

State of Arkansas  
95th General Assembly  
Regular Session, 2025

# A Bill

HOUSE BILL 1366

By: Representatives Ennett, Hudson

## For An Act To Be Entitled

AN ACT TO CREATE AN INCOME TAX CREDIT FOR QUALIFIED  
STORM SHELTERS; AND FOR OTHER PURPOSES.

### Subtitle

TO CREATE AN INCOME TAX CREDIT FOR  
QUALIFIED STORM SHELTERS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 26, Chapter 51, Subchapter 5, is amended to add an additional section to read as follows:

26-51-518. Qualified storm shelter.

(a) As used in this section:

(1) "Primary residence" means a single-family residence that is the full-time legal residence of a taxpayer and is used for purposes of the taxpayer's income tax calculation under this chapter;

(2) "Qualified storm shelter" means a storm shelter or safe room that:

(A) Has a design that is capable of withstanding a tornado that is rated as a five (5) on the Enhanced Fujita Scale;

(B) Is placed in service as an attachment to the taxpayer's primary residence or on the same lot or parcel as the taxpayer's primary residence, and no other qualified storm shelter is attached to the taxpayer's primary residence or on the same lot or parcel as the taxpayer's primary residence;

(C) Meets or exceeds the most recent minimum criteria established by the Federal Emergency Management Agency for the design,



construction, and operation of residential safe rooms; and

(D) 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; and

(3) "Single-family residence" means a structure designed according to the International Residential Codes or its predecessor codes.

(b) There is allowed an income tax credit against the income tax imposed by this chapter in an amount equal to the lesser of:

(1) Fifty percent (50%) of the total cost of the construction, acquisition, and installation of a qualified storm shelter at the primary residence of the taxpayer during the tax year, excluding any costs reimbursed or expected to be reimbursed by another entity, including without limitation insurance reimbursement, grants, or other government subsidies or incentives; or

(2) Three thousand dollars (\$3,000).

(c) The amount of the income tax credit under this section that may be claimed by the taxpayer in a tax year shall not exceed the amount of income tax due by the taxpayer.

(d)(1) The total amount of income tax credits that may be awarded under this section shall not exceed two million dollars (\$2,000,000) for all taxpayers in a calendar year.

(2) Before claiming an income tax credit under this section, a taxpayer shall file an informational report in the manner prescribed by the Division of Emergency Management that includes information showing:

(A) The costs for construction, acquisition, and installation of a qualified storm shelter at the primary residence of the taxpayer; and

(B) Any additional information required by the division.

(3)(A) Upon receipt of an informational report containing the information required under this subsection, the division shall issue an income tax credit certificate to the taxpayer submitting the informational report.

(B) Income tax credit certificates issued under subdivision (d)(3)(A) of this section shall be issued on a first-come, first-served basis until the maximum amount of income tax credits stated in subdivision (d)(1) of this section is met.

(C) If the maximum amount of income tax credits stated in subdivision (d)(1) of this section is met:

(i) The division shall notify each taxpayer who has submitted an informational report under this subsection but who will not receive an income tax credit certificate because the maximum amount stated in subdivision (d)(1) of this section has been met that no additional income tax credit certificates will be issued for the tax year; and

(ii) Notwithstanding any other restrictions stated in this section, each taxpayer notified under subdivision (d)(3)(C)(i) of this section is allowed to resubmit his or her informational report under this subsection in the next tax year.

(e)(1) The division shall prepare an annual report detailing the number of qualified storm shelters constructed, acquired, and installed and the amount of income tax credits allowed under this section during the previous calendar year.

(2) The report required under subdivision (e)(1) of this section shall:

(A) Contain information that is consistent with any rules adopted by the Department of Finance and Administration; and

(B) Be submitted to the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee.

(f) The division and the department may adopt rules to implement and administer this section.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective for tax years beginning on or after January 1, 2025.