

**HB393 ENROLLED**



1 HB393  
2 RBEVRMM-3  
3 By Representatives Lawrence, Faulkner, Chestnut, Daniels  
4 RFD: Economic Development and Tourism  
5 First Read: 05-Feb-26



## HB393 Enrolled

1 Enrolled, An Act,

2

3 Relating to economic development; to amend Sections  
4 11-66A-2 and 41-23-252, Code of Alabama 1975, regarding  
5 research and development corridors and grants, and Sections  
6 40-9B-3, 40-9G-1, and 40-18-372, Code of Alabama 1975,  
7 regarding tax abatements and incentives; to remove references  
8 to the outdated Accelerate Alabama Strategic Economic  
9 Development Plan; to update NAICS Code references to the  
10 latest update released in 2022; and to make nonsubstantive,  
11 technical revisions to update existing code language to  
12 current style.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. Sections 11-66A-2, 40-9B-3, 40-9G-1,  
15 40-18-372, and 41-23-252, Code of Alabama 1975, are amended to  
16 read as follows:

17 "§11-66A-2

18 (a) The Legislature finds and determines the public  
19 good, welfare, and economy of the state are best served by  
20 providing and encouraging the development, growth,  
21 improvement, and support of new and creative economic  
22 opportunities for existing and future qualified enterprises to  
23 establish and continue projects in this state for innovative  
24 processes and products. These include specifically ~~these~~the  
25 business sectors expressly identified in ~~Accelerate Alabama~~  
26 ~~2.0, the strategic~~the current comprehensive economic  
27 development plan, CatALyst, or any amended version or  
28 successor document thereto, developed by the Department of



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29 Commerce.

30 (b) In furtherance of subsection (a) the legislative  
31 intent and public purpose of this chapter is:

32 (1) To provide authority to municipalities for the  
33 creation of research and development corridors with corporate  
34 authority and power to provide, in the discretion of the  
35 corridors, its resources; and

36 (2) To provide authority to public entities to provide  
37 public resources to, or for the benefit of, corridors."

38 "§40-9B-3

39 (a) For purposes of this chapter, the following words  
40 and phrases mean:

41 (1) ABATE, ABATEMENT. A reduction or elimination of a  
42 taxpayer's liability for tax or payments required to be made  
43 in lieu thereof. An abatement of transaction taxes imposed  
44 under Chapter 23 ~~of this title~~, or payments required to be  
45 made in lieu thereof, shall relieve the seller from the  
46 obligation to collect and pay over the transaction tax as if  
47 the sale were to a person exempt, to the extent of the  
48 abatement, from the transaction tax.

49 (2) ALTERNATIVE ENERGY RESOURCES. The definition given  
50 in Section 40-18-1.

51 (3) CONSTRUCTION RELATED TRANSACTION TAXES. The  
52 transaction taxes imposed by Chapter 23 ~~of this title~~, or  
53 payments required to be made in lieu thereof, on tangible  
54 personal property and taxable services incorporated into an  
55 industrial development property, the cost of which may be  
56 added to capital account with respect to the property,



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57 determined without regard to any rule which permits  
58 expenditures properly chargeable to capital account to be  
59 treated as current expenses.

60 (4) DATA PROCESSING CENTER. An establishment at which  
61 not less than 20 new jobs are located, the average annual  
62 total compensation, including benefits, of such new jobs to be  
63 not less than forty thousand dollars (\$40,000) and such  
64 establishment is engaged in the provision of complete  
65 processing and specialized reports from data, the provision of  
66 automated data processing and data entry services, the  
67 provision of an infrastructure for hosting or data processing  
68 services, the provision of specialized hosting activities, the  
69 provision of application service provisioning, the provision  
70 of general time-share mainframe facilities, the provision or  
71 operation of computer equipment or enabling software for the  
72 processing, storage, backup, retrieval, communication, or  
73 distribution of data, or some combination of the foregoing,  
74 without regard to whether any other activities are conducted  
75 at the establishment.

