

**SB251 INTRODUCED**



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



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## 4 SYNOPSIS:

Under existing law, the state has established research and development corridors and grants as well as various tax abatements and incentives that include references to the now outdated Accelerate Alabama Strategic Economic Development Plan. These laws also include references to the 2012 North American Industry Classification System (NAICS) Codes used to classify business establishments by industry sector.

13                   This bill would remove references to the  
14                   Accelerate Alabama Strategic Economic Development Plan  
15                   and align relevant sections with the provisions of the  
16                   Alabama Jobs Act.

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A BILL

21

TO BE ENTITLED

## AN ACT



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40 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

41                   Section 1. Sections 11-66A-2, 40-9B-3, 40-9G-1,  
42   40-18-372, and 41-23-252, Code of Alabama 1975, are amended to  
43   read as follows:

44 "§11-66A-2

45 (a) The Legislature finds and determines the public  
46 good, welfare, and economy of the state are best served by  
47 providing and encouraging the development, growth,  
48 improvement, and support of new and creative economic  
49 opportunities for existing and future qualified enterprises to  
50 establish and continue projects in this state for innovative  
51 processes and products. ~~These include specifically these~~  
52 ~~business sectors expressly identified in Accelerate Alabama~~  
53 ~~2.0, the strategic economic development plan developed by the~~  
54 ~~Department of Commerce.~~

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



57 (1) To provide authority to municipalities for the  
58 creation of research and development corridors with corporate  
59 authority and power to provide, in the discretion of the  
60 corridors, its resources; and

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

63 "§ 40-9B-3

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

66 (1) ABATE, ABATEMENT. A reduction or elimination of a  
67 taxpayer's liability for tax or payments required to be made  
68 in lieu thereof. An abatement of transaction taxes imposed  
69 under Chapter 23~~of this title~~, or payments required to be  
70 made in lieu thereof, shall relieve the seller from the  
71 obligation to collect and pay over the transaction tax as if  
72 the sale were to a person exempt, to the extent of the  
73 abatement, from the transaction tax.

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

76 (3) CONSTRUCTION RELATED TRANSACTION TAXES. The  
77 transaction taxes imposed by Chapter 23~~of this title~~, or  
78 payments required to be made in lieu thereof, on tangible  
79 personal property and taxable services incorporated into an  
80 industrial development property, the cost of which may be  
81 added to capital account with respect to the property,  
82 determined without regard to any rule which permits  
83 expenditures properly chargeable to capital account to be  
84 treated as current expenses.



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

101 (5) EDUCATION TAXES. Ad valorem taxes, or payments  
102 required to be made in lieu thereof, that must, pursuant to  
103 the Constitution of Alabama of 19012022, as amended,  
104 legislative act, or the resolution or other action of the  
105 governing board authorizing the tax, be used for educational  
106 purposes or for capital improvements for education and local  
107 construction related transaction taxes levied for educational  
108 purposes or for capital improvements for education.

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

112 (7) HYDROPOWER PRODUCTION. The definition given in

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113 Section 40-18-1.

114 (8) INDUCEMENT. Refers to an agreement, or an  
115 "inducement agreement," entered into between a private user  
116 and a public authority or county or municipal government  
117 and/or a resolution or other official action, an "inducement  
118 resolution," "inducement letter," or "official action" adopted  
119 by a public authority or county or municipal government, in  
120 each case expressing, among other things, the present intent  
121 of such public authority or county or municipal government to  
122 issue bonds in connection with the private use property  
123 therein described. Notwithstanding any provision in this  
124 chapter to the contrary, neither an inducement nor a request  
125 for inducement shall be required to apply for, grant, or  
126 receive any abatement of taxes allowed to be abated under this  
127 chapter.

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

131 (10) INDUSTRIAL OR RESEARCH ENTERPRISE.

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

134 1. Described by NAICS Code 1133, 115111, 2121, 22111,  
135 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,  
136 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511~~,  
137 5121 (other than 51213), 512215122, 513, 517, 518 (without  
138 regard to the premise that data processing and related  
139 services be performed in conjunction with a third party),  
140 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of



141 another activity described in this article), 54134 (if  
142 predominantly in furtherance of another activity described in  
143 this article), 54138, 5415, 541614, 5417, 55 (if not for the  
144 production of electricity), 561422 (other than establishments  
145 that originate telephone calls), 562213, 56291, 56292, 611512,  
146 927, or 92811.

