

SB265 INTRODUCED



1 SB265

2 119AX3Z-1

3 By Senators Jones, Waggoner, Kitchens, Kelley, Smitherman,
4 Singleton, Chesteen, Bell, Albritton, Melson, Butler, Allen,
5 Stewart, Figures, Coleman-Madison, Williams, Gudger

6 RFD: Fiscal Responsibility and Economic Development

7 First Read: 05-Feb-26



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4 SYNOPSIS:

5 Under the Tax Incentive Reform Act, abatements
6 of noneducational ad valorem taxes, construction
7 related transaction taxes, and certain recording taxes
8 are authorized for industrial development purposes,
9 including for the development of data processing
10 centers.

11 This bill would limit the maximum exemption
12 period for abatements available for data processing
13 centers to 20 years beginning January 1, 2027, would
14 require data processing centers to pay state sales and
15 use taxes on purchases made by certain large data
16 processing centers beginning January 1, 2027, and
17 provide for the distribution of proceeds from the
18 taxes, and would extend the sunset date for data
19 processing center abatements.

20

21

22 A BILL

23 TO BE ENTITLED

24 AN ACT

25

26 Relating to tax abatements and economic development; to
27 amend Sections 40-9B-3, 40-9B-4, and 40-9B-4.1, Code of
28 Alabama 1975, relating to tax abatements for data processing

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29 centers; and to amend Section 40-23-35, Code of Alabama 1975,
30 relating to the distribution of sales taxes; to limit the
31 maximum exemption period for abatements available to data
32 processing centers to 20 years beginning January 1, 2027; to
33 provide for the collection of the state sales and use tax
34 levied pursuant to Chapter 23 of this title on purchases made
35 by certain large data processing centers beginning January 1,
36 2027; to extend the sunset date applicable to abatements for
37 data processing centers; and to make nonsubstantive, technical
38 revisions to update existing code language to current style.

39 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

40 Section 1. Sections 40-9B-3, 40-9B-4, and 40-9B-4.1,
41 Code of Alabama 1975, are amended to read as follows:

42 "§40-9B-3

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

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

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

55 (3) CONSTRUCTION RELATED TRANSACTION TAXES. The
56 transaction taxes imposed by Chapter 23 of this title, or



57 payments required to be made in lieu thereof, on tangible
58 personal property and taxable services incorporated into an
59 industrial development property, the cost of which may be
60 added to capital account with respect to the property,
61 determined without regard to any rule which permits
62 expenditures properly chargeable to capital account to be
63 treated as current expenses.

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

80 (5) EDUCATION TAXES. Ad valorem taxes, or payments
81 required to be made in lieu thereof, that must, pursuant to
82 the Constitution of Alabama of 1901, as amended, legislative
83 act, or the resolution or other action of the governing board
84 authorizing the tax, be used for educational purposes or for

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85 capital improvements for education and local construction
86 related transaction taxes levied for educational purposes or
87 for capital improvements for education.

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

91 (7) HYDROPOWER PRODUCTION. The definition given in
92 Section 40-18-1.

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

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

110 (10) INDUSTRIAL OR RESEARCH ENTERPRISE.

111 a. Any trade or business predominately consisting of
112 any one or more of the following:

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113 1. Described by NAICS Code 1133, 115111, 2121, 22111,
114 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
115 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, 511,
116 5121 (other than 51213), 51221, 517, 518 (without regard to
117 the premise that data processing and related services be
118 performed in conjunction with a third party), 51913, 52232,
119 54133 (if predominantly in furtherance of another activity
120 described in this article), 54134 (if predominantly in
121 furtherance of another activity described in this article),
122 54138, 5415, 541614, 5417, 55 (if not for the production of
123 electricity), 561422 (other than establishments that originate
124 telephone calls), 562213, 56291, 56292, 611512, 927, or 92811.

