

**SB214 INTRODUCED**



1 SB214  
2 JPXCXFY-1  
3 By Senator Elliott  
4 RFD: Finance and Taxation General Fund  
5 First Read: 27-Jan-26



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4     SYNOPSIS:

5                 Under current law, the Sweet Home Alabama  
6     Tourism Investment Act provides tax rebates to  
7     companies with certain tourism destination projects in  
8     amounts equal to the company's tax liability for state  
9     and local sales and use tax, lodgings tax, and other  
10    transactional taxes associated with the project.

11                This bill clarifies that the annual one-time two  
12    million five hundred thousand dollar (\$2,500,000) award  
13    is supplemental to the initial award.

14                This bill would also require approved companies  
15    to document actual cost of projects through  
16    certification by an independent certified public  
17    accountant.

18                Finally, this bill would require certification  
19    of project costs.

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22                A BILL

23

                  TO BE ENTITLED

24                AN ACT

25

26                Relating to the Sweet Home Alabama Tourism Investment  
27     Act; to amend Sections 40-18-470, 40-18-471, 40-18-472, and  
28     40-18-473, Code of Alabama 1975, to provide further for

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29 definitions; to provide further for a supplemental tax rebate;  
30 and to require certification of project costs.

31 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

35           "§40-18-470

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

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

40           (1) APPLICANT. Any corporation, limited liability  
41 company, partnership, sole proprietorship, business trust, or  
42 other legal entity authorized to do business in the State of  
43 Alabama.

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

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

47           a. Land acquisition.

48           b. Construction.

49           c. Engineering.

50           d. Design.

51           e. Costs of contract bonds and insurances.

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

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

56           (5) CAPITAL INVESTMENT. All costs and expenses incurred



57 by the incentivized company in connection with the  
58 acquisition, construction, installation, and equipping of a  
59 qualifying project, if such costs are required to be  
60 capitalized for purposes of the federal income tax, determined  
61 without regard to any rule that permits expenditures properly  
62 chargeable to a capital account to be treated as current  
63 expenditures. However, any project involving the extraction of  
64 natural resources shall not be included as a capital  
65 investment expenditure.

66 (6) CERTIFIED TOURISM DESTINATION PROJECT.

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

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

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

75 3. A qualifying project may be a tourism attraction  
76 with a minimum private investment of thirty-five million  
77 dollars (\$35,000,000) ~~located within an entertainment~~  
78 ~~district~~. The attraction must be open to the public at least  
79 five days per week, serve food and beverages, and provide live  
80 entertainment at least three nights per week.

81 4. A qualifying project may be a resort development  
82 with a minimum investment of thirty-five million dollars  
83 (\$35,000,000) and consists~~s~~ of a hotel with a minimum of 200  
84 guest rooms and or 200 units that may be used for vacation



85     rental. The development must also include guest amenities such  
86     as restaurants, golf courses, spas, entertainment activities,  
87     and other amenities.

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

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

96             A.i. Department stores.

97             B.ii. Convenience stores.

98             C.iii. Grocery stores.

99             D.iv. Liquor and tobacco stores.

100             E.v. Discount stores.

101             F.vi. Multiplex theaters.

102             G.vii. Facilities that perform cleaning, repair, or  
103     alteration services.

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

106         7. A qualifying project may be any combination of  
107     qualifying tourist attractions, hotels, marinas, and resorts  
108     with a minimum private investment of thirty-five million  
109     dollars (\$35,000,000) in land, buildings, architecture,  
110     engineering, fixtures, equipment, furnishings, amenities, and  
111     other related approved soft costs.

112             b. Projects that cannot be certified as an eligible



113 certified tourism destination project include the following:

114 1. Expansions of any existing projects previously  
115 approved that are not equal to the lesser of 75 percent of the  
116 original capital investment or thirty-five million dollars  
117 (\$35,000,000).

