

Alabama Legislative Report

April 7, 2023

Alabama Economic Development Incentives

Returning from their Spring Break recess, members of the Alabama Legislature introduced four separate bills, what Governor Ivey's administration has dubbed the "Game Plan," to modernize and extend Alabama's primary business incentives programs.

The first bill pertains to the Jobs Act and Growing Alabama programs. The bill would extend the current sunset date from July 31, 2023 to July 31, 2028. It would also increase the monetary incentive cap from \$350 million currently to \$475 million in 2027 by increasing the cap by \$25 million a year for five years. The proposed legislation also adds renewable energy projects to the list of eligible industry sectors for Jobs Act incentives. Crucially, the bill extends the transferability period for income tax credits to five years, up from three, allowing companies to monetize an additional two years of the credits on the front-end. Finally, the bill extends the sunset date for the existing data center tax abatement program to July 31, 2028.

The second bill is entitled the Site Evaluation and Economic Development Strategy Act ("SEEDS"), which is designed to strengthen the capabilities of the State's site development program. Currently, the State Industrial Development Authority ("SIDA") has limited statutory authority to issue grants for the preparation of industrial sites, which only allows it to survey, grade, drain, and improve access to the site. The SEEDS Act would allow SIDA to issue site assessment and site development grants as well to local economic development authorities. Grants would be available for properties of at least 50 acres for site assessment grants, and at least 200 acres for site development grants. Depending on the population near the site, a sliding scale of local financial participation would be required. Lastly, the Alabama Site Development Fund would be created to receive legislative appropriations, federal grants, and other funding streams to further the goals of SIDA.

The third bill is the Innovation and Small Business Act which reforms how the Growing Alabama program operates. Currently, the provisions of the Growing Alabama Credit that incentivize technology accelerators and underrepresented companies fall under the management by the Department of Commerce. This bill would rename it the Innovating Alabama program and move the program to the Alabama Innovation Corporation. The bill also establishes a \$25 million annual tax credit cap to meet the increasing need for the incentives. The Innovation and Small Business Act also increases accessibility to the Small Business Innovation Research ("SBIR") and Small Business Technology Transfer (STTR) programs by broadening the residency requirements and allowing companies more time to relocate their employees to Alabama. The bill sets the Innovating Alabama program's sunset as July 31, 2028.

The last bill in the "Gameplan" is entitled the Transparency in Incentives Act. The bill would increase transparency by requiring the Department of Commerce to publish certain information about incentivized companies. Specifically, Commerce would be required to publish the name of the company, the estimated capital investment, the number of jobs being created, the estimated hourly wage, and the estimated value of the incentives. Additionally, the report will estimate the 10 and 20-year return on the incentives to the State. For companies already incentivized under the Jobs Act, Commerce will be required to provide aggregated performance data.

All four bills are expected to be in committee next week.

Other Relevant Bills

Two bills that modestly **cut income taxes** for Alabamians passed the House unanimously yesterday. HB115 and HB116 by Rep. Danny Garrett would eliminate the lowest state income tax rate of 2% on taxable income not in excess of \$500 and reduce the highest rate from 5% to 4.95% by one basis point a year over the next five years. The bills are expected to “cost” the state about \$82.3 million annually once fully implemented.

Rep. Matt Simpson’s HB1, which adds mandatory minimum sentences for **fantanyl possession and trafficking** passed the Senate, and Governor Ivey quickly signed it into law.

Senator Garlan Gudger’s SB113, which requires **health care facilities** to establish policies that would ensure in-person visits under certain scenarios, also passed the House this week and now awaits the Governor signature.

Education budget chairmen Rep. Danny Garrett and Senator Arthur Orr have both filed bills, HB250 and SB177, which would phase out the 4% state sales tax on groceries. The bills define food using the federal definition of eligible purchases from the SNAP/food stamp program. If passed, beginning on September 1, 2023, the tax rate would be reduced to 3%. On November 1, 2025, and on November 1 of every odd-numbered year thereafter until the rate is 0, the tax rate will be reduced by 1%. However, since sales taxes are dedicated to the Education Trust Fund (ETF), the bills provide that the rate of the tax shall only be reduced if the growth in the ETF in the preceding two fiscal years was at least five percent more than the last odd-numbered fiscal year.

The Legislature will reconvene on April 11th.

