



# Alabama's Economic Stability Package

Governor Kay Ivey  
Senate President Pro Tempore Greg Reed  
Speaker Nathaniel Ledbetter

2023 Regular Session

Topic	Act #	Sponsor	Co-Sponsor
Jobs Act & Growing Alabama	2023-34	Rep. Danny Garrett	Sen. Greg Reed
Sites	2023-35	Sen. Arthur Orr	Rep. Danny Garrett
Innovation	2023-33	Rep. Anthony Daniels	Sen. Bobby Singleton
Transparency	2023-36	Sen. Garlan Gudger	Rep. Cynthia Almond

**Signed into law on April 20, 2023**

## Act 2023-34 (Garrett-Reed)— Enhancing Alabama’s Economic Progress Act

<i><b>Change</b></i>	<i><b>Details for Change</b></i>	
1	Extends sunset date to 2028.	Allows Jobs Act and Growing Alabama programs to continue until July 31, 2028, unless the Legislature enacts legislation to extend the date.
2	Increases incentive cap \$25M per year for 5 years.	Allows Alabama to compete for larger dollar projects that are going to other states; stair-step increases until a \$475M cap is reached in 2027.
3	Clarifies “employee” definition.	Clarifies the requirements for which individuals may be counted for incentive purposes, which include being a full-time employee and an Alabama resident.
4	Removes “leasing company” as qualifying for the incentives.	Clarifies that leased/temp employees are not incentivized.
5	Defines “common ownership” of related companies to be at least 50% shared ownership.	Clarifies that the sharing of tax credits between related companies require at least a 50% common ownership.
	Amends the Jobs Credit so that it is only refundable.	Previously, any earned Jobs Credit by an incentivized company can either be applied against the company’s utility taxes or received as a cash refund. Because no incentivized company has opted to have the Jobs Credit applied against its utility taxes and to simplify the administration, the Jobs Credit is now an only refundable incentive.
6	Extends transferability of ITCs for up to 5 years.	Previously the first 3 years were transferable. Now the first 5 years are transferable which increases the ability to monetize credits on the front-end.
7	Allows ADOR to disclose tax information to Commerce.	The inability of ADOR to disclose certain tax information impeded Commerce’s ability to effectively administer the incentives. Now the agencies can more freely exchange tax information on projects.
8	Streamlines the ITC transfer process.	Removes some of the hurdles to the ITC transfer process that served no significant benefit for the process.
9	Protects distributions to Alabama Special Mental Health Trust Fund.	Addresses a potential “cap” on claiming the credits if there is any reduction to the Alabama Special Mental Health Trust Fund. The Dept. of Finance must adopt rules to ensure unencumbered funds are used to eliminate any reduction, and the amendment clarifies the ability of incentivized companies and transferees to claim earned Jobs Act credits.
10	Makes renewable energy generation a qualifying activity under the Jobs Act.	Responds to private industry needs that their energy supply come from renewable sources. Renewable energy generation facilities, owned by electric providers, are now qualifying projects for Jobs Act incentives (up to 1.5% of the capex in ITCs per year, for up to 10 years).
11	Transfers the tech accelerator and underrepresented portions of Growing Alabama to the Alabama Innovation Corporation.	Allows Growing Alabama to only focus on site development; programs that create tech accelerators and provide support for underrepresented companies will be transferred to the Alabama Innovation Corporation. (Note: Underrepresented companies will remain eligible for enhanced incentives under the Jobs Act).
12	Increases incentive cap \$3M per year for 5 years.	It is recognized that the state’s success in economic development has led to a shortage of sites that are shovel ready for development, and additional funds are necessary to encourage development of new sites and improvement of existing sites; stair-step increases until a \$35M cap is reached in 2027.
13	Extends sunset date for data center abatements to 2028.	The Alabama Data Center Processing Economic Incentive Enhancement Act terminates on December 31, 2023. This amendment extends the program to July 31, 2028.
14	Deletes ability for tourism to qualify for Jobs Act incentives	Moves tourism projects to the new Sweet Home Alabama Tourism Act.

## Act 2023-34 (Garrett-Reed)—Sweet Home Alabama Tourism Act

	<b><i>Change</i></b>	<b><i>Details for Change</i></b>
1	Creates a new tax rebate for certain tourism projects.	Allows a rebate of certain taxes generated within a qualifying tourism attraction; maximum term of the rebate is 10 years and maximum amount is \$5M (\$1M/yr). Eligible taxes for the rebate are any combination of state/local sales, lodging, or other transactional-based taxes generated by the tourism attraction.
2	Sets maximum amount of rebates statewide	No more than \$10M in tourism rebates are available in any year.
3	Managed by the Alabama Tourism Department	Applications for the tax rebate are submitted to the Alabama Tourism Department.