76 (5) EDUCATION TAXES. Ad valorem taxes, or payments  
77 required to be made in lieu thereof, that must, pursuant to  
78 the Constitution of Alabama of ~~1901~~2022, as amended,  
79 legislative act, or the resolution or other action of the  
80 governing board authorizing the tax, be used for educational  
81 purposes or for capital improvements for education and local  
82 construction related transaction taxes levied for educational  
83 purposes or for capital improvements for education.

84 (6) HEADQUARTERS FACILITY. Any trade or business



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85 described in ~~NAICS~~NAICS Code 551114, at which not less than 50  
86 new jobs are located.

87 (7) HYDROPOWER PRODUCTION. The definition given in  
88 Section 40-18-1.

89 (8) INDUCEMENT. Refers to an agreement, or an  
90 "inducement agreement," entered into between a private user  
91 and a public authority or county or municipal government  
92 and/or a resolution or other official action, an "inducement  
93 resolution," "inducement letter," or "official action" adopted  
94 by a public authority or county or municipal government, in  
95 each case expressing, among other things, the present intent  
96 of such public authority or county or municipal government to  
97 issue bonds in connection with the private use property  
98 therein described. Notwithstanding any provision in this  
99 chapter to the contrary, neither an inducement nor a request  
100 for inducement shall be required to apply for, grant, or  
101 receive any abatement of taxes allowed to be abated under this  
102 chapter.

103 (9) INDUSTRIAL DEVELOPMENT PROPERTY. Real and/or  
104 personal property acquired in connection with establishing or  
105 expanding an industrial or research enterprise in Alabama.

106 (10) INDUSTRIAL OR RESEARCH ENTERPRISE.

107 a. Any trade or business ~~predominately~~predominantly  
108 consisting of any one or more of the following:

109 1. Described by NAICS Code 1133, 115111, 2121, 22111,  
110 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,  
111 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~  
112 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without



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113 regard to the premise that data processing and related  
114 services be performed in conjunction with a third party),  
115 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of  
116 another activity described in this article), 54134 (if  
117 predominantly in furtherance of another activity described in  
118 this article), 54138, 5415, 541614, 5417, 55 (if not for the  
119 production of electricity), 561422 (other than establishments  
120 that originate telephone calls), 562213, 56291, 56292, 611512,  
121 927, or 92811.

122 2. A target of the state's economic development efforts  
123 pursuant to either of the following:

124 (i) ~~The Accelerate Alabama Strategic Economic~~  
125 ~~Development Plan adopted in January 2012 by the Alabama~~  
126 ~~Economic Development Alliance, created by Executive Order~~  
127 ~~Number 21 of the Governor on July 18, 2011~~comprehensive  
128 economic development plan, CatALyst, or any amended version or  
129 successor document thereto; or

130 (ii) A type listed in a regulation adopted by the  
131 Department of Commerce, other than a regulation submitted as  
132 an emergency rule.

133 Notwithstanding the foregoing, the activities described  
134 in this definition shall not predominantly concern farming  
135 activities involving trees, animals, or crops, nor the retail  
136 sale of tangible personal property or services. This provision  
137 shall not be deemed to exclude customer service centers or  
138 call centers otherwise allowed or provided for herein.

139 b. With respect to abatements granted in accordance  
140 with Section 40-9B-9, and only with respect to such



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141 abatements, "industrial or research enterprise" means any  
142 trade or business described in NAICS Code 493, 488310, or  
143 488320, when such trade or business is conducted on premises  
144 in which the Alabama ~~State~~ Port Authority has an ownership,  
145 leasehold, or other possessory interest and such premises are  
146 used as part of the operations of the Alabama ~~State~~ Port  
147 Authority.

148 c. "Industrial or research enterprise" includes the  
149 above-described trades and business and any others as may  
150 hereafter be reclassified in any subsequent publication of the  
151 NAICS or similar industry classification system developed in  
152 conjunction with the United States Department of Commerce or  
153 Office of Management and Budget.