EDAA

Bill	Sponsors	Title	Last Action	Latest Version
AL 2023rs HB 259	Margie Wilcox	<p>Relating to tax abatements; to specify that the method of determining fair market value of real or personal property by a tax abatement recipient appealing an ad valorem tax assessment in circuit court shall be the same method used by the county granting the tax abatement; and to exclude consideration of obsolescence in determining fair market valuation of real or personal property for the duration of an abatement. (State Government)</p> <p>On the agenda • House State Government standing meeting</p> <p>Apr 12, 2023 03:00pm</p> <p>Room 206</p>	House • Apr 05, 2023: Introduced and Referred (State Government)	Introduced

Bill	Sponsors	Title	Last Action	Latest Version
AL 2023rs HB 241	Danny Garrett	Relating to the Alabama Jobs Act and the Growing Alabama Act; to amend Sections 40-18-370, 40-18-372, 40-18-374, 40-18-375, 40-18-376, 40-18-376.1, 40-18-376.2, 40-18-376.3, 40-18-376.4, 40-18-377, 40-18-378, 40-18-382, 40-18-383, 40-18-417.1, 40-18-417.2, 40-18-417.3, 40-18-417.4, 40-18-417.7, and 40-9B-4.1, Code of Alabama 1975, to extend the Alabama Jobs Act sunset date to July 31, 2028; to increase the annualized cap on outstanding Alabama Jobs Act incentives by twenty-five million dollars each year for five years up to four hundred seventy-five million dollars; to increase the investment tax credit transfer time to provide that the first five years of the investment credit may be transferred by the incentivized company and applied by another person or company under the Alabama Jobs Act; to extend the Growing Alabama Act sunset date to July 31, 2028, to increase the annual cap on funding approved pursuant to the Growing Alabama Act to thirty-five million dollars; to remove certain programs from the Growing Alabama Act for the transfer to Innovate Alabama. (Ways and Means Education)	House • Apr 04, 2023: Introduced and Referred (Ways and Means Education)	Introduced
AL 2023rs HB 240	Cynthia Almond	Relating to economic development; to add Section 40-18-379.1 to the Code of Alabama 1975, to require the Department of Commerce to publish certain information regarding economic development incentives awarded under the Alabama Jobs Act. (Ways and Means Education)	House • Apr 04, 2023: Introduced and Referred (Ways and Means Education)	Introduced
AL 2023rs HB 247	Anthony Daniels	Relating to economic development; to amend Sections 41-10-802 and 41-10-822, Code of Alabama 1975, to provide for a name change for the Alabama Innovation Corporation and revise the residency requirements for certain grant recipients; to amend Section 41-10-805, Code of Alabama 1975, relating to the Board of Directors of the Alabama Innovation Corporation, to make conforming changes to accurately cite the Code of Alabama 1975; and to add a new Article 22, commencing with Section 41-10-840, to Chapter 10 of Title 41, Code of Alabama 1975, to reestablish the	House • Apr 04, 2023: Introduced and Referred (Ways and Means Education)	Introduced

Bill	Sponsors	Title	Last Action	Latest Version
		<p>technology accelerator tax credit program and the underrepresented company tax credit program as the Innovating Alabama tax credit program; and to exempt working groups, task forces, and subcommittees of the Alabama Innovation Corporation from the Alabama Open Meetings Act. (Ways and Means Education)</p>		
<p>AL 2023rs SB 165</p>	<p>Arthur Orr</p>	<p>Relating to economic development; to add Article 2D, commencing with Section 41-10-47.01, to Chapter 10 of Title 41, Code of Alabama 1975; to authorize the State Industrial Development Authority to make site assessment grants and site development grants to certain companies; to provide for the criteria that must be met for grant approval; to provide for changes to criteria based on economic conditions; to limit the funding that may be received by any site under the grant program; to create the Alabama Site Development Fund and provide for its management; to amend Section 41-10-27.2, Code of Alabama 1975, providing for an annual appropriation to the State Industrial Development Authority, to authorize the appropriation to be expended on the grant program created herein; and to exempt the State Industrial Development Authority and certain economic development organizations from certain state laws. (Fiscal Responsibility and Economic Development)</p> <p>On the agenda • Senate Fiscal Responsibility and Economic Development standing meeting</p> <p>Apr 11, 2023 02:00pm</p> <p>Finance and Taxation</p>	<p>Senate • Apr 04, 2023: Introduced and Referred (Fiscal Responsibility and Economic Development)</p>	<p>Introduced</p>
<p>AL 2023rs SB 152</p>	<p>Bobby D. Singleton</p>	<p>Relating to economic development; to amend Sections 41-10-802 and 41-10-822, Code of Alabama 1975, to provide for a name change for the Alabama Innovation Corporation and revise the residency requirements for certain grant recipients; to amend Section 41-10-805, Code of Alabama 1975, relating to the Board of Directors of the Alabama</p>	<p>Senate • Apr 04, 2023: Introduced and Referred (Finance and Taxation Education)</p>	<p>Introduced</p>

