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SYNOPSIS:

Under existing law, in Act 2023-34 of the 2023 Regular Session, the Growing Alabama incentive program was increased and extended, and the Sweet Home Alabama Tourism Investment Act was established to provide tax rebates for certain eligible tourism destination projects.

Under existing law, in Act 2023-35 of the 2023 Regular Session, the Site Evaluation Economic Development Strategy was enacted to authorize the State Industrial Development Authority to make site assessment and site development grants to certain companies.

This bill would make a technical edit to the Growing Alabama Act to correct an incorrect date referenced in the act.

This bill would clarify that tax rebates under the Sweet Home Alabama Tourism Investment Act would be available only for projects placed into service after the effective date of the act.

This bill would also make technical edits to the Site Evaluation Economic Development Strategy to align rural population provisions with the Jobs Act.



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A BILL
TO BE ENTITLED
AN ACT

Relating to economic development; to amend Section 40-18-417.4, Code of Alabama 1975, as amended by Act 2023-34 of the 2023 Regular Session; to amend Section 5 of Act 2023-34 of the 2023 Regular Session, now appearing as Sections 40-18-472 and 40-18-473, Code of Alabama 1975, to correct a date referenced in the Growing Alabama Act; to clarify the tax rebates under the Sweet Home Alabama Tourism Investment Act for certain businesses for certified tourism destination projects are only available for projects placed into service after the effective date of this act; and to amend Sections 41-10-47.03 and 41-10-47.04, Code of Alabama 1975, from Section 1 of Act 2023-35 of the 2023 Regular Session, to align rural population provisions of the Site Evaluation Economic Development Strategy with the Jobs Act.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-18-417.4, Code of Alabama 1975, as amended by Act 2023-34 of the 2023 Regular Session, is amended to read as follows:

"§40-18-417.4

(a) A taxpayer is allowed a Growing Alabama Credit to be applied against all of the following:

- (1) To offset the income taxes levied in this chapter, or as an estimated tax payment of income taxes.



57 (2) To offset the state portion of the financial
58 institution excise tax levied in Chapter 16.

59 (3) To offset the insurance premium tax levied by
60 subsection (a) of Section 27-4A-3.

61 (4) To offset state license taxes levied by Article 2
62 of Chapter 21.

63 (b) In no event shall the Growing Alabama Credit cause
64 a taxpayer's tax liability to be reduced by more than 50
65 percent. Unused credits may be carried forward for no more
66 than five years.

67 (c) Growing Alabama Credits shall be granted to
68 taxpayers using an online system administered by the
69 Department of Revenue. The online system shall allow taxpayers
70 to agree to make a cash contribution to an economic
71 development organization which was approved by the Renewal of
72 Alabama Commission, as provided in Section 40-18-417.3. The
73 online system shall ensure that credits are not granted for
74 contributions to an economic development organization in
75 excess of the amounts approved by the Renewal of Alabama
76 Commission, as provided in Section 40-18-417.3.

77 (d) The cumulative amount of funding approved pursuant
78 to this section shall not exceed twenty million dollars
79 (\$20,000,000) in a calendar year for calendar years ending
80 prior to January 1, 2024, which amount would increase to
81 twenty-three million dollars (\$23,000,000) for the calendar
82 year ending December 31, 2024, twenty-six million dollars
83 (\$26,000,000) for the calendar year ending December 31, 2025,
84 twenty-nine million dollars (\$29,000,000) for the calendar



85 year ending December 31, 2026, thirty-two million dollars
86 (\$32,000,000) for the calendar year ending December 31, 2027,
87 and thirty-five million dollars (\$35,000,000) for calendar
88 year ending ~~January 1~~December 31, 2028.

89 (e) The Renewal of Alabama Commission shall reserve at
90 least 25 percent of the amounts specified in subsection (d)
91 for projects located in targeted or jumpstart counties as
92 defined in Section 40-18-376.1. In the event applications are
93 not received and credits are not allocated for projects in
94 these areas by the close of the second quarter of the program
95 year, the funds may revert for allocations of other project
96 applications.

97 (f) To the extent that a Growing Alabama Credit is used
98 by a taxpayer, the taxpayer shall not be allowed any deduction
99 that would have otherwise been allowed for the taxpayer's
100 contribution. Credits may only be claimed by the donating
101 taxpayer and may not be assigned or transferred to any other
102 taxpayer. For purposes of this section, a donating taxpayer
103 includes a taxpayer who is a shareholder of an Alabama S
104 corporation or a partner or member of a subchapter K entity
105 that made a contribution to an economic development
106 organization which was approved by the Renewal of Alabama
107 Commission.