147 ~~2. A target of the state's economic development efforts~~  
148 ~~pursuant to either of the following:~~

149 ~~(i) The Accelerate Alabama Strategic Economic~~  
150 ~~Development Plan adopted in January 2012 by the Alabama~~  
151 ~~Economic Development Alliance, created by Executive Order~~  
152 ~~Number 21 of the Governor on July 18, 2011, or any amended~~  
153 ~~version or successor document thereto; or~~

154 ~~(ii)~~ A type listed in a regulation adopted by the  
155 Department of Commerce, other than a regulation submitted as  
156 an emergency rule.

157 Notwithstanding the foregoing, the activities described  
158 in this definition shall not predominantly concern farming  
159 activities involving trees, animals, or crops, nor the retail  
160 sale of tangible personal property or services. This provision  
161 shall not be deemed to exclude customer service centers or  
162 call centers otherwise allowed or provided for herein.

163 b. With respect to abatements granted in accordance  
164 with Section 40-9B-9, and only with respect to such  
165 abatements, "industrial or research enterprise" means any  
166 trade or business described in NAICS Code 493, 488310, or  
167 488320, when such trade or business is conducted on premises  
168 in which the Alabama ~~State~~ Port Authority has an ownership,

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169 leasehold, or other possessory interest and such premises are  
170 used as part of the operations of the Alabama ~~State~~—Port  
171 Authority.

172       c. "Industrial or research enterprise" includes the  
173 above-described trades and business and any others as may  
174 hereafter be reclassified in any subsequent publication of the  
175 NAICS or similar industry classification system developed in  
176 conjunction with the United States Department of Commerce or  
177 Office of Management and Budget.

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

184       e. "Industrial or research enterprise" also includes  
185 any plant, property, or facility that meets both of the  
186 following:

187           1. It produces electricity from:  
188              (i) Alternative energy resources and has capital costs  
189 of at least one hundred million dollars (\$100,000,000); or  
190              (ii) Hydropower production and has capital costs of at  
191 least five million dollars (\$5,000,000).

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

194              (i) A utility described in Section 37-4-1(7)a.~~r~~  
195              (ii) An entity organized under the provisions of  
196 Chapter 6 of Title 37~~r~~.



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197 (iii) An authority both organized and existing pursuant  
198 to the provisions of Chapter 50A of Title 11 and subject to  
199 the payments required to be made in lieu of ad valorem, sales,  
200 use, license, and severance taxes imposed by Section 11-50A-7, ~~or~~  
201 ~~or~~.

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

204 f. "Industrial or research enterprise" also includes  
205 any headquarters facility.

206 g. "Industrial or research enterprise" also includes  
207 any data processing center.

208 h. "Industrial or research enterprise" also includes  
209 any research and development facility.

210 i. "Industrial or research enterprise" also includes  
211 any renewable energy facility.

212 j. "Industrial or research enterprise" also includes  
213 any tourism destination attraction.



225 applied at the time it was constructed. Only property that  
226 constitutes industrial development property shall be taken  
227 into account in making the determination in the previous  
228 sentence. Major addition shall include any addition costing at  
229 least two million dollars (\$2,000,000) which constitutes an  
230 industrial or research enterprise, regardless of whether added  
231 to an existing industrial development property.

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

234 a. Either of the following:

235 1. Twenty years from and after: (i) ~~The~~the date of  
236 initial issuance by a county, city, or public authority of  
237 bonds to finance any costs of a private use property~~or~~; or (ii)  
238 ~~If~~If no such bonds are ever issued, the later of: A. ~~The~~the  
239 date on which title to the property was acquired by or vested  
240 in the county, city, or public authority~~or~~; or B. ~~The~~the date  
241 on which the property is or becomes owned, for federal income  
242 tax purposes, by a private user~~or~~.