## Act 2023-35 (Orr-Garrett)—Site Evaluation and Economic Development Strategy (SEEDS) Act

<b>Change</b>	<b>Details for Change</b>																				
1 Grants additional powers so that SIDA may issue site assessment grants and site development grants.	<p>The State Industrial Development Authority (SIDA) previously had limited statutory authority to issue grants for the “preparation of industrial sites,” which are defined as only surveying, grading, draining, and improving access to a site.</p> <p>By expanding SIDA’s role and authority to issue grants to local economic development authorities for site assessment and development, SIDA is able to meaningfully increase the quality and quantity of industrial sites in Alabama.</p>																				
2 Provides guideposts on what is eligible for a site assessment grant and a site development grant.	<p>To focus on key elements in the site development process, SIDA’s ability to issue site assessment and site development grants are tailored to encourage a well-planned development effort by communities.</p> <ul style="list-style-type: none"> <li>• <b>Site Assessment Grants:</b> In order for a site assessment grant to be made, a site of at least 50 acres must be owned by or optioned to a local economic development and local financial participation in the development is required on the following scale:                      Pop. &lt; 12,000 = 25 cents on the dollar                      Pop. 12,001 – 49,999 = 50 cents on the dollar                      Pop. 50,000 – 150,000 = 75 cents on the dollar                      Pop. &gt; 150,000 = dollar for dollar</li> <li>• <b>Site Development Grants:</b> In order for a site development grant to be made, a site must have at least 75 contiguous acres, and nearby land could also be a beneficiary of the grant, and local financial participation in the development is required on the following scale:                      Pop. &lt; 12,000 = 25 cents on the dollar                      Pop. 12,001 – 49,999 = 50 cents on the dollar                      Pop. 50,000 – 150,000 = 75 cents on the dollar                      Pop. &gt; 150,000 = dollar for dollar</li> </ul> <p>The Act directs SIDA to develop rules, but it is anticipated that grant funding could be for site acquisition, infrastructure assessment/development, as well as labor assessments.</p> <p>Example of Match Calculation:</p> <table border="1"> <thead> <tr> <th><u>Local Contribution</u></th> <th><u>Match Req’t</u></th> <th><u>State Match</u></th> <th><u>Total Funding</u></th> </tr> </thead> <tbody> <tr> <td>\$50,000</td> <td>\$0.25 / \$1.00</td> <td>\$200,000</td> <td>\$250,000</td> </tr> <tr> <td>\$50,000</td> <td>\$0.50 / \$1.00</td> <td>\$100,000</td> <td>\$150,000</td> </tr> <tr> <td>\$50,000</td> <td>\$0.75 / \$1.00</td> <td>\$66,667</td> <td>\$116,667</td> </tr> <tr> <td>\$50,000</td> <td>\$1.00 / \$1.00</td> <td>\$50,000</td> <td>\$100,000</td> </tr> </tbody> </table>	<u>Local Contribution</u>	<u>Match Req’t</u>	<u>State Match</u>	<u>Total Funding</u>	\$50,000	\$0.25 / \$1.00	\$200,000	\$250,000	\$50,000	\$0.50 / \$1.00	\$100,000	\$150,000	\$50,000	\$0.75 / \$1.00	\$66,667	\$116,667	\$50,000	\$1.00 / \$1.00	\$50,000	\$100,000
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3 Creation of the Alabama Site Development Fund.	<p>The Alabama Site Development Fund is a new fund where SIDA can receive funding in furtherance of its legislative purposes. Such funding may include appropriations from the Legislature, gifts or grants from the general public, federal grant funding to help the state leverage several new federal opportunities, and any other lawful source of funding.</p>																				
4 Partnership with statewide economic development organizations (SEDO).	<p>To facilitate the deployment of the new site assessment and site development grants, SIDA has the ability to partner with SEDOs to implement the grants.</p>																				
5 Annual report requirement.	<p>To inform the Legislature of its activities, SIDA is required to produce an annual report to every legislator on the number, amount, and location of the site assessment and site development grants issued by SIDA.</p>																				

