

**HB359 ENROLLED**



1 HB359  
2 XD5I9E7-2  
3 By Representative Whitt  
4 RFD: Economic Development and Tourism  
5 First Read: 29-Jan-26



## HB359 Enrolled

1 Enrolled, An Act,

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4 Relating to the Sweet Home Alabama Tourism Investment  
5 Act; to amend Sections 40-18-470, 40-18-471, 40-18-472, and  
6 40-18-473, Code of Alabama 1975, to provide further for  
7 definitions; to provide further for a supplemental tax rebate;  
8 and to require certification of project costs.

9 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

10 Section 1. Sections 40-18-470, 40-18-471, 40-18-472,  
11 and 40-18-473, Code of Alabama 1975, are amended to read as  
12 follows:

13 "§40-18-470

14 (a) This article shall be known and may be cited as the  
15 Sweet Home Alabama Tourism Investment Act.

16 (b) For purposes of this article, the following words  
17 and phrases have the following meanings:

18 (1) APPLICANT. Any corporation, limited liability  
19 company, partnership, sole proprietorship, business trust, or  
20 other legal entity authorized to do business in the State of  
21 Alabama.

22 (2) APPROVED COMPANY. Any company approved for tax  
23 rebates for operating a certified tourism destination project.

24 (3) APPROVED COSTS. Costs relating to the following:

25 a. Land acquisition.

26 b. Construction.

27 c. Engineering.

28 d. Design.



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29 e. Costs of contract bonds and insurances.

30 f. Installation of utilities paid by the applicant,  
31 including project-specific off-site extensions.

32 (4) BOARD. Alabama Tourism Advisory Board established  
33 pursuant to Section 41-7-3.

34 (5) CAPITAL INVESTMENT. All costs and expenses incurred  
35 by the incentivized company in connection with the  
36 acquisition, construction, installation, and equipping of a  
37 qualifying project, if such costs are required to be  
38 capitalized for purposes of the federal income tax, determined  
39 without regard to any rule that permits expenditures properly  
40 chargeable to a capital account to be treated as current  
41 expenditures. However, any project involving the extraction of  
42 natural resources shall not be included as a capital  
43 investment expenditure.

44 (6) CERTIFIED TOURISM DESTINATION PROJECT.

45 a. A certified tourism destination project must conduct  
46 an activity specified in subparagraphs 1. through 8.

47 1. A qualifying project that has seventy-five million  
48 dollars (\$75,000,000) of capital investments may be considered  
49 a mega project.

50 2. A qualifying project may be a tourist destination  
51 attraction with a minimum private investment of not less than  
52 fifty million dollars (\$50,000,000).

53 3. A qualifying project may be a tourism attraction  
54 with a minimum private investment of thirty-five million  
55 dollars (\$35,000,000) ~~located within an entertainment~~  
56 ~~district~~. The attraction must be open to the public at least



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57 five days per week, serve food and beverages, and provide live  
58 entertainment at least three nights per week.

59 4. A qualifying project may be a resort development  
60 with a minimum investment of thirty-five million dollars  
61 (\$35,000,000) and consist~~s~~ of a hotel with a minimum of 200  
62 guest rooms and or 200 units that may be used for vacation  
63 rental. The development must also include guest amenities such  
64 as restaurants, golf courses, spas, entertainment activities,  
65 and other amenities.

66 5. A qualifying project may be a tourism destination  
67 attraction with a minimum investment of thirty-five million  
68 dollars (\$35,000,000) located within a historic district where  
69 the district is listed in the National Register of Historic  
70 Places.

71 6. Retail related to a qualifying project must consist  
72 primarily of upscale brands or their equivalent. Retail  
73 activities not eligible for a rebate include the following:

74 A.i. Department stores.

75 B.ii. Convenience stores.

76 C.iii. Grocery stores.

77 D.iv. Liquor and tobacco stores.

78 E.v. Discount stores.

79 F.vi. Multiplex theaters.

80 G.vii. Facilities that perform cleaning, repair, or  
81 alteration services.

82 H.viii. Facilities that perform personal salon services  
83 such as tanning, nail, and beauty.

84 7. A qualifying project may be any combination of



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85 qualifying tourist attractions, hotels, marinas, and resorts  
86 with a minimum private investment of thirty-five million  
87 dollars (\$35,000,000) in land, buildings, architecture,  
88 engineering, fixtures, equipment, furnishings, amenities, and  
89 other related approved soft costs.

