

SB251 ENGROSSED



1 SB251
2 7B15ME2-2
3 By Senators Hatcher, Stewart
4 RFD: Finance and Taxation General Fund
5 First Read: 03-Feb-26



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A BILL
TO BE ENTITLED
AN ACT

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40-9G-1, and 40-18-372, Code of Alabama 1975, regarding tax abatements and incentives; to remove references to the outdated Accelerate Alabama Strategic Economic Development Plan; to update NAICS Code references to the latest update released in 2022; and to make nonsubstantive,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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§11-66A-2

(a) The Legislature finds and determines the public good, welfare, and economy of the state are best served by providing and encouraging the development, growth, improvement, and support of new and creative economic opportunities for existing and future qualified enterprises to



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29 establish and continue projects in this state for innovative
30 processes and products. These include specifically ~~those~~the
31 business sectors expressly identified in ~~Accelerate Alabama~~
32 ~~2.0, the strategic~~ the current comprehensive economic
33 development plan, CatALyst, or any amended version or
34 successor document thereto, developed by the Department of
35 Commerce.

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

38 (1) To provide authority to municipalities for the
39 creation of research and development corridors with corporate
40 authority and power to provide, in the discretion of the
41 corridors, its resources; and

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

44 "§40-9B-3

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

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

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



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57 (3) CONSTRUCTION RELATED TRANSACTION TAXES. The
58 transaction taxes imposed by Chapter 23 ~~of this title~~, or
59 payments required to be made in lieu thereof, on tangible
60 personal property and taxable services incorporated into an
61 industrial development property, the cost of which may be
62 added to capital account with respect to the property,
63 determined without regard to any rule which permits
64 expenditures properly chargeable to capital account to be
65 treated as current expenses.

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

82 (5) EDUCATION TAXES. Ad valorem taxes, or payments
83 required to be made in lieu thereof, that must, pursuant to
84 the Constitution of Alabama of ~~1901~~2022, as amended,



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85 legislative act, or the resolution or other action of the
86 governing board authorizing the tax, be used for educational
87 purposes or for capital improvements for education and local
88 construction related transaction taxes levied for educational
89 purposes or for capital improvements for education.

90 (6) HEADQUARTERS FACILITY. Any trade or business
91 described in ~~NACIS~~NAICS Code 551114, at which not less than 50
92 new jobs are located.

93 (7) HYDROPOWER PRODUCTION. The definition given in
94 Section 40-18-1.

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

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

112 (10) INDUSTRIAL OR RESEARCH ENTERPRISE.



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

115 1. Described by NAICS Code 1133, 115111, 2121, 22111,
116 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
117 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~
118 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without
119 regard to the premise that data processing and related
120 services be performed in conjunction with a third party),
121 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of
122 another activity described in this article), 54134 (if
123 predominantly in furtherance of another activity described in
124 this article), 54138, 5415, 541614, 5417, 55 (if not for the
125 production of electricity), 561422 (other than establishments
126 that originate telephone calls), 562213, 56291, 56292, 611512,
127 927, or 92811.

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

130 (i) ~~The Accelerate Alabama Strategic Economic~~
131 ~~Development Plan adopted in January 2012 by the Alabama~~
132 ~~Economic Development Alliance, created by Executive Order~~
133 ~~Number 21 of the Governor on July 18, 2011, or any amended~~
134 ~~version or successor document thereto~~The comprehensive
135 economic development plan, CatALyst, or any amended version or
136 successor document thereto; or

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

140 Notwithstanding the foregoing, the activities described



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141 in this definition shall not predominantly concern farming
142 activities involving trees, animals, or crops, nor the retail
143 sale of tangible personal property or services. This provision
144 shall not be deemed to exclude customer service centers or
145 call centers otherwise allowed or provided for herein.

146 b. With respect to abatements granted in accordance
147 with Section 40-9B-9, and only with respect to such
148 abatements, "industrial or research enterprise" means any
149 trade or business described in NAICS Code 493, 488310, or
150 488320, when such trade or business is conducted on premises
151 in which the Alabama ~~State~~ Port Authority has an ownership,
152 leasehold, or other possessory interest and such premises are
153 used as part of the operations of the Alabama ~~State~~ Port
154 Authority.