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

127 (i) The Accelerate Alabama Strategic Economic
128 Development Plan adopted in January 2012 by the Alabama
129 Economic Development Alliance, created by Executive Order
130 Number 21 of the Governor on July 18, 2011, or any amended
131 version or successor document thereto; or

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

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

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141 b. With respect to abatements granted in accordance
142 with Section 40-9B-9, and only with respect to such
143 abatements, "industrial or research enterprise" means any
144 trade or business described in NAICS Code 493, 488310, or
145 488320, when such trade or business is conducted on premises
146 in which the Alabama State Port Authority has an ownership,
147 leasehold, or other possessory interest and such premises are
148 used as part of the operations of the Alabama State Port
149 Authority.

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

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

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

- 165 1. It produces electricity from:
 - 166 (i) Alternative energy resources and has capital costs
167 of at least one hundred million dollars (\$100,000,000); or
 - 168 (ii) Hydropower production and has capital costs of at

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169 least five million dollars (\$5,000,000).

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

172 (i) A utility described in Section 37-4-1(7)a.,

173 (ii) An entity organized under the provisions of
174 Chapter 6 of Title 37,

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

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

182 f. "Industrial or research enterprise" also includes
183 any headquarters facility.

184 g. "Industrial or research enterprise" also includes
185 any data processing center.

186 h. "Industrial or research enterprise" also includes
187 any research and development facility.

188 i. "Industrial or research enterprise" also includes
189 any renewable energy facility.

190 j. "Industrial or research enterprise" also includes
191 any tourism destination attraction.

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

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

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

212 a. Either of the following:

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

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

223 (i) A period of 10 years from and after the date on
224 which private use property is or becomes owned, for federal



225 income tax purposes, by such private user or users (including
226 the lessor and any lessee with respect to co-location
227 centers), if the aggregate capital investment in the data
228 processing center by such private user or users does not
229 exceed two hundred million dollars (\$200,000,000) within 10
230 years from the date on which a private user commences the
231 acquisition, construction, and equipping of the data
232 processing center.~~r~~.

233 (ii) AFor any abatement granted prior to January 1,
234 2027, a period of 20 years from and after the date on which
235 private use property is or becomes owned, for federal income
236 tax purposes, by such private user or users (including the
237 lessor and any lessee with respect to co-location centers), if
238 the aggregate capital investment in the data processing center
239 by such private user or users exceeds two hundred million
240 dollars (\$200,000,000) but is not greater than four hundred
241 million dollars (\$400,000,000) within 10 years from the date
242 on which a private user commences the acquisition,
243 construction, and equipping of the data processing center. For
244 any abatement granted on or after January 1, 2027, a period of
245 20 years from and after the date on which the private use
246 property is or becomes owned, for federal income tax purposes,
247 by such private user or users, including the lessor or any
248 lessee with respect to co-location centers, if the aggregate
249 capital investment in the data processing center by such
250 private user or users exceeds two hundred million dollars
251 (\$200,000,000) within 10 years from the date on which a
252 private user commences the acquisition, construction, and



253 equipping of the data processing center,~~or~~.

254 (iii) AFor any abatement granted until January 1, 2027,
255 a period of 30 years from and after the date on which private
256 use property is or becomes owned, for federal income tax
257 purposes, by such private user or users, ~~+including the lessor~~
258 and any lessee with respect to co-location centers~~+~~, if the
259 aggregate capital investment in the data processing center by
260 such private user or users exceeds two hundred million dollars
261 (\$200,000,000) within 10 years from the date on which a
262 private user commences the physical work of constructing and
263 equipping the data processing center and exceeds four hundred
264 million dollars (\$400,000,000) within 20 years from the date
265 on which a private user commences the acquisition,
266 construction, and equipping of the data processing center.

267 This item (iii) shall not apply to any abatement granted after
268 January 1, 2027.

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

278 b. The period ending on the date on which the property
279 has ceased, for 6 consecutive months, to be used in the active
280 conduct of an industrial or research enterprise.



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281 (13) MORTGAGE AND RECORDING TAXES. The taxes imposed by
282 Chapter 22 of this title.

283 (14) NAICS CODE. Any sector, subsector, industry group,
284 industry or national industry of the 2012 North American
285 Industry Classification System, or any similar classification
286 system developed in conjunction with the United States
287 Department of Commerce or Office of Management and Budget.

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

294 (16) PERSON. Includes any individual, partnership,
295 trust, estate, or corporation.