118 2. Facilities that are primarily developed for retail  
119 sales that are not certified as a resort development. Pro  
120 shops, souvenir shops, gift shops, concessions, and similar  
121 retail activities may not be included within the definition of  
122 ~~a~~ "tourism destination project."

123 (7) COMPLETION DATE. A date by which the approved  
124 company shall have completed the tourism destination project.  
125 The completion date must occur within three years of the date  
126 of the financial incentive agreement unless an extension is  
127 granted by the board. Completion date is the date the project  
128 is placed in service and is generating revenue.

129 ~~(7)~~ (8) DEPARTMENT. The Alabama Tourism Department.

130 ~~(8)~~ (9) PROJECT. Any land, building, or other  
131 improvement, and all real and personal property, whether or  
132 not contiguous and whether or not previously in existence, if  
133 in Alabama and if deemed necessary or useful in connection  
134 with certified destination projects.

135 ~~(9)~~ (10) QUALIFYING PROJECT. Any project to be  
136 undertaken by an approved company that is deemed a certified  
137 tourism destination project.

138 ~~(10)~~ (11) TOURISM DESTINATION ATTRACTION. Tourist  
139 attractions that qualify include the following:

140 a. Theme parks.



- b. Water parks.
- c. Entertainment parks or outdoor adventure parks.
- d. Cultural or historical interpretive educational centers or museums.
- e. Motor speedways.
- f. Indoor or outdoor entertainment centers or complexes.
- g. Convention centers.
- h. Professional sports facilities.
- i. Attractions created around a natural phenomenon or scenic landscape.
- j. Waterfront marina facilities, including, but not limited to, indoor marine vessel storage, restaurants, and marine sales and service.
- k. Aquariums."

"§40-18-471

- (a) Prior to the allowance of a tax rebate on transactional taxes, an application shall be filed with the tourism department in the manner established by the department.
- (b) The tourism department shall adopt standards to be used by the Alabama Tourism Advisory Board for the review and approval of certified tourism destination projects for which tax rebate for transactional taxes is sought ~~pursuant to Section 40-18-473.~~
- (c) The tourism department shall establish deadlines for applications. Applications shall solicit whatever information the department deems important to its

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169 determination of authorizing a tax rebate."

170 "§40-18-472

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

174 (1) That the project is in fact a certified tourism  
175 destination project.

176 (2) That the amount of tourism rebates sought are  
177 exceeded by anticipated revenues for the state, including  
178 income, property, business privilege, utility, gross receipts,  
179 and sales and use tax revenues that are generated by the  
180 economic activity resulting from the project.

181 (b) The Alabama Tourism Advisory Board shall review  
182 qualifying projects meeting the criteria established ~~pursuant~~  
183 ~~to Section 40-18-473~~ and approve eligible projects for tax  
184 rebates. Upon a determination that all program requirements  
185 are met, the board shall issue an Alabama Tourism Advisory  
186 Board Act Certificate. Each certificate shall include the  
187 amount of the approved project costs, the maximum rebate  
188 available, and the rebate term of 10 years from the completion  
189 date or the date on or which five million dollars (\$5,000,000)  
190 of the approved project costs has been rebated to the  
191 applicant, whichever threshold is met first."

192 "§40-18-473

193 (a) A tax rebate from taxes generated within the  
194 tourism destination attraction by the certified tourism  
195 destination project over a 10-year period from the  
196 commencement of operation, which must occur after June 15,

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197        2023, in the amount of up to five million dollars (\$5,000,000)  
198        may be claimed. No approved company may receive more than one  
199        million dollars (\$1,000,000) in tourism rebates in a calendar  
200        year.

201                (b) (1) The tax rebates authorized by this article are  
202        limited to an aggregate amount for all certified tourism  
203        destination projects of ten million dollars (\$10,000,000)  
204        annually with 10 percent set aside annually for certified  
205        tourism destination projects located in targeted or jumpstart  
206        counties.

207                (2) An approved company with a certified tourism  
208        destination project may be granted a tax rebate on any  
209        combination of the state and local sales and use taxes,  
210        lodging taxes, or other transactional taxes generated by or  
211        arising within the tourism destination project after June 15,  
212        2023.