108 (g) The Department of Finance shall adopt rules to
109 ensure that the Growing Alabama Credit in no case would reduce
110 the distribution for the Alabama Special Mental Health Trust
111 Fund by using any unencumbered funds."

112 Section 2. Section 5 of Act 2023-34 of the 2023 Regular



113 Session, now appearing as Sections 40-18-472 and 40-18-473,
114 Code of Alabama 1975, is amended to read as follows:

115 "§40-18-472

116 (a) In order for an applicant ~~to be an approved~~
117 ~~company, all of the following shall occur:~~

118 ~~(1) For any applicant~~ that proposes a certified tourism
119 destination project to be an approved company, the board shall
120 make ~~all~~both of the following findings:

121 a. That the project is in fact a certified tourism
122 destination project.

123 b. That the amount of tourism rebates sought are
124 exceeded by anticipated revenues for the state, including
125 income, property, business privilege, utility, gross receipts,
126 sales, and use tax revenues that are generated by the economic
127 activity resulting from the project.

128 (b) The Alabama Tourism Advisory Board shall review
129 qualifying projects meeting the criteria established pursuant
130 to Section 40-18-473 and approve eligible projects for tax
131 rebates. Upon a determination that all program requirements
132 are met, the board will issue the Alabama Tourism Advisory
133 Board Act Certificate. Each certificate shall include the
134 amount of the approved project costs, the maximum rebate
135 available, and the rebate term of 10 years ~~with a five-year~~
136 ~~carry forward~~ from the completion date or the date on or which
137 five million dollars (\$5,000,000) of the approved project
138 costs has been rebated to the applicant, whichever threshold
139 is met first."

140 "§40-18-473



141 (a) A tax rebate from taxes generated within the
142 tourism destination attraction by the certified tourism
143 destination project over a 10-year period from the
144 commencement of operation, which must occur after the
145 effective date of the act adding this language, in the amount
146 of up to five million dollars (\$5,000,000) may be claimed. No
147 approved company may receive more than one million dollars
148 (\$1,000,000) in tourism rebates in a calendar year.

149 ~~(b) Tax rebates may carry forward for five years.~~

150 ~~(c)~~ (b) (1) The tax rebates authorized by this ~~act~~ article
151 are limited to an aggregate amount for all certified tourism
152 destination projects of ten million dollars (\$10,000,000)
153 annually with 10 percent set aside annually for certified
154 tourism destination projects located in targeted or Alabama
155 counties.

156 (2) An approved company with a certified tourism
157 destination project may be granted a tax rebate on any
158 combination of the state and local sales and use taxes,
159 lodging taxes, or other transactional taxes generated by or
160 arising within the tourism destination project after the
161 effective date of the act adding this language.

162 (3) An approved company shall have no obligation to
163 refund or otherwise return any amount of taxes authorized for
164 rebate to the persons from whom the taxes were collected.

165 (4) Rebates authorized under this article shall be for
166 up to 10 years, commencing on the date the tourism attraction
167 opens for business, which must occur after the effective date
168 of the act adding this language, and begins to collect taxes



169 generated by, or arising within, the tourism destination
170 project.

171 (5) Tax rebates may be a combination of state and local
172 retail sales tax, state and local lodging taxes, and any other
173 taxes generated by, or arising within, the tourism destination
174 project after the effective date of the act adding this
175 language. The municipality or the taxing district where the
176 tourism destination project will be located must support and
177 approve the facility. The approval must be in the form of a
178 resolution of the governing authority acknowledging support of
179 the project and acknowledging that a portion no less than 20
180 percent of the tax rebates will be comprised of municipal
181 taxes.

182 (6) The Alabama Department of Revenue, in consultation
183 with the Alabama Tourism Department, shall adopt rules and
184 require the filing of a rebate form designed by the Department
185 of Revenue to reflect the intent of this article. To begin the
186 rebate process, once project phases open for business after
187 the effective date of the act adding this language, the
188 approved company must provide a listing of all sales tax
189 accounts and account numbers related to the project. The
190 Alabama Department of Revenue will provide these accounts and
191 will begin making the required diversions into the Tourism
192 Project Sales Tax Incentive Fund the month following
193 notification. Rebate payments from the fund will be made each
194 January and July to the approved company.

195 (7) No tax rebate shall be granted to an approved
196 company during a tax year that the approved company is



197 simultaneously receiving any other state tax incentive
198 associated with any individual tourism attraction project.

199 (8) Any tax rebate shall be first applied to any
200 outstanding tax obligation of the approved company that is due
201 and payable to the state.