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

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

307 (19) PRIVATE USE PROPERTY. Any real and/or personal
308 property which is or will be treated as owned by a private



309 user for federal income tax purposes even though title may be
310 held by a public authority or municipal or county government;
311 any real and/or personal property which is owned by any entity
312 organized under Chapter 6 of Title 37; and any real and/or
313 personal property which is owned by any authority both
314 organized and existing pursuant to Chapter 50A of Title 11,
315 and subject to the payments required to be made in lieu of ad
316 valorem, sales, use, license, and severance taxes imposed by
317 Section 11-50A-7.

318 (20) PUBLIC AUTHORITY. A corporation created for public
319 purposes pursuant to a provision of the Constitution of
320 Alabama of 1901, or a general or local law that authorized it
321 to issue bonds, the interest on which is exempt from the
322 Alabama income tax, as in effect on May 21, 1992.

323 (21) PUBLIC INDUSTRIAL AUTHORITY. A public authority
324 authorized to issue bonds to acquire, construct, equip, or
325 finance industrial development property.

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

328 a. Produces electricity or natural gas, in whole or in
329 part, from biofuels as such term is defined in Section
330 2-2-90(c)(2) or from renewable energy resources as such term
331 is defined in Section 40-18-1(30) with the exception that
332 hydropower production shall be excluded from such definition;
333 or

334 b. Produces biofuel as such term is defined in Section
335 2-2-90(c)(2).

336 (23) RESEARCH AND DEVELOPMENT FACILITY. An



337 establishment engaged in conducting original investigations
338 undertaken on a systematic basis to gain new knowledge or
339 applying research findings or other scientific knowledge to
340 create new or significantly improved products or processes, or
341 both.

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



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

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

389 (b) The abatements of ad valorem taxes, and payments in
390 lieu thereof, allowed by amendments to this section by Act
391 2008-275 shall become effective for projects for which
392 statements of intent are filed after December 31, 2011. No ad

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393 valorem taxes, or payments in lieu thereof, shall be abated
394 for periods prior to January 1, 2012. The other abatements
395 allowed by amendments made to this section by Act 2008-275
396 shall become effective after December 31, 2011.

397 For a qualifying industrial or research enterprise
398 described in Section 40-9B-3(a)(10)j., the approval of the
399 abatement of a specified ad valorem tax or construction
400 related tax levied or imposed by a county or municipality, or
401 payments required to be made in lieu thereof, shall take
402 effect only upon adoption of a resolution by the governing
403 body of that county or municipality approving such abatement
404 or abatements."

405 "§40-9B-4

406 (a) Noneducational ad valorem taxes, construction
407 related transaction taxes, except those local construction
408 related transaction taxes levied for educational purposes or
409 for capital improvements for education, and mortgage and
410 recording taxes, or payments required to be made in lieu
411 thereof, and in the case of a qualifying industrial or
412 research enterprise described in Section 40-9B-3(a)(10)e.
413 which is owned by an entity organized under Chapter 6 of Title
414 37, or by an authority both organized and existing pursuant to
415 Chapter 50A of Title 11, and subject to the payments required
416 to be made in lieu of ad valorem, sales, use, license, and
417 severance taxes imposed by Section 11-50A-7, in addition to
418 the foregoing, all other ad valorem taxes, or payments
419 required to be made in lieu thereof, imposed by the state,
420 counties, municipalities, and other taxing jurisdictions of



421 Alabama, may be abated with respect to private use industrial
422 property and security documents and other recordable documents
423 associated therewith as provided in this chapter.