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

216                (4) Rebates authorized under this article shall be for  
217        up to 10 years, commencing on the date the tourism attraction  
218        opens for business, which must occur after June 15, 2023, and  
219        begins to collect taxes generated by, or arising within, the  
220        tourism destination project.

221                (5) Tax rebates may be a combination of state and local  
222        retail sales tax, state and local lodging taxes, and any other  
223        taxes generated by, or arising within, the tourism destination  
224        project after June 15, 2023. The municipality or the taxing



225 district where the tourism destination project will be located  
226 must support and approve the facility. The approval must be in  
227 the form of a resolution of the governing authority  
228 acknowledging support of the project and acknowledging that a  
229 portion no less than 20 percent of the tax rebates will be  
230 comprised of municipal taxes.

231 (6) The Alabama Department of Revenue, in consultation  
232 with the Alabama Tourism Department, shall adopt rules and  
233 require the filing of a rebate form designed by the Alabama  
234 Department of Revenue to reflect the intent of this article.  
235 To begin the rebate process, once project phases open for  
236 business after June 15, 2023, the approved company must  
237 provide a listing of all sales tax accounts and account  
238 numbers related to the project. The Alabama Department of  
239 Revenue will provide these accounts and will begin making the  
240 required diversions into the Tourism Project Sales Tax  
241 Incentive Fund the month following notification. Rebate  
242 payments from the fund will be made each January and July to  
243 the approved company.

244 (7) No tax rebate shall be granted to an approved  
245 company during a tax year that the approved company is  
246 simultaneously receiving any other state tax incentive  
247 associated with any individual tourism attraction project.

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

251 (9) Rebates under this article shall be made without  
252 interest.



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253 (10) Tax rebates authorized under this article are  
254 transferrable to future owners of the qualifying tourism  
255 destination project.

256 (11) The tax rebate allowed under this article shall be  
257 effective beginning August 1, 2023, for projects placed into  
258 service after June 15, 2023, and shall continue through July  
259 31, 2028, unless continued by an act of the Legislature.

260 (12) Tax rebates for certified tourism destination  
261 projects are to be administered by the Alabama Department of  
262 Revenue.

263 (c) Notwithstanding the ten million dollar  
264 (\$10,000,000) annual aggregate cap on tax rebates allowed, the  
265 board may approve an annual ~~onetime~~one-time designation of an  
266 additional two million five hundred thousand dollars  
267 (\$2,500,000) in tax rebates for one project per calendar year  
268 with a minimum capital investment amount of seventy-five  
269 million dollars (\$75,000,000). Additionally, a company that is  
270 awarded the supplemental rebate may claim up to seven million  
271 five hundred thousand dollars (\$7,500,000) in total, up to one  
272 million five hundred thousand dollars annually (\$1,500,000)  
273 and is not subject to the caps otherwise provided for in this  
274 article.

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



281 fide, third-party, arms-length capital expenditures shall be  
282 included. The certification of project costs required under  
283 this subsection shall expressly verify all of the following:

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

288       (2) No cost included in the calculation consists of any  
289 payment, fee, or charge paid directly or indirectly to the  
290 project developer, any member, partner, shareholder, manager,  
291 officer, affiliate, parent entity, subsidiary, or any entity  
292 under common ownership or control, including, but not limited  
293 to, developer fees, consulting fees, project-management fees,  
294 internal labor allocations, overhead charges, reimbursed  
295 salaries, or similar related-party payments.

296       (3) All costs included are properly capitalizable under  
297 the Internal Revenue Code and represent legitimate project  
298 expenditures necessary for the acquisition, construction, or  
299 completion of the certified tourism destination project.

300       (4) Any related-party transactions, if disclosed, are  
301 excluded from the capital investment amount used to determine  
302 eligibility for the supplemental rebate or any other  
303 investment-based incentive threshold."

304       Section 2. This act shall become effective immediately.