202 (9) Rebates under this article shall be made without
203 interest.

204 (10) Tax rebates authorized under this article are
205 transferrable to future owners of the qualifying tourism
206 destination project.

207 (11) The tax rebate allowed under this article shall be
208 effective beginning August 1, 2023, for projects placed into
209 service after the effective date of the act adding this
210 language and shall continue through July 31, 2028, unless
211 continued by an act of the Legislature.

212 (12) Tax rebates for certified tourism destination
213 projects are to be administered by the Alabama Department of
214 Revenue.

215 ~~(d)~~ (c) Notwithstanding the ten million dollar
216 (\$10,000,000) annual cap on tax rebates allowed, the board may
217 approve an annual onetime designation of an additional two
218 million five hundred thousand dollars (\$2,500,000) in tax
219 rebates for one project per calendar year with a minimum
220 capital investment amount of seventy-five million dollars
221 (\$75,000,000)."

222 Section 3. Sections 41-10-47.03 and 41-10-47.04, Code
223 of Alabama 1975, from Section 1 of Act 2023-35 of the 2023-35
224 of the 2023 Regular Session, are amended as follows:



225 "§41-10-47.03

226 (a) Any local economic development organization may
227 apply to the authority for a site assessment grant.

228 (b) Before making a site assessment grant, the
229 authority shall make all of the following findings:

230 (1) The site is owned by a local economic development
231 organization, or a local economic development organization has
232 an option to purchase the site.

233 (2) The site is at least 50 acres.

234 (3) The application includes proof that the grant funds
235 that are approved by the authority will be matched by funds on
236 hand with, or contingently committed to, the applicant such
237 that one of the following is true:

238 a. If the site is located in a targeted county with a
239 population of less than 12,000, for every dollar of grant
240 funds, the applicant will contribute twenty-five cents (\$0.25)
241 of additional funds.

242 b. If the site is located in a targeted county with a
243 population of 12,000 or greater but less than ~~50,000~~60,000,
244 for every dollar of grant funds, the applicant will contribute
245 fifty cents (\$0.50) of additional funds.

246 c. If the site is located in a county with a population
247 of ~~50,000~~60,000 or greater but less than 150,000, for every
248 dollar of grant funds, the applicant will contribute
249 seventy-five cents (\$0.75) of additional funds.

250 d. If the site is located in a county with a
251 population of 150,000 or greater, for every dollar of grant
252 funds, the applicant will contribute one dollar (\$1) of



253 additional funds.

254 (c) The authority may impose additional requirements
255 with regard to the sites, including, but not limited to,
256 environmental and geotechnical matters, as well as utility
257 related and transportation related issues.

258 (d) Each applicant must enter into a project agreement
259 with the authority to establish the terms and conditions of
260 the site assessment grant."

261 "§41-10-47.04

262 (a) Any local economic development organization may
263 apply to the authority for a site development grant.

264 (b) Before making a site development grant, the
265 authority shall make both of the following findings:

266 (1) The site is comprised of at least 75 contiguous
267 acres, provided that in addition to the 75 contiguous acres,
268 other proximate but noncontiguous property may be a part of
269 the site.

270 (2) The application includes proof that the grant funds
271 that are approved by the authority will be matched by funds on
272 hand with, or contingently committed to, the applicant such
273 that one of the following is true:

274 a. If the site is located in a targeted county with a
275 population of less than 12,000, for every dollar of grant
276 funds, the applicant will contribute twenty-five cents (\$0.25)
277 of additional funds.

278 b. If the site is located in a targeted county with a
279 population of 12,000 or greater but less than ~~50,000~~60,000,
280 for every dollar of grant funds, the applicant will contribute



281 fifty cents (\$0.50) of additional funds.

282 c. If the site is located in a county with a population
283 of ~~50,000~~60,000 or greater but less than 150,000, for every
284 dollar of grant funds, the applicant will contribute
285 seventy-five cents (\$0.75) of additional funds.

286 d. If the site is located in a county with a population
287 of 150,000 or greater, for every dollar of grant funds, the
288 applicant will contribute one dollar (\$1) of additional funds.

289 (c) The authority may impose additional requirements
290 with regard to the sites, including, but not limited to,
291 environmental and geotechnical matters, as well as utility
292 related and transportation related issues.

293 (d) Each applicant must enter into a project agreement
294 with the authority to establish the terms and conditions of
295 the site development grant."

296 Section 4. This act shall become effective immediately
297 following its passage and approval by the Governor, or its
298 otherwise becoming law.