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

245 (i) A period of 10 years from and after the date on  
246 which private use property is or becomes owned, for federal  
247 income tax purposes, by such private user or users (including  
248 the lessor and any lessee with respect to co-location  
249 centers), if the aggregate capital investment in the data  
250 processing center by such private user or users does not  
251 exceed two hundred million dollars (\$200,000,000) within 10  
252 years from the date on which a private user commences the



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

255 (ii) A period of 20 years from and after the date on  
256 which private use property is or becomes owned, for federal  
257 income tax purposes, by such private user or users (including  
258 the lessor and any lessee with respect to co-location  
259 centers), if the aggregate capital investment in the data  
260 processing center by such private user or users exceeds two  
261 hundred million dollars (\$200,000,000) but is not greater than  
262 four hundred million dollars (\$400,000,000) within 10 years  
263 from the date on which a private user commences the  
264 acquisition, construction, and equipping of the data  
265 processing center.~~or.~~

266 (iii) A period of 30 years from and after the date on  
267 which private use property is or becomes owned, for federal  
268 income tax purposes, by such private user or users (including  
269 the lessor and any lessee with respect to co-location  
270 centers), if the aggregate capital investment in the data  
271 processing center by such private user or users exceeds two  
272 hundred million dollars (\$200,000,000) within 10 years from  
273 the date on which a private user commences the physical work  
274 of constructing and equipping the data processing center and  
275 exceeds four hundred million dollars (\$400,000,000) within 20  
276 years from the date on which a private user commences the  
277 acquisition, construction, and equipping of the data  
278 processing center.

279 For purposes of this subparagraph 2., a private user's  
280 aggregate capital investment in a data processing center shall

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281 include all real and personal property comprising a data  
282 processing center, the costs of which may be capitalized for  
283 federal income tax purposes. In no event shall abatements of  
284 construction related transaction taxes or noneducational ad  
285 valorem taxes granted for a data processing center apply  
286 beyond the expiration of the applicable maximum exemption  
287 period; or

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

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

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

298                   (15) NONEDUCATIONAL AD VALOREM TAXES. Ad valorem taxes,  
299 or payments required to be made in lieu thereof, imposed by  
300 the state, counties, municipalities, and other taxing  
301 jurisdictions of Alabama that are not required to be used for  
302 educational purposes or for capital improvements for  
303 education.

304                   (16) PERSON. Includes any individual, partnership,  
305 trust, estate, or corporation.

306                   (17) PRIVATE USER. Any individual, partnership, or  
307 corporation organized for profit that is or will be treated as  
308 the owner of private use property for federal income tax

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309 purposes, any entity organized under Chapter 6 of Title 37,  
310 and any authority both organized and existing pursuant to  
311 Chapter 50A of Title 11 and subject to the payments required  
312 to be made in lieu of ad valorem, sales, use, license, and  
313 severance taxes imposed by Section 11-50A-7.

314 (18) PRIVATE USE INDUSTRIAL PROPERTY. Private use  
315 property that also constitutes industrial development  
316 property.

317 (19) PRIVATE USE PROPERTY. Any real and/or personal  
318 property which is or will be treated as owned by a private  
319 user for federal income tax purposes even though title may be  
320 held by a public authority or municipal or county government;  
321 any real and/or personal property which is owned by any entity  
322 organized under Chapter 6 of Title 37; and any real and/or  
323 personal property which is owned by any authority both  
324 organized and existing pursuant to Chapter 50A of Title 11,  
325 and subject to the payments required to be made in lieu of ad  
326 valorem, sales, use, license, and severance taxes imposed by  
327 Section 11-50A-7.

328 (20) PUBLIC AUTHORITY. A corporation created for public  
329 purposes pursuant to a provision of the Constitution of  
330 Alabama of 19012022, or a general or local law that authorized  
331 it to issue bonds, the interest on which is exempt from the  
332 Alabama income tax, as in effect on May 21, 1992.

333 (21) PUBLIC INDUSTRIAL AUTHORITY. A public authority  
334 authorized to issue bonds to acquire, construct, equip, or  
335 finance industrial development property.

336 (22) RENEWABLE ENERGY FACILITY. Any plant, property, or



337 facility that either:

338       a. Produces electricity or natural gas, in whole or in  
339 part, from biofuels as such term is defined in Section  
340 2-2-90(c)(2) or from renewable energy resources as such term  
341 is defined in Section 40-18-1(30) with the exception that  
342 hydropower production shall be excluded from such definition;  
343 or

344       b. Produces biofuel as such term is defined in Section  
345 2-2-90(c)(~~2~~).

346       (23) RESEARCH AND DEVELOPMENT FACILITY. An  
347 establishment engaged in conducting original investigations  
348 undertaken on a systematic basis to gain new knowledge or  
349 applying research findings or other scientific knowledge to  
350 create new or significantly improved products or processes, or  
351 both.