154 d. "Industrial or research enterprise" also includes  
155 any underground natural gas storage facility which is located  
156 in the Gulf Opportunity Zone, as that phrase is defined in the  
157 Gulf Opportunity Zone Act of 2005, developed from existing  
158 geologic reservoirs, including, without limitation, salt  
159 domes, and placed in service on or before December 31, 2013.

160 e. "Industrial or research enterprise" also includes  
161 any plant, property, or facility that meets both of the  
162 following:

163 1. It produces electricity from:

164 (i) Alternative energy resources and has capital costs  
165 of at least one hundred million dollars (\$100,000,000); or

166 (ii) Hydropower production and has capital costs of at  
167 least five million dollars (\$5,000,000).

168 2. All or a portion of the plant, property, or facility



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169 is owned by one or more of the following:

170 (i) A utility described in Section 37-4-1(7)a.~~7~~

171 (ii) An entity organized under the provisions of  
172 Chapter 6 of Title 37~~7~~.

173 (iii) An authority both organized and existing pursuant  
174 to the provisions of Chapter 50A of Title 11 and subject to  
175 the payments required to be made in lieu of ad valorem, sales,  
176 use, license, and severance taxes imposed by Section 11-50A-7~~7~~  
177 ~~of~~.

178 (iv) An entity in which one or more of the foregoing  
179 owns an interest.

180 f. "Industrial or research enterprise" also includes  
181 any headquarters facility.

182 g. "Industrial or research enterprise" also includes  
183 any data processing center.

184 h. "Industrial or research enterprise" also includes  
185 any research and development facility.

186 i. "Industrial or research enterprise" also includes  
187 any renewable energy facility.

188 j. "Industrial or research enterprise" also includes  
189 any tourism destination attraction.

190 (11) MAJOR ADDITION. Any addition to an existing  
191 industrial development property that equals the lesser of: 30  
192 percent of the original cost of the industrial development  
193 property or two million dollars (\$2,000,000). For purposes of  
194 this subsection, the original cost of existing industrial  
195 development property shall be the amount of industrial  
196 development property with respect to which an abatement was



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197 granted under this chapter when the property was constructed,  
198 or if the existing industrial development property was  
199 constructed before January 1, 1993, the maximum amount that  
200 would have been allowed if the provisions of this chapter had  
201 applied at the time it was constructed. Only property that  
202 constitutes industrial development property shall be taken  
203 into account in making the determination in the previous  
204 sentence. Major addition shall include any addition costing at  
205 least two million dollars (\$2,000,000) which constitutes an  
206 industrial or research enterprise, regardless of whether added  
207 to an existing industrial development property.

208 (12) MAXIMUM EXEMPTION PERIOD. Except as provided in  
209 Section 40-9B-11, a period equal to the shorter of:

210 a. Either of the following:

211 1. Twenty years from and after: (i) ~~The~~the date of  
212 initial issuance by a county, city, or public authority of  
213 bonds to finance any costs of a private use property~~r;~~i; or (ii)  
214 ~~If~~if no such bonds are ever issued, the later of: A. ~~The~~the  
215 date on which title to the property was acquired by or vested  
216 in the county, city, or public authority~~r;~~i; or B. ~~The~~the date  
217 on which the property is or becomes owned, for federal income  
218 tax purposes, by a private user~~;~~or.