155 c. "Industrial or research enterprise" includes the
156 above-described trades and business and any others as may
157 hereafter be reclassified in any subsequent publication of the
158 NAICS or similar industry classification system developed in
159 conjunction with the United States Department of Commerce or
160 Office of Management and Budget.

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

167 e. "Industrial or research enterprise" also includes
168 any plant, property, or facility that meets both of the



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169 following:

170 1. It produces electricity from:

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

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

175 2. All or a portion of the plant, property, or facility
176 is owned by one or more of the following:

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

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

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

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

187 f. "Industrial or research enterprise" also includes
188 any headquarters facility.

189 g. "Industrial or research enterprise" also includes
190 any data processing center.

191 h. "Industrial or research enterprise" also includes
192 any research and development facility.

193 i. "Industrial or research enterprise" also includes
194 any renewable energy facility.

195 j. "Industrial or research enterprise" also includes
196 any tourism destination attraction.



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197 (11) MAJOR ADDITION. Any addition to an existing
198 industrial development property that equals the lesser of: 30
199 percent of the original cost of the industrial development
200 property or two million dollars (\$2,000,000). For purposes of
201 this subsection, the original cost of existing industrial
202 development property shall be the amount of industrial
203 development property with respect to which an abatement was
204 granted under this chapter when the property was constructed,
205 or if the existing industrial development property was
206 constructed before January 1, 1993, the maximum amount that
207 would have been allowed if the provisions of this chapter had
208 applied at the time it was constructed. Only property that
209 constitutes industrial development property shall be taken
210 into account in making the determination in the previous
211 sentence. Major addition shall include any addition costing at
212 least two million dollars (\$2,000,000) which constitutes an
213 industrial or research enterprise, regardless of whether added
214 to an existing industrial development property.

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

217 a. Either of the following:

218 1. Twenty years from and after: (i) ~~The~~the date of
219 initial issuance by a county, city, or public authority of
220 bonds to finance any costs of a private use property~~;~~; or (ii)
221 ~~If~~if no such bonds are ever issued, the later of: A. ~~The~~the
222 date on which title to the property was acquired by or vested
223 in the county, city, or public authority~~;~~; or B. ~~The~~the date
224 on which the property is or becomes owned, for federal income



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225 tax purposes, by a private user;~~or~~.

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

228 (i) A period of 10 years from and after the date on
229 which private use property is or becomes owned, for federal
230 income tax purposes, by such private user or users (including
231 the lessor and any lessee with respect to co-location
232 centers), if the aggregate capital investment in the data
233 processing center by such private user or users does not
234 exceed two hundred million dollars (\$200,000,000) within 10
235 years from the date on which a private user commences the
236 acquisition, construction, and equipping of the data
237 processing center,

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

249 (iii) A period of 30 years from and after the date on
250 which private use property is or becomes owned, for federal
251 income tax purposes, by such private user or users (including
252 the lessor and any lessee with respect to co-location



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253 centers), if the aggregate capital investment in the data
254 processing center by such private user or users exceeds two
255 hundred million dollars (\$200,000,000) within 10 years from
256 the date on which a private user commences the physical work
257 of constructing and equipping the data processing center and
258 exceeds four hundred million dollars (\$400,000,000) within 20
259 years from the date on which a private user commences the
260 acquisition, construction, and equipping of the data
261 processing center.

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

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

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

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



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281 (15) NONEDUCATIONAL AD VALOREM TAXES. Ad valorem taxes,
282 or payments required to be made in lieu thereof, imposed by
283 the state, counties, municipalities, and other taxing
284 jurisdictions of Alabama that are not required to be used for
285 educational purposes or for capital improvements for
286 education.

287 (16) PERSON. Includes any individual, partnership,
288 trust, estate, or corporation.

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

297 (18) PRIVATE USE INDUSTRIAL PROPERTY. Private use
298 property that also constitutes industrial development
299 property.

300 (19) PRIVATE USE PROPERTY. Any real and/or personal
301 property which is or will be treated as owned by a private
302 user for federal income tax purposes even though title may be
303 held by a public authority or municipal or county government;
304 any real and/or personal property which is owned by any entity
305 organized under Chapter 6 of Title 37; and any real and/or
306 personal property which is owned by any authority both
307 organized and existing pursuant to Chapter 50A of Title 11,
308 and subject to the payments required to be made in lieu of ad



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309 valorem, sales, use, license, and severance taxes imposed by
310 Section 11-50A-7.