90 b. Projects that cannot be certified as an eligible  
91 certified tourism destination project include the following:

92 1. Expansions of any existing projects previously  
93 approved that are not equal to the lesser of 75 percent of the  
94 original capital investment or thirty-five million dollars  
95 (\$35,000,000).

96 2. Facilities that are primarily developed for retail  
97 sales that are not certified as a resort development. Pro  
98 shops, souvenir shops, gift shops, concessions, and similar  
99 retail activities may not be included within the definition of  
100 a "tourism destination project."

101 (7) COMPLETION DATE. A date by which the approved  
102 company shall have completed the tourism destination project.  
103 The completion date must occur within three years of the date  
104 of the financial incentive agreement unless an extension is  
105 granted by the board. Completion date is the date the project  
106 is placed in service and is generating revenue.

107 ~~(7)~~(8) DEPARTMENT. The Alabama Tourism Department.

108 ~~(8)~~(9) PROJECT. Any land, building, or other  
109 improvement, and all real and personal property, whether or  
110 not contiguous and whether or not previously in existence, if  
111 in Alabama and if deemed necessary or useful in connection  
112 with certified destination projects.



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113           ~~(9)~~(10) QUALIFYING PROJECT. Any project to be  
114 undertaken by an approved company that is deemed a certified  
115 tourism destination project.

116           ~~(10)~~(11) TOURISM DESTINATION ATTRACTION. Tourist  
117 attractions that qualify include the following:

118           a. Theme parks.

119           b. Water parks.

120           c. Entertainment parks or outdoor adventure parks.

121           d. Cultural or historical interpretive educational  
122 centers or museums.

123           e. Motor speedways.

124           f. Indoor or outdoor entertainment centers or  
125 complexes.

126           g. Convention centers.

127           h. Professional sports facilities.

128           i. Attractions created around a natural phenomenon or  
129 scenic landscape.

130           j. Waterfront marina facilities, including, but not  
131 limited to, indoor marine vessel storage, restaurants, and  
132 marine sales and service.

133           k. Aquariums."

134           "§40-18-471

135           (a) Prior to the allowance of a tax rebate on  
136 transactional taxes, an application shall be filed with the  
137 tourism department in the manner established by the  
138 department.

139           (b) The tourism department shall adopt standards to be  
140 used by the Alabama Tourism Advisory Board for the review and



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141 approval of certified tourism destination projects for which a  
142 tax rebate for transactional taxes is sought ~~pursuant to~~  
143 ~~Section 40-18-473~~.

144 (c) The tourism department shall establish deadlines  
145 for applications. Applications shall solicit whatever  
146 information the department deems important to its  
147 determination of authorizing a tax rebate."

148 "§40-18-472

149 (a) In order for an applicant ~~—~~that proposes a  
150 certified tourism destination project to be an approved  
151 company, the board shall make both of the following findings:

152 (1) That the project is in fact a certified tourism  
153 destination project.

154 (2) That the amount of tourism rebates sought are  
155 exceeded by anticipated revenues for the state, including  
156 income, property, business privilege, utility, gross receipts,  
157 and sales, and use tax revenues that are generated by the  
158 economic activity resulting from the project.

159 (b) The Alabama Tourism Advisory Board shall review  
160 qualifying projects meeting the criteria established ~~pursuant~~  
161 ~~to Section 40-18-473~~ and approve eligible projects for tax  
162 rebates. Upon a determination that all program requirements  
163 are met, the board shall issue an Alabama Tourism Advisory  
164 Board Act Certificate. Each certificate shall include the  
165 amount of the approved project costs, the maximum rebate  
166 available, and the rebate term of 10 years from the completion  
167 date or the date on or which five million dollars (\$5,000,000)  
168 of the approved project costs has been rebated to the



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169 applicant, whichever threshold is met first."

170 "§40-18-473

171 (a) A tax rebate from taxes generated within the  
172 tourism destination attraction by the certified tourism  
173 destination project over a 10-year period from the  
174 commencement of operation, which must occur after June 15,  
175 2023, in the amount of up to five million dollars (\$5,000,000)  
176 may be claimed. No approved company may receive more than one  
177 million dollars (\$1,000,000) in tourism rebates in a calendar  
178 year.

179 (b) (1) The tax rebates authorized by this article are  
180 limited to an aggregate amount for all certified tourism  
181 destination projects of ten million dollars (\$10,000,000)  
182 annually with 10 percent set aside annually for certified  
183 tourism destination projects located in targeted or jumpstart  
184 counties.

185 (2) An approved company with a certified tourism  
186 destination project may be granted a tax rebate on any  
187 combination of the state and local sales and use taxes,  
188 lodging taxes, or other transactional taxes generated by or  
189 arising within the tourism destination project after June 15,  
190 2023.

