

# HB539 INTRODUCED



1 HB539  
2 5VXW53M-1  
3 By Representative Robbins  
4 RFD: State Government  
5 First Read: 03-Mar-26



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SYNOPSIS:

Under current law, a municipality, a county, or a public industrial authority may abate the state and local portions of certain taxes.

This bill would require the recommendation of the Secretary of Commerce and approval of the Governor for a municipality, a county, or a public industrial authority to abate the state portion of these taxes.

This bill would make technical corrections.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to abatements; to amend Section 40-9B-5, Code of Alabama 1975, to prohibit a municipality, a county, or a public industrial authority from abating the state portion of certain taxes unless the abatement is recommended by the Secretary of Commerce and approved by the Governor; and to make technical corrections.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-9B-5, Code of Alabama 1975, is amended to read as follows:

"§40-9B-5



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29 (a) Subject to the geographical ~~or~~, jurisdictional, or  
30 other limitations specified in subsections (b), (c), and (d),  
31 the governing body of a municipality, a county, or a public  
32 industrial authority may grant abatements of ~~all~~the non-state  
33 portion of the taxes allowed to be abated under Section  
34 40-9B-4 with respect to private use industrial property.

35 (b) (1) The abatements authorized to be granted pursuant  
36 to subsection (a) for construction related transaction taxes  
37 and for ad valorem taxes for a period not to exceed 10 years  
38 may be granted:

39 a. By the governing body of a municipality, except as  
40 otherwise provided herein, with respect to private use  
41 industrial property located within the limits of the  
42 municipality or within the police jurisdiction of the  
43 municipality; ~~provided, however,~~ if a municipality has a  
44 corresponding municipal tax, the municipal governing body may  
45 only grant an abatement of a county tax if the municipality  
46 has also abated the corresponding municipal tax, or, if the  
47 municipality does not have a corresponding municipal tax, the  
48 municipal governing body may abate a county tax only if the  
49 governing body of the county, by resolution adopted by a  
50 majority of its members, has authorized the municipality to  
51 abate the eligible county tax described in the resolution~~;~~;

52 b. By the governing body of a county, with respect to  
53 private use industrial property located in the county and not  
54 within a municipality or the police jurisdiction of a  
55 municipality, unless consented to by resolution of the  
56 governing body of the municipality~~;~~; or



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57           c. By the governing body of a public industrial  
58 authority, except as otherwise provided herein, with respect  
59 to private use industrial property located within the  
60 jurisdiction of the public industrial authority; ~~provided,~~  
61 ~~however,~~ if the municipality has a corresponding municipal  
62 tax, a municipal public industrial authority may grant an  
63 abatement of a county tax only if the municipal authority has  
64 also abated the corresponding municipal tax or, if the  
65 municipality does not have a corresponding municipal tax, the  
66 municipal authority may abate a county tax only if the  
67 governing body of a county, by resolution adopted by a  
68 majority of its members, has authorized the public industrial  
69 authority of the municipality to abate any eligible county tax  
70 described in the resolution.

71           (2) The abatements authorized to be granted pursuant to  
72 subsection (a) for ad valorem taxes for a period longer than  
73 10 years may be granted:

74           a. By the governing body of a municipality, with  
75 respect to private use industrial property located within the  
76 limits of the municipality or within the police jurisdiction  
77 of the municipality, but only as to municipal noneducational  
78 taxes-~~;~~

79           b. By the governing body of a county, with respect to  
80 private use industrial property located in the county, but  
81 only as to county noneducational taxes-~~;~~ or

82           c. By the Governor, with respect to private use  
83 industrial property located in the state, but only as to state  
84 taxes.



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85           (3) The governing body of a county and a municipality  
86 may separately authorize one or more public industrial  
87 authorities to provide by resolution for such consent on its  
88 behalf.

89           ~~(3)~~ (4) Notwithstanding ~~the provisions of~~ this  
90 subsection, abatements authorized to be granted pursuant to  
91 subsection (a) for data processing centers may be granted in  
92 accordance with subdivision (1) without regard to the time  
93 limitation stated in subdivision (1).

94           (c) If a tax is abated pursuant to this chapter, any  
95 payment, contribution, or other financial or in-kind award  
96 received from a private user or related party shall be divided  
97 between the county and municipality whose taxes were abated  
98 based upon the tax proceeds which would have been paid if the  
99 taxes had not been abated, unless the party receiving such  
100 award can prove that the award was not related to the granting  
101 of any abatement. In addition, any county or municipality  
102 whose taxes are subject to abatement as provided in this  
103 chapter, by resolution adopted by affirmative vote of a  
104 majority of its members, may elect to waive the requirements  
105 of this subsection.

106           (d) Any abatement of county taxes granted by a  
107 municipality or municipal industrial authority shall not be  
108 valid until the expiration of: ~~(1)~~ (i) 10 days following the  
109 date of physical delivery to the county commission; or ~~(2)~~ (ii)  
110 13 days following the date of mailing by certified mail to the  
111 county commission of a copy of the resolution granting such  
112 abatement. Proof of delivery by affidavit of service, in the



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113 case of physical delivery, or by certified mail receipt, in  
114 the case of mailing by certified mail, shall be furnished to  
115 the Department of Revenue at the same time as the filing of  
116 the abatement agreement under Section 40-9B-6. If the  
117 procedures herein prescribed are followed, any such abatement  
118 shall be effective as of the date granted.

119 (e) (1) The governing body of a municipality, a county,  
120 or a public industrial authority may grant abatements of the  
121 state portion of the taxes allowed to be abated under Section  
122 40-9B-4 with respect to private use industrial property only  
123 upon recommendation of the Secretary of Commerce and approval  
124 of the Governor, as provided by this section.

125 (2) A municipality, a county, or a public industrial  
126 authority seeking to grant an abatement of state taxes shall  
127 request the abatement in writing to the Secretary of Commerce,  
128 which shall include the taxes proposed to be abated, the  
129 duration of the abatement, and a proposed fiscal analysis of  
130 the tax loss and revenue generated.

131 (3) The secretary shall review the information provided  
132 in subdivision (2) to:

133 a. Determine if the project meets any criteria set by  
134 the Secretary of Commerce, including return-on-investment; and

135 b. Confirm if the company, or any related company, has  
136 defaulted on a project agreement or similar agreement or any  
137 economic incentive agreement at any time during the last ten  
138 years.

139 (4) After the review in subdivision (3), the secretary  
140 may recommend the abatement of the state taxes to the



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141 Governor. After receipt of a recommendation, the Governor may  
142 approve or disapprove the abatement.

143 (5) The secretary shall forward notice of approval or  
144 disapproval of the abatement to the applicable local taxing  
145 authority within 30 days of the action."

146 Section 2. This act shall become effective on October  
147 1, 2026.