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

316 (21) PUBLIC INDUSTRIAL AUTHORITY. A public authority
317 authorized to issue bonds to acquire, construct, equip, or
318 finance industrial development property.

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

321 a. Produces electricity or natural gas, in whole or in
322 part, from biofuels as such term is defined in Section
323 2-2-90(c)(2) or from renewable energy resources as such term
324 is defined in Section 40-18-1(30) with the exception that
325 hydropower production shall be excluded from such definition;
326 or

327 b. Produces biofuel as such term is defined in Section
328 2-2-90(c) ~~(2)~~.

329 (23) RESEARCH AND DEVELOPMENT FACILITY. An
330 establishment engaged in conducting original investigations
331 undertaken on a systematic basis to gain new knowledge or
332 applying research findings or other scientific knowledge to
333 create new or significantly improved products or processes, or
334 both.

335 (24) STATEMENT OF INTENT. A written statement of intent
336 to claim an abatement provided in this chapter, or to petition



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337 for local tax abatement, relating to an industrial or research
338 enterprise described in paragraph ~~e. of subdivision (10)e. of~~
339 ~~this subsection~~ that is filed with the Department of Revenue
340 at any time prior to the date on which the industrial or
341 research enterprise described in paragraph ~~e. of subdivision~~
342 ~~(10)e. of this subsection~~ is placed in service in accordance
343 with such procedures and on such form or forms as may be
344 prescribed by the Department of Revenue. Such statement of
345 intent shall contain a description of the industrial or
346 research enterprise described in paragraph ~~e. of subdivision~~
347 ~~(10)e. of this subsection~~; the date on which the acquisition,
348 construction, installation, or equipping of the industrial or
349 research enterprise described in paragraph ~~e. of subdivision~~
350 ~~(10)e. of this subsection~~ was commenced or is expected to
351 commence; the actual or, if not known, the estimated capital
352 costs of the industrial or research enterprise described in
353 paragraph ~~e. of subdivision (10)e. of this subsection~~; the
354 number of new employees to be employed at the industrial or
355 research enterprise described in paragraph ~~e. of subdivision~~
356 ~~(10)e. of this subsection~~; and any other information required
357 by the Department of Revenue.

358 (25) TOURISM DESTINATION ATTRACTION. a. A commercial
359 enterprise which is open to the public not less than 120 days
360 during a calendar year and is designed to attract visitors
361 from inside or outside of the State of Alabama, typically for
362 its inherent cultural value, historical significance, natural
363 or man-made beauty, or entertainment or amusement
364 opportunities. The term shall include, but not be limited to,



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365 a cultural or historical site; a botanical garden; a museum; a
366 wildlife park or aquarium open to the public that cares for
367 and displays a collection of animals or fish; an amusement
368 park; a convention hotel and conference center; a water park;
369 or a spectator venue or arena.

370 b. A tourism destination attraction shall not include a
371 facility primarily devoted to the retail sale of goods; a
372 shopping center; a restaurant; a movie theater; a bowling
373 alley; a fitness center; a miniature golf course; or a
374 nightclub. ~~Provided, however, that the~~The capital costs of the
375 construction of a tourism destination attraction may include
376 the capital costs associated with the construction of any
377 retail establishment, restaurant or other portion of the
378 tourism destination attraction. The term also does not include
379 any gaming facility or establishment that the Secretary of the
380 Department of Commerce deems to be serving the local
381 community.

382 (b) The abatements of ad valorem taxes, and payments in
383 lieu thereof, allowed by amendments to this section by Act
384 2008-275 shall become effective for projects for which
385 statements of intent are filed after December 31, 2011. No ad
386 valorem taxes, or payments in lieu thereof, shall be abated
387 for periods prior to January 1, 2012. The other abatements
388 allowed by amendments made to this section by Act 2008-275
389 shall become effective after December 31, 2011.