352       (24) STATEMENT OF INTENT. A written statement of intent  
353 to claim an abatement provided in this chapter, or to petition  
354 for local tax abatement, relating to an industrial or research  
355 enterprise described in paragraph ~~e. of subdivision~~(10)e. of  
356 ~~this subsection~~ that is filed with the Department of Revenue  
357 at any time prior to the date on which the industrial or  
358 research enterprise described in paragraph ~~e. of subdivision~~  
359 (10)e. of this subsection is placed in service in accordance  
360 with such procedures and on such form or forms as may be  
361 prescribed by the Department of Revenue. Such statement of  
362 intent shall contain a description of the industrial or  
363 research enterprise described in paragraph ~~e. of subdivision~~  
364 (10)e. of this subsection; the date on which the acquisition,



365 construction, installation, or equipping of the industrial or  
366 research enterprise described in paragraph ~~e. of subdivision~~  
367 (10) ~~e. of this subsection~~ was commenced or is expected to  
368 commence; the actual or, if not known, the estimated capital  
369 costs of the industrial or research enterprise described in  
370 paragraph ~~e. of subdivision~~ (10) ~~e. of this subsection~~; the  
371 number of new employees to be employed at the industrial or  
372 research enterprise described in paragraph ~~e. of subdivision~~  
373 (10) ~~e. of this subsection~~; and any other information required  
374 by the Department of Revenue.

375 (25) TOURISM DESTINATION ATTRACTION. a. A commercial  
376 enterprise which is open to the public not less than 120 days  
377 during a calendar year and is designed to attract visitors  
378 from inside or outside of the State of Alabama, typically for  
379 its inherent cultural value, historical significance, natural  
380 or man-made beauty, or entertainment or amusement  
381 opportunities. The term shall include, but not be limited to,  
382 a cultural or historical site; a botanical garden; a museum; a  
383 wildlife park or aquarium open to the public that cares for  
384 and displays a collection of animals or fish; an amusement  
385 park; a convention hotel and conference center; a water park;  
386 or a spectator venue or arena.

387 b. A tourism destination attraction shall not include a  
388 facility primarily devoted to the retail sale of goods; a  
389 shopping center; a restaurant; a movie theater; a bowling  
390 alley; a fitness center; a miniature golf course; or a  
391 nightclub. ~~Provided, however, that the~~ The capital costs of the  
392 construction of a tourism destination attraction may include

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393 the capital costs associated with the construction of any  
394 retail establishment, restaurant or other portion of the  
395 tourism destination attraction. The term also does not include  
396 any gaming facility or establishment that the Secretary of the  
397 Department of Commerce deems to be serving the local  
398 community.

399 (b) The abatements of ad valorem taxes, and payments in  
400 lieu thereof, allowed by amendments to this section by Act  
401 2008-275 shall become effective for projects for which  
402 statements of intent are filed after December 31, 2011. No ad  
403 valorem taxes, or payments in lieu thereof, shall be abated  
404 for periods prior to January 1, 2012. The other abatements  
405 allowed by amendments made to this section by Act 2008-275  
406 shall become effective after December 31, 2011.

407 For a qualifying industrial or research enterprise  
408 described in Section 40-9B-3(a)(10)j., the approval of the  
409 abatement of a specified ad valorem tax or construction  
410 related tax levied or imposed by a county or municipality, or  
411 payments required to be made in lieu thereof, shall take  
412 effect only upon adoption of a resolution by the governing  
413 body of that county or municipality approving such abatement  
414 or abatements."

415 "§40-9G-1

416 For purposes of the chapter, the following words and  
417 phrases ~~shall~~ have the following meaningsmeanings:

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

420 a. Described by NAICS Code 1133, 115111, 2121, 22111,

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421 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,  
422 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511~~,  
423 5121 (other than 51213), 512215122, 513, 517, 518 (without  
424 regard to the premise that data processing and related  
425 services be performed in conjunction with a third party),  
426 ~~5191351929~~, 52232, 54133 (if predominantly in furtherance of  
427 another activity described in this chapter), 54134 (if  
428 predominantly in furtherance of another activity described in  
429 this chapter), 54138, 5415, 541614, 5417, 55 (if not for the  
430 production of electricity), 561422 (other than establishments  
431 that originate telephone calls), 562213, 56291, 56292, 611512,  
432 9271 or 92811.