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

194 (4) Rebates authorized under this article shall be for  
195 up to 10 years, commencing on the date the tourism attraction  
196 opens for business, which must occur after June 15, 2023, and



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197 begins to collect taxes generated by, or arising within, the  
198 tourism destination project.

199 (5) Tax rebates may be a combination of state and local  
200 retail sales tax, state and local lodging taxes, and any other  
201 taxes generated by, or arising within, the tourism destination  
202 project after June 15, 2023. The municipality or the taxing  
203 district where the tourism destination project will be located  
204 must support and approve the facility. The approval must be in  
205 the form of a resolution of the governing authority  
206 acknowledging support of the project and acknowledging that a  
207 portion no less than 20 percent of the tax rebates will be  
208 comprised of municipal taxes.

209 (6) The Alabama Department of Revenue, in consultation  
210 with the Alabama Tourism Department, shall adopt rules and  
211 require the filing of a rebate form designed by the Alabama  
212 Department of Revenue to reflect the intent of this article.  
213 To begin the rebate process, once project phases open for  
214 business after June 15, 2023, the approved company must  
215 provide a listing of all sales tax accounts and account  
216 numbers related to the project. The Alabama Department of  
217 Revenue will provide these accounts and will begin making the  
218 required diversions into the Tourism Project Sales Tax  
219 Incentive Fund the month following notification. Rebate  
220 payments from the fund will be made each January and July to  
221 the approved company.

222 (7) No tax rebate shall be granted to an approved  
223 company during a tax year that the approved company is  
224 simultaneously receiving any other state tax incentive



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225 associated with any individual tourism attraction project.

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

229 (9) Rebates under this article shall be made without  
230 interest.

231 (10) Tax rebates authorized under this article are  
232 transferrable to future owners of the qualifying tourism  
233 destination project.

234 (11) The tax rebate allowed under this article shall be  
235 effective beginning August 1, 2023, for projects placed into  
236 service after June 15, 2023, and shall continue through July  
237 31, 2028, unless continued by an act of the Legislature.

238 (12) Tax rebates for certified tourism destination  
239 projects are to be administered by the Alabama Department of  
240 Revenue.

241 (c) Notwithstanding the ten million dollar  
242 (\$10,000,000) annual aggregate cap on tax rebates allowed, the  
243 board may approve an annual ~~onetime~~one-time designation of an  
244 additional two million five hundred thousand dollars  
245 (\$2,500,000) in tax rebates for one project per calendar year  
246 with a minimum capital investment amount of seventy-five  
247 million dollars (\$75,000,000). Additionally, a company that is  
248 awarded the supplemental rebate may claim up to seven million  
249 five hundred thousand dollars (\$7,500,000) in total, up to one  
250 million five hundred thousand dollars annually (\$1,500,000)  
251 and is not subject to the caps otherwise provided for in this  
252 article.



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253 (d) Within three months after the completion date, the  
254 approved company shall document the actual cost of the project  
255 through certification of the costs by an independent certified  
256 public accountant acceptable to the board.

257 (e) For purposes of determining whether a project has  
258 met the minimum capital investment requirements, only bona  
259 fide, third-party, arms-length capital expenditures shall be  
260 included. The certification of project costs required under  
261 this subsection shall expressly verify all of the following:

262 (1) Each cost included in the capital investment  
263 calculation represents an actual expenditure paid to an  
264 independent, third-party vendor not related to the applicant,  
265 developer, or any affiliate thereof.

266 (2) No cost included in the calculation consists of any  
267 payment, fee, or charge paid directly or indirectly to the  
268 project developer, any member, partner, shareholder, manager,  
269 officer, affiliate, parent entity, subsidiary, or any entity  
270 under common ownership or control, including, but not limited  
271 to, developer fees, consulting fees, project-management fees,  
272 internal labor allocations, overhead charges, reimbursed  
273 salaries, or similar related-party payments.

274 (3) All costs included are properly capitalizable under  
275 the Internal Revenue Code and represent legitimate project  
276 expenditures necessary for the acquisition, construction, or  
277 completion of the certified tourism destination project.

278 (4) Any related-party transactions, if disclosed, are  
279 excluded from the capital investment amount used to determine  
280 eligibility for the supplemental rebate or any other

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281 investment-based incentive threshold."

282 Section 2. This act shall become effective immediately.



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Speaker of the House of Representatives

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President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 10-Feb-26.

John Treadwell  
Clerk

Senate

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**26-Feb-26**

Passed