390 For a qualifying industrial or research enterprise
391 described in Section 40-9B-3(a)(10)j., the approval of the
392 abatement of a specified ad valorem tax or construction



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393 related tax levied or imposed by a county or municipality, or
394 payments required to be made in lieu thereof, shall take
395 effect only upon adoption of a resolution by the governing
396 body of that county or municipality approving such abatement
397 or abatements."

398 "§40-9G-1

399 For purposes of the chapter, the following words and
400 phrases ~~shall~~ have the following ~~meaning~~meanings:

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

403 a. Described by NAICS Code 1133, 115111, 2121, 22111,
404 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
405 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~
406 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without
407 regard to the premise that data processing and related
408 services be performed in conjunction with a third party),
409 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of
410 another activity described in this chapter), 54134 (if
411 predominantly in furtherance of another activity described in
412 this chapter), 54138, 5415, 541614, 5417, 55 (if not for the
413 production of electricity), 561422 (other than establishments
414 that originate telephone calls), 562213, 56291, 56292, 611512,
415 927, or 92811.

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

418 c. The conduct of original investigations undertaken on
419 a systematic basis to gain new knowledge or the application of
420 research findings or other scientific knowledge to create new



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421 or significantly improved products or processes.

422 d. The national or regional headquarters for a company
423 that conducts significant business operations outside the
424 state and that will serve as the principal office of the
425 company's principal operating officer with chief
426 responsibility for the daily business operations of the
427 company.

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

430 (i) ~~The Accelerate Alabama Strategic Economic~~
431 ~~Development Plan adopted in January 2012 by the Alabama~~
432 ~~Economic Development Alliance, created by Executive Order~~
433 ~~Number 21 of the Governor on July 18, 2011, or any amended~~
434 ~~version or successor document thereto~~The comprehensive
435 economic development plan, CatALyst, or any amended version or
436 successor document thereto; or

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

440 Notwithstanding the foregoing, an approved activity
441 shall not predominantly concern farming activities involving
442 trees, animals, or crops, nor the retail sale of tangible
443 personal property or services. This provision shall not be
444 deemed to exclude customer service centers, call centers, or
445 headquarters otherwise allowed by this subdivision.

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

448 (3) NAICS CODE. Any sector, subsector, industry group,



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449 industry or national industry of the ~~2012~~2022 North American
450 Industry Classification System, or any similar classification
451 system developed in conjunction with the United States
452 Department of Commerce or Office of Management and Budget.

453 (4) QUALIFYING PROJECT. Any project: a. that proposes
454 to invest in capital expenditures that equal or exceed two
455 million dollars (\$2,000,000) as part of any addition,
456 expansion, improvement, renovation, re-opening, or
457 rehabilitation of a facility, or replacement of any existing
458 equipment or tangible personal property; b. that predominantly
459 involves an approved activity; and c. for which no project
460 agreement has been entered into with the Governor for the
461 provision of other incentives.

462 (5) UTILITY TAXES. The taxes imposed by Sections
463 40-21-82 and 40-21-102."

464 "§40-18-372

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

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

470 a. Described by NAICS Code 1133, 115111, 2121, 22111,
471 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
472 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~5117~~
473 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without
474 regard to the premise that data processing and related
475 services be performed in conjunction with a third party),
476 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of



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477 another activity described in this article), 54134 (if
478 predominantly in furtherance of another activity described in
479 this article), 54138, 5415, 541614, 5417, 55 (if not for the
480 production of electricity), 561422 (other than establishments
481 that originate telephone calls), 562213, 56291, 56292, 611512,
482 927, or 92811.

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

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

501 d. The conduct of original investigations undertaken on
502 a systematic basis to gain new knowledge or the application of
503 research findings or other scientific knowledge to create new
504 or significantly improved products or processes.



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505 e. The national or regional headquarters for a company
506 that conducts significant business operations outside the
507 state and that will serve as the principal office of the
508 company's principal operating officer with chief
509 responsibility for the daily business operations of the
510 company.

511 f. A target of the state's economic development efforts
512 pursuant to the ~~Accelerate Alabama Strategic Economic~~
513 ~~Development Plan adopted in January 2012 by the Alabama~~
514 ~~Economic Development Alliance, created by Executive Order~~
515 ~~Number 21 of the Governor on July 18, 2011~~comprehensive
516 economic development plan, CatALyst, or any amended version or
517 successor document thereto.

