
9 purchase of wind, wind and hail, storm or windstorm coverage,
10 or all.

11 Section 2. (a) An individual taxpayer is allowed a
12 deduction against income earned for state income tax purposes
13 imposed pursuant to Section 40-18-5, Code of Alabama 1975, for
14 amounts contributed to a catastrophe savings account in
15 accordance with subsection (c) and all interest income earned
16 by a catastrophe savings account is exempt from the tax
17 imposed pursuant to Section 40-18-5, Code of Alabama 1975.

18 (b) A catastrophe savings account is not subject to
19 attachment, levy, garnishment, or legal process in this state.

20 (c) The total amount that may be contributed to a
21 catastrophe savings account must not exceed any of the
22 following:

23 (1) In the case of an individual whose qualified
24 deductible is less than or equal to one thousand dollars
25 (\$1,000), two thousand dollars (\$2,000).

1 (2) In the case of an individual whose qualified
2 deductible is greater than one thousand dollars (\$1,000), the
3 amount equal to the lesser of fifteen thousand dollars
4 (\$15,000) or twice the amount of the taxpayer's qualified
5 deductible.

6 (3) In the case of a self-insured individual who
7 chooses not to obtain insurance on his or her legal residence,
8 two hundred fifty thousand dollars (\$250,000), but in no event
9 may the amount contributed exceed the value of the individual
10 taxpayer's legal residence.

11 (d) If a taxpayer contributes in excess of the
12 limits provided in subsection (c), the taxpayer shall withdraw
13 the amount of the excess contributions and include that amount
14 in Alabama income for purposes of Section 40-18-5, Code of
15 Alabama 1975, in the year of withdrawal.

16 Section 3. (a) A distribution from a catastrophe
17 savings account must be included in the income of the taxpayer
18 unless the amount of the distribution is used to cover
19 qualified catastrophe expenses.

20 (b) No amount is included in income, pursuant to
21 subsection (a), if the qualified catastrophe expenses of the
22 taxpayer during the taxable year are equal to or greater than
23 the aggregate distributions during the taxable year.

24 (c) If aggregate distributions exceed the qualified
25 catastrophe expenses during the taxable year, the amount

1 otherwise included in income must be reduced by the amount of
2 the distributions for qualified catastrophe expenses.

3 (d) (1) The tax paid pursuant to Section 40-18-5,
4 Code of Alabama 1975, attributable to a taxable distribution
5 must be increased by two and one-half percent of the amount
6 which is includable in income.

7 (2) This additional tax does not apply if any of the
8 following occur:

9 a. The taxpayer no longer owns a legal residence
10 that qualifies pursuant to Chapter 7 of Title 40, Code of
11 Alabama 1975.

12 b. The distribution is from an account conforming
13 with subdivision (3) of subsection (c) of Section 2 and is
14 made on or after the date on which the taxpayer attains the
15 age of 70.

16 (2) If a taxpayer receives a nontaxable distribution
17 under this subsection, the taxpayer must not make further
18 contributions to any catastrophe savings account.

19 (e) If a taxpayer who owns a catastrophe savings
20 account dies, his or her account is included in the income of
21 the person who receives the account, unless that person is the
22 surviving spouse of the taxpayer. Upon the death of the
23 surviving spouse, the account is included in the income of the
24 person who receives the account. The additional tax in

1 subsection (d) does not apply to distribution on death of the
2 taxpayer or the surviving spouse.

3 Section 4. The Department of Revenue may promulgate
4 rules necessary to implement and administer this act.

5 Section 5. This act shall become effective
6 immediately following its passage and approval by the
7 Governor, or its otherwise becoming law.

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Kay Ivey

President and Presiding Officer of the Senate

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Speaker of the House of Representatives

SB227
Senate 24-APR-12
I hereby certify that the within Act originated in and passed
the Senate.

Patrick Harris
Secretary

House of Representatives
Amended and passed 08-MAY-12

Senate concurred in House amendment 08-MAY-12

By: Senator Brooks

APPROVED *May 15, 2012*
TIME *8:23 am*
Robert Bentley
GOVERNOR

Alabama Secretary Of State
Act Num....: 2012-413
Bill Num...: S-227
Recv'd 05/16/12 09:07amSLF

SPONSOR

SPONSORS

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SENATE ACTION

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DATE: 2-17-2012

RD 1 RFD: BAT

I hereby certify that the notice & proof is attached to the Bill, SB _____ as required in the General Acts of Alabama, 1975 Act No. 919.

PATRICK HARRIS,
Secretary

This Bill was referred to the Standing Committee of the Senate on B & I

and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report w/amd(s) _____ w/sub _____ w/eng sub _____

years 8 days 1 abstain 0

this Feb day of Feb 2012

Patrick Harris, Chairperson

DATE: 2-16-2012

RF: FAV RD 2 CAL

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 227

years 31 days 0 abstain _____

PATRICK HARRIS,
Secretary

DATE: 4-24-2012 RD 3 at length

PASSED PASSED AS AMENDED

years 32 days 0 abstain _____

And was ordered sent forthwith to the House.

HOUSE ACTION

DATE: 4-24-2012

RD 1 RFD: WAMSC

REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on W & M Ed

was acted upon by such Committee in session, and returned therefrom to the House with the recommendation that it be Passed,

w/amd(s) 1 w/sub _____, Chairperson

this 12 day of MAY, 2012

DATE: 5-2-2012

RF: WAMend RD 2 CAL

DATE: _____

RE-REFERRED RE-COMMITTED

COMMITTEE _____

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 227

YEAS 96 NAYS 0

GREG PAPPAS,

SENATE ACTION
(Continued)

DATE: _____ 20__
 INDEFINITELY POSTPONED YEARS NAYS

DATE: _____ 20__
 RECONSIDERED YEARS NAYS

HOUSE ACTION
(Continued)

HOUSE OF REPRESENTATIVES
 R. 3 at length and passed
 Yeas 45 Nays 0 Abs 1
 Date 5-8-13
Greg Pappas
 GREG PAPPAS, Clerk

DATE: _____ 20__
 RE-REFERRED RE-COMMITTED
 COMMITTEE _____

This Bill was referred to the Standing Committee of the Senate on _____

and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report w/amd(s) _____ w/sub _____ w/eng sub _____ by a vote of _____
 yeas _____ nays _____ abstain _____
 this _____ day of _____ 20__
 _____, Chairperson

DATE: _____ 20__