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

435 c. The conduct of original investigations undertaken on  
436 a systematic basis to gain new knowledge or the application of  
437 research findings or other scientific knowledge to create new  
438 or significantly improved products or processes.

439 d. The national or regional headquarters for a company  
440 that conducts significant business operations outside the  
441 state and that will serve as the principal office of the  
442 company's principal operating officer with chief  
443 responsibility for the daily business operations of the  
444 company.

445 e. ~~A target of the state's economic development efforts~~  
446 ~~pursuant to either of the following:~~

447 ~~(i) The Accelerate Alabama Strategic Economic~~  
448 ~~Development Plan adopted in January 2012 by the Alabama~~



449 ~~Economic Development Alliance, created by Executive Order~~  
450 ~~Number 21 of the Governor on July 18, 2011, or any amended~~  
451 ~~version or successor document thereto; or~~

452       ~~(ii)~~ A type listed in a regulation adopted by the  
453 Department of Commerce, other than a regulation submitted as  
454 an emergency rule.

455       Notwithstanding the foregoing, an approved activity  
456 shall not predominantly concern farming activities involving  
457 trees, animals, or crops, nor the retail sale of tangible  
458 personal property or services. This provision shall not be  
459 deemed to exclude customer service centers, call centers, or  
460 headquarters otherwise allowed by this subdivision.

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

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

468       (4) QUALIFYING PROJECT. Any project:  
469 a. that proposes to invest in capital expenditures that equal or exceed two  
470 million dollars (\$2,000,000) as part of any addition,  
471 expansion, improvement, renovation, re-opening, or  
472 rehabilitation of a facility, or replacement of any existing  
473 equipment or tangible personal property; b. that predominantly  
474 involves an approved activity; and c. for which no project  
475 agreement has been entered into with the Governor for the  
476 provision of other incentives.

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477 (5) UTILITY TAXES. The taxes imposed by Sections  
478 40-21-82 and 40-21-102."

479 "§40-18-372

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

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

485 a. Described by NAICS Code 1133, 115111, 2121, 22111,  
486 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,  
487 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511~~,  
488 5121 (other than 51213), ~~512215122~~, 513, 517, 518 (without  
489 regard to the premise that data processing and related  
490 services be performed in conjunction with a third party),  
491 ~~5191351929~~, 52232, 54133 (if predominantly in furtherance of  
492 another activity described in this article), 54134 (if  
493 predominantly in furtherance of another activity described in  
494 this article), 54138, 5415, 541614, 5417, 55 (if not for the  
495 production of electricity), 561422 (other than establishments  
496 that originate telephone calls), 562213, 56291, 56292, 611512,  
497 927, or 92811.

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

500 c. A renewable energy generation facility that is owned  
501 by one or more electric providers, as the term is defined in  
502 Section 37-16-3, for providing electric service at retail in  
503 Alabama. For purposes of this subdivision, an "electric  
504 provider" shall also include an authority as defined in

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505 Section 11-50A-1. In the case of an electric provider that is  
506 also a tax-exempt organization under the ~~Internal Revenue~~  
507 ~~Code~~26 U.S.C. § 501, notwithstanding Section 40-18-376(b) (3),  
508 any investment credit may be transferred for the entire term  
509 of the project agreement, as approved by the Governor. A  
510 "renewable energy generation facility" as used in this  
511 subdivision shall include any tangible property that is part  
512 of renewable energy generation, including any addition,  
513 modification, expansion, or upgrade to transmission or  
514 distribution systems that is required to accommodate the  
515 interconnection of renewable energy generation.

516       d. The conduct of original investigations undertaken on  
517 a systematic basis to gain new knowledge or the application of  
518 research findings or other scientific knowledge to create new  
519 or significantly improved products or processes.

520       e. The national or regional headquarters for a company  
521 that conducts significant business operations outside the  
522 state and that will serve as the principal office of the  
523 company's principal operating officer with chief  
524 responsibility for the daily business operations of the  
525 company.