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

520 Notwithstanding the foregoing, a qualifying project may
521 not engage predominantly in farming activities involving
522 trees, animals, or crops, and a qualifying project may not
523 engage predominantly in the retail sale of tangible personal
524 property or services, and may not be a shopping center,
525 restaurant, movie theater, bowling alley, fitness center,
526 miniature golf course, nightclub, gaming facility, or
527 establishment serving the local community. However, if the
528 excluded activities are not the predominant activity at the
529 project, and if the project is otherwise a qualifying project,
530 then the project agreement may provide that the capital
531 investment may include costs related to excluded activities
532 that are ancillary to the primary business conducted as part



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533 of the project. This provision shall not be deemed to exclude
534 customer service centers, call centers, or headquarters
535 otherwise allowed by this subdivision.

536 (2) A qualifying project shall create a significant
537 number of new jobs for the area in which the qualifying
538 project shall be located. Absent a finding of extraordinary
539 circumstances by the Secretary of Commerce, a qualifying
540 project shall employ either of the following number of new
541 employees:

542 a. Any number of new employees, for a qualifying
543 project in which the predominant activity involves chemical
544 manufacturing, data centers, renewable energy generation,
545 engineering, design, or research, metal/machining technology
546 or toolmaking; or

547 b. At least 50 new employees, for all other qualifying
548 projects."

549 "§41-23-252

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

552 (1) ADECA. The Alabama Department of Economic and
553 Community Affairs.

554 (2) ALABAMA RESEARCH ENTITY. One or more of the
555 following:

556 a. A public or private university in the state in
557 partnership with a private sector applicant.

558 b. A university research foundation affiliated with a
559 public or private university in the state in partnership with
560 a private sector applicant.



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

563 d. A publicly owned hospital in the state in
564 partnership with a private sector applicant.

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

568 1. Is exempt from federal income tax under 26 U.S.C. §
569 ~~Section 501(c) (3) of the Internal Revenue Code of 1986~~, as
570 amended.

571 2. Is predominantly engaged in research and
572 ~~non-commercial~~ noncommercial development activities undertaken
573 for the purpose of discovering information that is
574 technological or biotechnological in nature, involves a
575 process of experimentation, and the application of which is
576 intended to be used in the development of a new or improved
577 product, service, or treatment.

578 3. Has its headquarters and principal place of business
579 in the state.

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

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

585 a. Described by NAICS Code 1133, 115111, 2121, 22111,
586 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
587 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~
588 5121 (other than 51213), ~~51221~~ 5122, 513, 517, 518 (without



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589 regard to the premise that data processing and related
590 services be performed in conjunction with a third party),
591 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of
592 another activity described in this article), 54134 (if
593 predominantly in furtherance of another activity described in
594 this article), 54138, 5415, 541614, 5417, 55 (if not for the
595 production of electricity), 561422 (other than establishments
596 that originate telephone calls), 562213, 56291, 56292, 611512,
597 927, or 92811.

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

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

602 1. ~~The Accelerate Alabama Strategic Economic~~
603 ~~Development Plan adopted in January 2012 by the Alabama~~
604 ~~Economic Development Alliance, created by Executive Order~~
605 ~~Number 21 of the Governor on July 18, 2011~~comprehensive
606 economic development plan, CatALyst, or any amended version or
607 successor document thereto.

608 2. A type listed in a regulation adopted by the
609 Department of Commerce.

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

615 (5) QUALIFIED RESEARCH. The meaning given in 26 U.S.C.
616 § 41(d), if conducted in Alabama in pursuit of an approved



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617 activity. In applying any terms in 26 U.S.C. § 41, "qualified
618 research" shall have the meaning given herein."

619 Section 2. This act shall become effective on June 1,
620 2026.



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621
622
623 Senate

624 Read for the first time and referred03-Feb-26
625 to the Senate committee on Finance
626 and Taxation General Fund
627
628 Read for the second time and placed12-Feb-26
629 on the calendar:
630 1 amendment
631
632 Read for the third time and passed19-Feb-26
633 as amended
634 Yeas 26
635 Nays 0
636 Abstains 0
637
638

639 Patrick Harris,
640 Secretary.
641