



**FISCAL NOTE**

**Senate Bill 299**

Committee: Finance and Taxation Education      Sponsor: Senator Arthur Orr

Analyst: Jennifer Farish      Date: 05/10/2023

**Senate Bill 299** as introduced would repeal the following act providing tax incentives effective December 31, 2028, unless extended by an act of the Legislature prior to that date for not more than five additional years:

- (1) the Brownfield Development Tax Abatement Act;
- (2) the Rural Physician Tax Credit;
- (3) the Coal Production Tax Credit;
- (4) the Reemployment Act of 2010;
- (5) the Full Employment Act of 2011;
- (6) the Veterans Employment Act;
- (7) the Irrigation Equipment Tax Credit;
- (8) the Entertainment Industry Incentive Act of 2009; and
- (9) the Alabama Enterprise Zone Act.

The repeal of these acts, less any tax credits carried forward after January 1, 2029, could increase annually, beginning in 2029 and each year thereafter: (1) income tax receipts to the Education Trust Fund; and (2) financial institutions excise tax (FIET) receipts and business privileges tax receipts to the State General Fund. Based on a four-year average of tax expenditures reported by the Department of Revenue, the repeal of these acts could increase receipts to the following funds in the amount indicated:

	<b>Education Trust Fund</b>	<b>State General Fund</b>
Income	\$13,490,000	
FIET		\$6,250
Business Privilege		\$5,000

Additionally, this bill would increase financial institutions excise tax receipts to the cities and counties by an undetermined amount.



In addition, beginning in the 2024 Regular Session, all new economic tax incentive legislation shall: (1) include a tax credit performance statement; (2) have a five-year sunset date; (3) have an annual cap on the credits or incentives provided; (4) limit the number of years of carry forward of unused credits to not more than five years; (5) limit the transfer or sale of credits to one transaction and payment of filing fee with the Department of Revenue; and (6) require pre-certification, by the Department of Revenue, of all income and financial and institutions excise tax credits.