



**FISCAL NOTE**

**Senate Bill 299**

Committee: Ways and Means Education

Sponsor: Senator Arthur Orr

Analyst: Jennifer Farish

Date: 05/24/2023

**Senate Bill 299** as passed the Senate would : (1) allow the current coal production to be claimed against utility gross receipts tax and utility service use tax; (2) allow these credits to be carried forward for up to five years; (3) provide for the allocation of these credits to flow-through entities; and (4) require coal producer's claiming this credit to certify the increased production of coal over the prior year.

This bill would also repeal the following tax incentives effective, December 31, 2028, unless extended by an act of the Legislature and would limit the extension to no more than five additional years:

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

The repeal of these tax incentives would increase annual receipts, beginning in 2029 and each year thereafter, to the following funds/entities by the following estimated amounts, less any tax credits carried forward after January 1, 2029:

<b>Tax</b>	<b>Education Trust Fund</b>	<b>State General Fund</b>	<b>Cities and Counties</b>
Income	\$13,490,000	-	-
Financial Institutions Excise Tax (FIET)	-	\$7,500	\$7,500
Business Privilege	-	\$2,500	-



Further, beginning in the 2024 Regular Session, this bill would require all new tax credit legislation to: (1) include a tax credit performance statement; (2) have a five-year sunset date; (3) have a cap on the credits or incentives provided; (4) limit the carry forward of unused credits to up to five years; (5) limit the transfer or sale of credits; and (6) require the Department of Revenue to pre-certify all income tax and FIET credits. Further, this bill would require taxpayers to report the amount of tax credits claimed to the department, beginning with tax year 2025.