424 (b) No abatement of noneducational ad valorem taxes,
425 other ad valorem taxes, or payments required to be made in
426 lieu of the foregoing, may exceed the maximum exemption
427 period. No further abatement with respect to the same private
428 use industrial property may be granted unless there is a major
429 addition to the property, in which event abatement may be
430 granted only with respect to the noneducational ad valorem
431 taxes, and in the case of a qualifying industrial or research
432 enterprise described in Section 40-9B-3(a)(10)e. which is
433 owned by an entity organized under Chapter 6 of Title 37, or
434 by an authority both organized and existing pursuant to
435 Chapter 50A of Title 11, and subject to the payments required
436 to be made in lieu of ad valorem, sales, use, license, and
437 severance taxes imposed by Section 11-50A-7, in addition to
438 the noneducational ad valorem taxes, with respect to all other
439 ad valorem taxes, or payments required to be made in lieu
440 thereof, imposed by the state, counties, municipalities, and
441 other taxing jurisdictions of Alabama, on the major addition
442 by complying with the procedures set forth in this chapter.
443 Notwithstanding the immediately preceding sentence, with
444 respect to a data processing center, an abatement of
445 noneducational ad valorem taxes, other ad valorem taxes, or
446 payments required to be made in lieu thereof, shall apply to
447 all real and personal property comprising a data processing
448 center, the costs of which may be capitalized for federal



449 income tax purposes, acquired at any time during the
450 applicable maximum exemption period, including, but not
451 limited to, computers, software licensed for use at the
452 qualifying data processing center, equipment supporting
453 computing, networking, or data storage; cooling systems,
454 cooling towers, and other temperature infrastructure; power
455 infrastructure for transformation, distribution, or management
456 of electricity used for the maintenance and operation of a
457 data processing center, including, but not limited to,
458 exterior dedicated business-owned substations, backup power
459 generation systems, battery systems, and related
460 infrastructure; and any other equipment necessary for the
461 maintenance and operation of a data processing center.

462 (c) (1) An abatement of construction related transaction
463 taxes, or payments required to be made in lieu thereof, shall
464 apply only to tangible personal property and taxable services
465 incorporated into a private use industrial property, the cost
466 of which may be added to capital account with respect to the
467 property, determined without regard to any rule which permits
468 expenditures properly chargeable to capital account to be
469 treated as current expenses. No abatement of construction
470 related transaction taxes, or payments required to be made in
471 lieu thereof, shall extend beyond the date the private use
472 industrial property is placed in service; provided, however,
473 that an abatement of construction related transaction taxes,
474 or payments required to be made in lieu thereof, for a data
475 processing center shall apply to all taxable services and
476 acquisitions of real and personal property comprising the data



477 processing center, the costs of which may be capitalized for
478 federal income tax purposes, occurring at any time during the
479 applicable maximum exemption period, including, but not
480 limited to, computers, software licensed for use at the
481 qualifying data processing center, equipment supporting
482 computing, networking, or data storage; cooling systems,
483 cooling towers, and other temperature infrastructure; power
484 infrastructure for transformation, distribution, or management
485 of electricity used for the maintenance and operation of a
486 data processing center, including, but not limited to,
487 exterior dedicated business-owned substations, backup power
488 generation systems, battery systems, and related
489 infrastructure; and any other equipment necessary for the
490 maintenance and operation of a data processing center. No
491 further abatement may be granted for construction related
492 transaction taxes, or payments required to be made in lieu
493 thereof, with respect to the private use industrial property
494 unless incurred in connection with a major addition, in which
495 event only construction related transaction taxes, or payments
496 required to be made in lieu thereof, that may be added to
497 capital account with respect to the major addition, determined
498 without regard to any rule which permits expenditures properly
499 chargeable to capital account to be treated as current
500 expenses, may be abated by complying with the procedures set
501 forth in Act 92-599 as amended, and as amended by Act
502 2008-275. Except in the case of a qualifying industrial or
503 research enterprise described in Section 40-9B-3(a)(10)e.
504 which is owned by an entity organized under Chapter 6 of Title



505 37, or by an authority both organized and existing pursuant to
506 Chapter 50A of Title 11, and subject to the payments required
507 to be made in lieu of ad valorem, sales, use, license, and
508 severance taxes imposed by Section 11-50A-7, no local
509 construction related transaction taxes levied for educational
510 purposes or capital improvements for education, or payments
511 required to be made in lieu thereof, may be abated.

512 (2) Effective for an abatement granted: (i) on or after
513 January 1, 2027; and (ii) to a data processing center with a
514 total peak demand of 100 megawatts or greater, no abatement of
515 state construction related transaction taxes levied pursuant
516 to Chapter 23 of this title, or payments required to be made
517 in lieu thereof, shall extend beyond the date the private use
518 industrial property is placed in service.