526       f. ~~A target of the state's economic development efforts~~  
527 ~~pursuant to the Accelerate Alabama Strategic Economic~~  
528 ~~Development Plan adopted in January 2012 by the Alabama~~  
529 ~~Economic Development Alliance, created by Executive Order~~  
530 ~~Number 21 of the Governor on July 18, 2011, or any amended~~  
531 ~~version or successor document thereto.~~

532       g. A type listed in a rule adopted by the Department of



533 Commerce, other than an emergency rule.

534 Notwithstanding the foregoing, a qualifying project may  
535 not engage predominantly in farming activities involving  
536 trees, animals, or crops, and a qualifying project may not  
537 engage predominantly in the retail sale of tangible personal  
538 property or services, and may not be a shopping center,  
539 restaurant, movie theater, bowling alley, fitness center,  
540 miniature golf course, nightclub, gaming facility, or  
541 establishment serving the local community. However, if the  
542 excluded activities are not the predominant activity at the  
543 project, and if the project is otherwise a qualifying project,  
544 then the project agreement may provide that the capital  
545 investment may include costs related to excluded activities  
546 that are ancillary to the primary business conducted as part  
547 of the project. This provision shall not be deemed to exclude  
548 customer service centers, call centers, or headquarters  
549 otherwise allowed by this subdivision.

550 (2) A qualifying project shall create a significant  
551 number of new jobs for the area in which the qualifying  
552 project shall be located. Absent a finding of extraordinary  
553 circumstances by the Secretary of Commerce, a qualifying  
554 project shall employ either of the following number of new  
555 employees:

556 a. Any number of new employees, for a qualifying  
557 project in which the predominant activity involves chemical  
558 manufacturing, data centers, renewable energy generation,  
559 engineering, design, or research, metal/machining technology  
560 or toolmaking; or



561                   b. At least 50 new employees, for all other qualifying  
562 projects."

563                   "§41-23-252

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

566                   (1) ADECA. The Alabama Department of Economic and  
567 Community Affairs.

568                   (2) ALABAMA RESEARCH ENTITY. One or more of the  
569 following:

570                   a. A public or private university in the state in  
571 partnership with a private sector applicant.

572                   b. A university research foundation affiliated with a  
573 public or private university in the state in partnership with  
574 a private sector applicant.

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

577                   d. A publicly owned hospital in the state in  
578 partnership with a private sector applicant.

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

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

585                   2. Is predominantly engaged in research and  
586 ~~non-commercial~~noncommercial development activities undertaken  
587 for the purpose of discovering information that is  
588 technological or biotechnological in nature, involves a

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589 process of experimentation, and the application of which is  
590 intended to be used in the development of a new or improved  
591 product, service, or treatment.

592       3. Has its headquarters and principal place of business  
593 in the state.

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

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

599       a. Described by NAICS Code 1133, 115111, 2121, 22111,  
600 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,  
601 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511~~,  
602 5121 (other than 51213), ~~512215122~~, 513, 517, 518 (without  
603 regard to the premise that data processing and related  
604 services be performed in conjunction with a third party),  
605 ~~5191351929~~, 52232, 54133 (if predominantly in furtherance of  
606 another activity described in this article), 54134 (if  
607 predominantly in furtherance of another activity described in  
608 this article), 54138, 5415, 541614, 5417, 55 (if not for the  
609 production of electricity), 561422 (other than establishments  
610 that originate telephone calls), 562213, 56291, 56292, 611512,  
611 927, or 92811.

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

614       c. ~~A target of the state's economic development efforts~~  
615 ~~pursuant to either of the following:~~

616       1. ~~The Accelerate Alabama Strategic Economic~~

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617 ~~Development Plan adopted in January 2012 by the Alabama~~  
618 ~~Economic Development Alliance, created by Executive Order~~  
619 ~~Number 21 of the Governor on July 18, 2011, or any amended~~  
620 ~~version or successor document.~~

621 ~~2.~~ A type listed in a regulation adopted by the  
622 Department of Commerce.

623 (4) NAICS CODE. Any sector, subsector, industry group,  
624 industry, or national industry of the ~~2012~~<sup>2022</sup> North American  
625 Industry Classification System, or any similar classification  
626 system developed in conjunction with the United States  
627 Department of Commerce or Office of Management and Budget.

628 (5) QUALIFIED RESEARCH. The meaning given in 26 U.S.C.  
629 § 41(d), if conducted in Alabama in pursuit of an approved  
630 activity. In applying any terms in 26 U.S.C. § 41, "qualified  
631 research" shall have the meaning given herein."

632 Section 2. This act shall become effective on June 1,  
633 2026.