219 2. Exclusively with respect to one or more private  
220 users of a data processing center, the following:

221 (i) A period of 10 years from and after the date on  
222 which private use property is or becomes owned, for federal  
223 income tax purposes, by such private user or users (including  
224 the lessor and any lessee with respect to co-location



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225 centers), if the aggregate capital investment in the data  
226 processing center by such private user or users does not  
227 exceed two hundred million dollars (\$200,000,000) within 10  
228 years from the date on which a private user commences the  
229 acquisition, construction, and equipping of the data  
230 processing center,

231 (ii) A period of 20 years from and after the date on  
232 which private use property is or becomes owned, for federal  
233 income tax purposes, by such private user or users (including  
234 the lessor and any lessee with respect to co-location  
235 centers), if the aggregate capital investment in the data  
236 processing center by such private user or users exceeds two  
237 hundred million dollars (\$200,000,000) but is not greater than  
238 four hundred million dollars (\$400,000,000) within 10 years  
239 from the date on which a private user commences the  
240 acquisition, construction, and equipping of the data  
241 processing center, ~~or.~~

242 (iii) A period of 30 years from and after the date on  
243 which private use property is or becomes owned, for federal  
244 income tax purposes, by such private user or users (including  
245 the lessor and any lessee with respect to co-location  
246 centers), if the aggregate capital investment in the data  
247 processing center by such private user or users exceeds two  
248 hundred million dollars (\$200,000,000) within 10 years from  
249 the date on which a private user commences the physical work  
250 of constructing and equipping the data processing center and  
251 exceeds four hundred million dollars (\$400,000,000) within 20  
252 years from the date on which a private user commences the



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253 acquisition, construction, and equipping of the data  
254 processing center.

255 For purposes of this subparagraph 2., a private user's  
256 aggregate capital investment in a data processing center shall  
257 include all real and personal property comprising a data  
258 processing center, the costs of which may be capitalized for  
259 federal income tax purposes. In no event shall abatements of  
260 construction related transaction taxes or noneducational ad  
261 valorem taxes granted for a data processing center apply  
262 beyond the expiration of the applicable maximum exemption  
263 period; or

264 b. The period ending on the date on which the property  
265 has ceased, for ~~6~~six consecutive months, to be used in the  
266 active conduct of an industrial or research enterprise.

267 (13) MORTGAGE AND RECORDING TAXES. The taxes imposed by  
268 Chapter 22 ~~of this title~~.

269 (14) NAICS CODE. Any sector, subsector, industry group,  
270 industry or national industry of the ~~2012~~2022 North American  
271 Industry Classification System, or any similar classification  
272 system developed in conjunction with the United States  
273 Department of Commerce or Office of Management and Budget.

274 (15) NONEDUCATIONAL AD VALOREM TAXES. Ad valorem taxes,  
275 or payments required to be made in lieu thereof, imposed by  
276 the state, counties, municipalities, and other taxing  
277 jurisdictions of Alabama that are not required to be used for  
278 educational purposes or for capital improvements for  
279 education.

280 (16) PERSON. Includes any individual, partnership,



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281 trust, estate, or corporation.

282 (17) PRIVATE USER. Any individual, partnership, or  
283 corporation organized for profit that is or will be treated as  
284 the owner of private use property for federal income tax  
285 purposes, any entity organized under Chapter 6 of Title 37,  
286 and any authority both organized and existing pursuant to  
287 Chapter 50A of Title 11 and subject to the payments required  
288 to be made in lieu of ad valorem, sales, use, license, and  
289 severance taxes imposed by Section 11-50A-7.

290 (18) PRIVATE USE INDUSTRIAL PROPERTY. Private use  
291 property that also constitutes industrial development  
292 property.

293 (19) PRIVATE USE PROPERTY. Any real and/or personal  
294 property which is or will be treated as owned by a private  
295 user for federal income tax purposes even though title may be  
296 held by a public authority or municipal or county government;  
297 any real and/or personal property which is owned by any entity  
298 organized under Chapter 6 of Title 37; and any real and/or  
299 personal property which is owned by any authority both  
300 organized and existing pursuant to Chapter 50A of Title 11,  
301 and subject to the payments required to be made in lieu of ad  
302 valorem, sales, use, license, and severance taxes imposed by  
303 Section 11-50A-7.

