

Alabama Legislative Report

February 14, 2025

Economic Development Bills Progressing

House Passes Proposal to Create Alabama Development Fund

A new economic development tool for Alabama, HB 243, by Representative Andy Whitt, was introduced this week, amending the amount of tax abatements new businesses can receive.

The stated purpose of the Alabama Development Fund is to provide funding for rural development, international offices, global marketing, new quality of place initiatives, and infrastructure programs.

Starting with qualified projects granted abatements on or after June 1, 2026, Representative Whitt's bill will adjust the abatement of state sales tax and property millage rates. This change will redirect approximately \$30 million in otherwise abated state tax revenue to the Alabama Development Fund. These changes will only apply to new and expanding projects, not agreements already in place.

The proposal authorizes the Department of Commerce to administer these funds to further economic development in the state. This broad authorization aims to give the department flexibility in addressing the needs of Alabama's evolving economy, particularly its transition toward advanced manufacturing projects. The bill was introduced on Tuesday and quickly passed the House on Thursday with a 100-2 vote. It now moves to the Senate.

Senate Passes Legislation to Reclaim Incentives for Violation of Human Trafficking Laws

The Senate passed SB 22, sponsored by Senator Coleman. This bill allows the state to reclaim incentives offered under the Alabama Jobs Act from any company found guilty of violating human trafficking and/or child labor laws.

The business community and the Department of Commerce successfully amended the original bill, clarifying that incentives can only be reclaimed after a company is convicted of such violations, rather than simply an alleged violation.

Immigration Bills Pass Senate, Head to House

The Senate passed three immigration-related bills and sent them to the House on Thursday:

- **SB 53 (Senator Kitchens):** This bill creates the crime of human smuggling for anyone who transports someone into Alabama knowing, or having reason to know, that the person is an undocumented immigrant. It also outlines procedures for jails to determine the immigration status of detainees and transfer undocumented individuals to federal custody. An amendment exempts attorneys and teachers from penalties related to transporting undocumented immigrants. The bill passed 24-8.
- **SB 55 (Senator Elliott):** This bill invalidates out-of-state driver's licenses that are specifically issued without proof of lawful U.S. presence, unless the individual possesses other documentation proving their legal status. An amendment requires the Alabama Department of Transportation (ALDOT) to install signage on state highways and interstate welcome signs providing notice and information about this legislation. The bill passed 24-4.
- **SB 63 (Senator Bell):** This bill requires law enforcement agencies to collect fingerprints and DNA samples from any undocumented immigrant in custody and submit them for testing and cataloging. The bill passed 24-7.

Senator Weaver's bill (SB 77), which would tax international wire transfers and provide a corresponding annual refund to state taxpayers, was discussed in the Senate but not voted on. Because it is a revenue-generating measure, SB 77 must originate in the House. Representative Mark Shirey is sponsoring similar legislation in the House to tax international wire transfers.

Prison Funding Bill Clears Senate Committee

Senator Greg Albritton's bill (SB 60), authorizing an additional \$500 million in borrowing for prison construction, passed a Senate committee this week. In 2021, lawmakers approved a plan and allocated approximately \$1.2 billion for two new 4,000-bed prisons, including authorization to borrow up to \$785 million.

The first prison, currently under construction in Elmore County, is now projected to cost over \$1 billion, consuming most of the previously allocated funds.

Despite the increased costs, the state remains committed to building the second prison in Escambia County, citing a growing prison population and court orders addressing dangerous and overcrowded prison conditions.

While the state still has the ability to borrow approximately \$285 million of the original \$785 million authorization, the additional borrowing capacity requested by SB 60 would ensure the projects are completed, according to Senator Albritton. He also noted that the state may not need to borrow the full \$500 million.

State officials have already set aside roughly 60% of the necessary funding for the Escambia County facility.

Gender Definition Bill Now Law

Governor Kay Ivey quickly signed Senator April Weaver's SB 79, also known as the "What is a Woman" act, into law, making it one of the first bills enacted this legislative session. Following Senate passage last week, the House approved the bill by a 77-12 vote. SB 79 defines various gender terms for use in state law. Governor Ivey praised the new law, saying it "codifies common sense."

House Passes Bill Increasing Job Search Requirements for Unemployment Benefits

Representative Ed Oliver's HB29, which would increase the number of employer contacts required for unemployed individuals to receive benefits, passed the House by a 76-25 vote, and now goes to the Senate. Currently, individuals can be disqualified from receiving unemployment benefits if they fail to contact at least three prospective employers each week. An amendment to HB29 maintains the three-employer contact requirement for residents of counties with populations under 20,000, while increasing the requirement to five employer contacts per week for those living in counties with populations of 20,000 or more.

Proposal to Make Veterans Affairs Cabinet-level Position Stalls in Senate

Senator Andrew Jones' SB67, which changes the leadership structure of the Alabama Department of Veterans Affairs, was heavily amended when it was brought to the Senate floor earlier this week. Nine amendments were adopted, changing who makes the appointments to the Board and in what manner, before Senator Jones moved to carry the bill over to another day. The amendments were intended to give more veterans groups the ability to influence the Board's membership and direction.

Representative Randall Shedd Resigns, Joins Senate Leadership Staff

State Representative and House Majority Whip Randall Shedd has resigned his House seat to become Senate President Pro Tem Garland Gudger's Director of Constituent Affairs. This appointment follows the recent hiring of longtime education lobbyist Ashley McClain as Gudger's Deputy Chief of Staff for Policy and Budgets. Shedd's House seat, representing the Cullman area, will remain vacant for the remainder of the legislative session. Governor Ivey will call a special election to fill the vacancy.

Lawmakers will return to Montgomery on Tuesday, February 18th, with 24 legislative days left in the 2025 Regular Session.

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Bill	Sponsors	Title	Last Action	Latest Version
AL 2025rs SB 22	Coleman	Alabama Jobs Act, further provides for recapture of incentives (Ways and Means Education (House)) Senate Calendar: Special Order Calendar (February 13, 2025) Position: 3	House, Feb 13, 2025: Pending Committee Action in Second House (Ways and Means Education)	Engrossed
AL 2025rs HB 243	Whitt	To unabate a portion certain state ad valorem and construction related transaction taxes to deposit into the Alabama Development Fund.	House, Feb 13, 2025: Motion to Read a Third Time and Pass - Adopted Roll Call 141	Introduced

Bill	Sponsors	Title	Last Action	Latest Version
AL 2025rs HB 259	Robbins	Establish income tax credit for recruited or remote workers (Ways and Means Education (House))	House, Feb 11, 2025: Pending Committee Action in House of Origin (Ways and Means Education)	Introduced