Bill	Sponsors	Title	Last Action	Latest Version
		<p>Innovation Corporation, to make conforming changes to accurately cite the Code of Alabama 1975; and to add a new Article 22, commencing with Section 41-10-840, to Chapter 10 of Title 41, Code of Alabama 1975, to reestablish the technology accelerator tax credit program and the underrepresented company tax credit program as the Innovating Alabama tax credit program; and to exempt working groups, task forces, and subcommittees of the Alabama Innovation Corporation from the Alabama Open Meetings Act. (Finance and Taxation Education)</p>		
<p>AL 2023rs SB 151</p>	<p>Garlan Gudger</p>	<p>Relating to economic development; to add Section 40-18-379.1 to the Code of Alabama 1975, to require the Department of Commerce to publish certain information regarding economic development incentives awarded under the Alabama Jobs Act. (Fiscal Responsibility and Economic Development)</p> <p>On the agenda • Senate Fiscal Responsibility and Economic Development standing meeting</p> <p>Apr 11, 2023 02:00pm</p> <p>Finance and Taxation</p>	<p>Senate • Apr 04, 2023: Introduced and Referred (Fiscal Responsibility and Economic Development)</p>	<p>Introduced</p>
<p>AL 2023rs SB 164</p>	<p>Greg J. Reed</p>	<p>Relating to the Alabama Jobs Act and the Growing Alabama Act; to amend Sections 40-18-370, 40-18-372, 40-18-374, 40-18-375, 40-18-376, 40-18-376.1, 40-18-376.2, 40-18-376.3, 40-18-376.4, 40-18-377, 40-18-378, 40-18-382, 40-18-383, 40-18-417.1, 40-18-417.2, 40-18-417.3, 40-18-417.4, 40-18-417.7, and 40-9B-4.1, Code of Alabama 1975, to extend the Alabama Jobs Act sunset date to July 31, 2028; to increase the annualized cap on outstanding Alabama Jobs Act incentives by twenty-five million dollars each year for five years up to four hundred seventy-five million dollars; to increase the investment tax credit transfer time to provide that the first five years of the investment credit may be transferred by the incentivized company and applied by another person</p>	<p>Senate • Apr 04, 2023: Introduced and Referred (Finance and Taxation Education)</p>	<p>Introduced</p>

Bill	Sponsors	Title	Last Action	Latest Version
		<p>or company under the Alabama Jobs Act; to extend the Growing Alabama Act sunset date to July 31, 2028, to increase the annual cap on funding approved pursuant to the Growing Alabama Act to thirty-five million dollars; to remove certain programs from the Growing Alabama Act for the transfer to Innovate Alabama. (Finance and Taxation Education)</p>		
<p>AL 2023rs HB 257</p>	<p>Danny Garrett</p>	<p>Relating to economic development; to add Article 2D, commencing with Section 41-10-47.01, to Chapter 10 of Title 41, Code of Alabama 1975; to authorize the State Industrial Development Authority to make site assessment grants and site development grants to certain companies; to provide for the criteria that must be met for grant approval; to provide for changes to criteria based on economic conditions; to limit the funding that may be received by any site under the grant program; to create the Alabama Site Development Fund and provide for its management; to amend Section 41-10-27.2, Code of Alabama 1975, providing for an annual appropriation to the State Industrial Development Authority, to authorize the appropriation to be expended on the grant program created herein; and to exempt the State Industrial Development Authority and certain economic development organizations from certain state laws. (Ways and Means Education)</p>	<p>House • Apr 04, 2023: Introduced and Referred (Ways and Means Education)</p>	<p>Introduced</p>