304 (20) PUBLIC AUTHORITY. A corporation created for public  
305 purposes pursuant to a provision of the Constitution of  
306 Alabama of ~~1901~~2022, or a general or local law that authorized  
307 it to issue bonds, the interest on which is exempt from the  
308 Alabama income tax, as in effect on May 21, 1992.



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309 (21) PUBLIC INDUSTRIAL AUTHORITY. A public authority  
310 authorized to issue bonds to acquire, construct, equip, or  
311 finance industrial development property.

312 (22) RENEWABLE ENERGY FACILITY. Any plant, property, or  
313 facility that either:

314 a. Produces electricity or natural gas, in whole or in  
315 part, from biofuels as such term is defined in Section  
316 2-2-90(c)(2) or from renewable energy resources as such term  
317 is defined in Section 40-18-1(30) with the exception that  
318 hydropower production shall be excluded from such definition;  
319 or

320 b. Produces biofuel as such term is defined in Section  
321 2-2-90(c) ~~(2)~~.

322 (23) RESEARCH AND DEVELOPMENT FACILITY. An  
323 establishment engaged in conducting original investigations  
324 undertaken on a systematic basis to gain new knowledge or  
325 applying research findings or other scientific knowledge to  
326 create new or significantly improved products or processes, or  
327 both.

328 (24) STATEMENT OF INTENT. A written statement of intent  
329 to claim an abatement provided in this chapter, or to petition  
330 for local tax abatement, relating to an industrial or research  
331 enterprise described in paragraph ~~e. of subdivision (10)e.~~ e. of  
332 ~~this subsection~~ that is filed with the Department of Revenue  
333 at any time prior to the date on which the industrial or  
334 research enterprise described in paragraph ~~e. of subdivision~~  
335 ~~(10)e. of this subsection~~ e. is placed in service in accordance  
336 with such procedures and on such form or forms as may be



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337 prescribed by the Department of Revenue. Such statement of  
338 intent shall contain a description of the industrial or  
339 research enterprise described in paragraph ~~e. of subdivision~~  
340 (10)~~e. of this subsection~~; the date on which the acquisition,  
341 construction, installation, or equipping of the industrial or  
342 research enterprise described in paragraph ~~e. of subdivision~~  
343 (10)~~e. of this subsection~~ was commenced or is expected to  
344 commence; the actual or, if not known, the estimated capital  
345 costs of the industrial or research enterprise described in  
346 paragraph ~~e. of subdivision~~ (10)~~e. of this subsection~~; the  
347 number of new employees to be employed at the industrial or  
348 research enterprise described in paragraph ~~e. of subdivision~~  
349 (10)~~e. of this subsection~~; and any other information required  
350 by the Department of Revenue.

351 (25) TOURISM DESTINATION ATTRACTION. a. A commercial  
352 enterprise which is open to the public not less than 120 days  
353 during a calendar year and is designed to attract visitors  
354 from inside or outside of the State of Alabama, typically for  
355 its inherent cultural value, historical significance, natural  
356 or man-made beauty, or entertainment or amusement  
357 opportunities. The term shall include, but not be limited to,  
358 a cultural or historical site; a botanical garden; a museum; a  
359 wildlife park or aquarium open to the public that cares for  
360 and displays a collection of animals or fish; an amusement  
361 park; a convention hotel and conference center; a water park;  
362 or a spectator venue or arena.

363 b. A tourism destination attraction shall not include a  
364 facility primarily devoted to the retail sale of goods; a



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365 shopping center; a restaurant; a movie theater; a bowling  
366 alley; a fitness center; a miniature golf course; or a  
367 nightclub. ~~Provided, however, that the~~The capital costs of the  
368 construction of a tourism destination attraction may include  
369 the capital costs associated with the construction of any  
370 retail establishment, restaurant or other portion of the  
371 tourism destination attraction. The term also does not include  
372 any gaming facility or establishment that the Secretary of the  
373 Department of Commerce deems to be serving the local  
374 community.