## Act 2023-33 (Daniels-Singleton)—Innovation and Small Business Act

**Change****Details for Change**

1	Transfers accelerator and underrepresented companies credit from the Growing Alabama program, currently managed by the Department of Commerce, to the Innovating Alabama program, that will be managed by the Alabama Innovation Corporation.	Growing Alabama was scaled-back to its initial focus of site development, and the credit for accelerators and underrepresented companies were transferred to the Alabama Innovation Corporation. This tax credit program is rebranded as the Innovating Alabama tax credit.
2	Specifies the types of underrepresented companies that may take advantage of programming funded by the Innovating Alabama tax credit.	<p>The mechanics of the Innovating Alabama tax credit are largely identical to how the Growing Alabama program currently operates. One substantive change is to refine the types of underrepresented companies that can receive programmatic support to “innovative companies,” which are companies either (1) operating in a rural/underserved community or (2) majority owned by a woman or an African American, and operating in an “innovative industry.”</p> <p>An “innovative industry” includes advanced manufacturing, aerospace, agriculture, bioscience, biotechnology, electronics, energy and natural resources, engineering, life sciences, and information technology industries, and any other innovative industry as determined by Innovate Alabama in its sole discretion. This change is to align the Innovating Alabama tax credit programming with the legislative powers granted to the Alabama Innovation Corporation.</p>
3	Establishes credit availability.	<p>To ensure adequate funding given evidenced demand – particularly in rural areas given the inclusion of innovative companies – coupled with funding shortfalls in recent Growing Alabama accelerator applications, the credit authority for the Innovating Alabama tax credit is \$25 million, with \$10 million reserved for programs that support innovative companies.</p> <p>For reference, recent credit demand for accelerators alone in 2022 was over \$6.5 million for the programs in Huntsville, Birmingham, and Montgomery. With potential accelerators coming online in Mobile, Auburn, and Tuscaloosa, along with innovative companies being able to access the credit, additional credit authority was created to serve community needs.</p>
4	Amends the SBIR/STTR grant program residency requirement.	Previously, the SBIR/STTR supplemental grant program required at least 75% of all applicant employees to reside in Alabama as a prerequisite for eligibility. This front-end residency requirement effectively prevented the recruitment of out-of-state companies to participate in the grant program and subsequently relocate their workforce into Alabama. In order to attract non-Alabama companies to move to the state, the residency requirements have been broadened to allow participant companies more time to relocate their executives and employees to Alabama.
5	Establishes a sunset date for the Innovating Alabama tax credit program.	The Innovating Alabama tax credit program terminates on July 31, 2028, unless the Legislature enacts legislation to extend the date.
6	Allows the Alabama Innovation Corporation to also be legally referred to as “Innovate Alabama”.	To reduce confusion encountered with public outreach and to align itself with its ongoing branding campaign, the Alabama Innovation Corporation may be legally known as “Innovate Alabama”.

## Act 2023-36 (Gudger-Almond)—Enhancing Transparency Act

<b>Change</b>	<b>Details for Change</b>
1 Department of Commerce must make project-specific information public.	<p>The Department of Commerce must provide the following information on the Commerce website for each company that executes a project agreement with the state for Jobs Act incentives:</p> <ul style="list-style-type: none"> <li>(1) The name of the incentivized company.</li> <li>(2) The county of the qualifying project.</li> <li>(3) The estimated capital investment.</li> <li>(4) The estimated number of new jobs.</li> <li>(5) The estimated average hourly wage.</li> <li>(6) The estimated value of the jobs credit.</li> <li>(7) The estimated value of the investment credit.</li> <li>(8) The projected 10-year and 20-year return on incentives.</li> <li>(9) The value of any cash incentive that was committed</li> </ul> <p>In addition to the foregoing information on each incentivized company, the Department of Commerce must also provide aggregated performance data on all projects incentivized under the Jobs Act.</p>
2 Allows a third-party analysis of economic development incentives.	<p>The Joint Legislative Advisory Committee on Economic Development has the ability to contract with a third-party to conduct an evaluation of the state's economic development incentives.</p>
3 Requires the reporting of incentives committed by tax source.	<p>In order to provide information to assist the Legislature with budget forecasting, the Department of Commerce, the Department of Revenue, and the Department of Finance must collectively report to the Joint Legislative Advisory Committee on Economic Development the amount of Jobs Act incentives committed by tax source on executed project agreement during the prior fiscal year.</p>