375 (b) The abatements of ad valorem taxes, and payments in  
376 lieu thereof, allowed by amendments to this section by Act  
377 2008-275 shall become effective for projects for which  
378 statements of intent are filed after December 31, 2011. No ad  
379 valorem taxes, or payments in lieu thereof, shall be abated  
380 for periods prior to January 1, 2012. The other abatements  
381 allowed by amendments made to this section by Act 2008-275  
382 shall become effective after December 31, 2011.

383 For a qualifying industrial or research enterprise  
384 described in Section 40-9B-3(a)(10)j., the approval of the  
385 abatement of a specified ad valorem tax or construction  
386 related tax levied or imposed by a county or municipality, or  
387 payments required to be made in lieu thereof, shall take  
388 effect only upon adoption of a resolution by the governing  
389 body of that county or municipality approving such abatement  
390 or abatements."

391 "§40-9G-1

392 For purposes of the chapter, the following words and



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393 phrases ~~shall~~ have the following ~~meanings~~meanings:

394 (1) APPROVED ACTIVITY. The conduct of an activity that  
395 is predominantly any one or more of the following:

396 a. Described by NAICS Code 1133, 115111, 2121, 22111,  
397 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,  
398 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~  
399 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without  
400 regard to the premise that data processing and related  
401 services be performed in conjunction with a third party),  
402 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of  
403 another activity described in this chapter), 54134 (if  
404 predominantly in furtherance of another activity described in  
405 this chapter), 54138, 5415, 541614, 5417, 55 (if not for the  
406 production of electricity), 561422 (other than establishments  
407 that originate telephone calls), 562213, 56291, 56292, 611512,  
408 927, or 92811.

409 b. The production of biofuel as such term is defined in  
410 Section 2-2-90(c)(2).

411 c. The conduct of original investigations undertaken on  
412 a systematic basis to gain new knowledge or the application of  
413 research findings or other scientific knowledge to create new  
414 or significantly improved products or processes.

415 d. The national or regional headquarters for a company  
416 that conducts significant business operations outside the  
417 state and that will serve as the principal office of the  
418 company's principal operating officer with chief  
419 responsibility for the daily business operations of the  
420 company.



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421 e. A target of the state's economic development efforts  
422 pursuant to either of the following:

423 (i) ~~The Accelerate Alabama Strategic Economic~~  
424 ~~Development Plan adopted in January 2012 by the Alabama~~  
425 ~~Economic Development Alliance, created by Executive Order~~  
426 ~~Number 21 of the Governor on July 18, 2011~~comprehensive  
427 economic development plan, CatALyst, or any amended version or  
428 successor document thereto; or

429 (ii) A type listed in a regulation adopted by the  
430 Department of Commerce, other than a regulation submitted as  
431 an emergency rule.

432 Notwithstanding the foregoing, an approved activity  
433 shall not predominantly concern farming activities involving  
434 trees, animals, or crops, nor the retail sale of tangible  
435 personal property or services. This provision shall not be  
436 deemed to exclude customer service centers, call centers, or  
437 headquarters otherwise allowed by this subdivision.

438 (2) COMPANY. Anyone or anything which has the powers to  
439 own a project and have employees.

440 (3) NAICS CODE. Any sector, subsector, industry group,  
441 industry or national industry of the ~~2012~~2022 North American  
442 Industry Classification System, or any similar classification  
443 system developed in conjunction with the United States  
444 Department of Commerce or Office of Management and Budget.

445 (4) QUALIFYING PROJECT. Any project: a. that proposes  
446 to invest in capital expenditures that equal or exceed two  
447 million dollars (\$2,000,000) as part of any addition,  
448 expansion, improvement, renovation, re-opening, or



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449 rehabilitation of a facility, or replacement of any existing  
450 equipment or tangible personal property; b. that predominantly  
451 involves an approved activity; and c. for which no project  
452 agreement has been entered into with the Governor for the  
453 provision of other incentives.

454 (5) UTILITY TAXES. The taxes imposed by Sections  
455 40-21-82 and 40-21-102."

456 "§40-18-372

457 A qualifying project must be found by the Secretary of  
458 Commerce to conduct an activity specified in subdivision (1)  
459 and to meet the minimum standard set forth in subdivision (2).

460 (1) A qualifying project must predominantly conduct an  
461 activity that is any one or more of the following:

462 a. Described by NAICS Code 1133, 115111, 2121, 22111,  
463 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,  
464 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~  
465 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without  
466 regard to the premise that data processing and related  
467 services be performed in conjunction with a third party),  
468 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of  
469 another activity described in this article), 54134 (if  
470 predominantly in furtherance of another activity described in  
471 this article), 54138, 5415, 541614, 5417, 55 (if not for the  
472 production of electricity), 561422 (other than establishments  
473 that originate telephone calls), 562213, 56291, 56292, 611512,  
474 927, or 92811.

475 b. The production of biofuel as such term is defined in  
476 Section 2-2-90(c)(2).



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477 c. A renewable energy generation facility that is owned  
478 by one or more electric providers, as the term is defined in  
479 Section 37-16-3, for providing electric service at retail in  
480 Alabama. For purposes of this subdivision, an "electric  
481 provider" shall also include an authority as defined in  
482 Section 11-50A-1. In the case of an electric provider that is  
483 also a tax-exempt organization under the ~~Internal Revenue~~  
484 ~~Code~~ 26 U.S.C. § 501, notwithstanding Section 40-18-376(b)(3),  
485 any investment credit may be transferred for the entire term  
486 of the project agreement, as approved by the Governor. A  
487 "renewable energy generation facility" as used in this  
488 subdivision shall include any tangible property that is part  
489 of renewable energy generation, including any addition,  
490 modification, expansion, or upgrade to transmission or  
491 distribution systems that is required to accommodate the  
492 interconnection of renewable energy generation.

493 d. The conduct of original investigations undertaken on  
494 a systematic basis to gain new knowledge or the application of  
495 research findings or other scientific knowledge to create new  
496 or significantly improved products or processes.

497 e. The national or regional headquarters for a company  
498 that conducts significant business operations outside the  
499 state and that will serve as the principal office of the  
500 company's principal operating officer with chief  
501 responsibility for the daily business operations of the  
502 company.

503 f. A target of the state's economic development efforts  
504 pursuant to the ~~Accelerate Alabama Strategic Economic~~



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505 ~~Development Plan adopted in January 2012 by the Alabama~~  
506 ~~Economic Development Alliance, created by Executive Order~~  
507 ~~Number 21 of the Governor on July 18, 2011~~comprehensive  
508 economic development plan, CatALyst, or any amended version or  
509 successor document thereto.

510 g. A type listed in a rule adopted by the Department of  
511 Commerce, other than an emergency rule.

512 Notwithstanding the foregoing, a qualifying project may  
513 not engage predominantly in farming activities involving  
514 trees, animals, or crops, and a qualifying project may not  
515 engage predominantly in the retail sale of tangible personal  
516 property or services, and may not be a shopping center,  
517 restaurant, movie theater, bowling alley, fitness center,  
518 miniature golf course, nightclub, gaming facility, or  
519 establishment serving the local community. However, if the  
520 excluded activities are not the predominant activity at the  
521 project, and if the project is otherwise a qualifying project,  
522 then the project agreement may provide that the capital  
523 investment may include costs related to excluded activities  
524 that are ancillary to the primary business conducted as part  
525 of the project. This provision shall not be deemed to exclude  
526 customer service centers, call centers, or headquarters  
527 otherwise allowed by this subdivision.

528 (2) A qualifying project shall create a significant  
529 number of new jobs for the area in which the qualifying  
530 project shall be located. Absent a finding of extraordinary  
531 circumstances by the Secretary of Commerce, a qualifying  
532 project shall employ either of the following number of new



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533 employees:

534 a. Any number of new employees, for a qualifying  
535 project in which the predominant activity involves chemical  
536 manufacturing, data centers, renewable energy generation,  
537 engineering, design, or research, metal/machining technology  
538 or toolmaking; or

539 b. At least 50 new employees, for all other qualifying  
540 projects."

541 "§41-23-252

542 For the purpose of this article, the following words  
543 and phrases ~~shall~~ have the following meanings:

544 (1) ADECA. The Alabama Department of Economic and  
545 Community Affairs.

546 (2) ALABAMA RESEARCH ENTITY. One or more of the  
547 following:

548 a. A public or private university in the state in  
549 partnership with a private sector applicant.

550 b. A university research foundation affiliated with a  
551 public or private university in the state in partnership with  
552 a private sector applicant.

553 c. A public two-year college in the state in  
554 partnership with a private sector applicant.

555 d. A publicly owned hospital in the state in  
556 partnership with a private sector applicant.

557 e. An entity duly formed, domiciled, or qualified to do  
558 business in the state in partnership with a private sector  
559 applicant and that meets each of the following criteria:

560 1. Is exempt from federal income tax under 26 U.S.C. §



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561 ~~Section 501(c)(3) of the Internal Revenue Code of 1986~~, as  
562 amended.

563 2. Is predominantly engaged in research and  
564 ~~non-commercial~~noncommercial development activities undertaken  
565 for the purpose of discovering information that is  
566 technological or biotechnological in nature, involves a  
567 process of experimentation, and the application of which is  
568 intended to be used in the development of a new or improved  
569 product, service, or treatment.

570 3. Has its headquarters and principal place of business  
571 in the state.

572 4. Has, or is anticipated to have, at least 75 percent  
573 of its property and payroll in Alabama, using the property and  
574 payroll factor calculations found in Title 40.

575 (3) APPROVED ACTIVITY. The conduct of an activity that  
576 is predominantly any one or more of the following:

577 a. Described by NAICS Code 1133, 115111, 2121, 22111,  
578 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,  
579 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~  
580 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without  
581 regard to the premise that data processing and related  
582 services be performed in conjunction with a third party),  
583 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of  
584 another activity described in this article), 54134 (if  
585 predominantly in furtherance of another activity described in  
586 this article), 54138, 5415, 541614, 5417, 55 (if not for the  
587 production of electricity), 561422 (other than establishments  
588 that originate telephone calls), 562213, 56291, 56292, 611512,



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589 927, or 92811.

590 b. The production of biofuel as the term is defined in  
591 Section 2-2-90(c)(2).

592 c. A target of the state's economic development efforts  
593 pursuant to either of the following:

594 1. ~~The Accelerate Alabama Strategic Economic~~  
595 ~~Development Plan adopted in January 2012 by the Alabama~~  
596 ~~Economic Development Alliance, created by Executive Order~~  
597 ~~Number 21 of the Governor on July 18, 2011~~comprehensive  
598 economic development plan, CatALyst, or any amended version or  
599 successor document.

600 2. A type listed in a regulation adopted by the  
601 Department of Commerce.

602 (4) NAICS CODE. Any sector, subsector, industry group,  
603 industry, or national industry of the ~~2012~~2022 North American  
604 Industry Classification System, or any similar classification  
605 system developed in conjunction with the United States  
606 Department of Commerce or Office of Management and Budget.

607 (5) QUALIFIED RESEARCH. The meaning given in 26 U.S.C.  
608 § 41(d), if conducted in Alabama in pursuit of an approved  
609 activity. In applying any terms in 26 U.S.C. § 41, "qualified  
610 research" shall have the meaning given herein."

611 Section 2. This act shall become effective on June 1,  
612 2026.



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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 26-Feb-26.

John Treadwell  
Clerk

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Senate **07-Apr-26**

Passed