519 (3) Notwithstanding subdivision (c)(2), the Governor
520 may abate the state construction related transaction taxes for
521 the maximum exemption period for a data processing center with
522 a total peak demand of 100 megawatts or greater, if the data
523 processing center is located in a "targeted county" as defined
524 in Section 40-18-376.1.

525 (d) Mortgage and recording taxes with respect to
526 mortgages, deeds, and documents relating to issuing or
527 securing obligations and conveying title into or out of the
528 public authority or county or municipal government with
529 respect to a private use industrial property may be abated by
530 complying with the procedures set forth in this chapter.

531 (e) An abatement under this section may be granted only
532 with respect to private use industrial property that has not

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533 previously been placed in service by the private user who is
534 applying for the abatement or by a person who is a related
535 party, as defined in 26 U.S.C. §267, with respect to such
536 private user.

537 (f) (1) For a qualifying industrial or research
538 enterprise described in Section 40-9B-3(a)(10)e., which is
539 owned by a utility described in Section 37-4-1(7)a., and which
540 is a coal gasification or liquefaction project or an advanced
541 fossil-based generation project, as such terms are defined in
542 Section 40-18-1, or which utilizes hydropower production, an
543 abatement under this section shall be in an amount equal to
544 100 percent of the state noneducational ad valorem taxes owed
545 for plant, property, and facilities for the maximum exemption
546 period, and in an amount equal to 50 percent of the state
547 construction related transaction taxes. The abatement shall
548 not be subject to the procedures in Section 40-9B-5 or
549 40-9B-6.

550 (2) For a qualifying industrial or research enterprise
551 described in Section 40-9B-3(a)(10)e., which is owned by a
552 utility described in Section 37-4-1(7)a., and which is a
553 project using an alternative energy resource the abatements
554 for which are not provided in subdivision (1), an abatement
555 under this section shall be in an amount equal to 100 percent
556 of the state noneducational ad valorem taxes owed for plant,
557 property, and facilities for the maximum exemption period, and
558 in an amount equal to 50 percent of the state construction
559 related transaction taxes. The abatement shall not be subject
560 to the procedures in Section 40-9B-5 or 40-9B-6.



(3) For a qualifying industrial or research enterprise described in Section 40-9B-3(a)(10)e., which is owned by an entity organized under Chapter 6 of Title 37, an abatement under this section shall be in an amount equal to 100 percent of the ad valorem taxes owed for plant, property, and facilities for the maximum exemption period, and in an amount equal to 100 percent of the construction related transaction taxes. An abatement of ad valorem taxes levied or imposed by counties or municipalities may be granted as provided in subsection (h). An abatement of the construction related transaction taxes imposed by the governing body of a county pursuant to authority conferred under Article 1 of Chapter 12 of Title 40, or any general, special, or local act of the Legislature, and such transaction taxes imposed by the governing body of a municipality pursuant to authority conferred under Article 3 of Chapter 51 of Title 11, or any general, special, or local act of the Legislature, and all transaction taxes imposed by any other local taxing jurisdiction of Alabama may be granted as provided in subsection (h). The abatement shall not be subject to the procedures in Section 40-9B-5 or 40-9B-6.

582 (4) For a qualifying industrial or research enterprise
583 described in Section 40-9B-3(a)(10)e., which is owned by an
584 authority both organized and existing pursuant to Chapter 50A
585 of Title 11, and subject to the payments required to be made
586 in lieu of ad valorem, sales, use, license, and severance
587 taxes imposed by Section 11-50A-7, an abatement under this
588 section against the payments required to be made in lieu of



589 taxes imposed by Section 11-50A-7, shall be allowed in an
590 amount equal to 100 percent of the payments required to be
591 made in lieu of ad valorem taxes owed for plant, property, and
592 facilities for the maximum exemption period, and in an amount
593 equal to 100 percent of the payments required to be made in
594 lieu of the construction related transaction taxes, including,
595 without limitation, payments required to be made in lieu of
596 all transaction taxes imposed by the governing body of a
597 county pursuant to authority conferred under Article 1 of
598 Chapter 12 of this title, or any general, special, or local
599 act of the Legislature, all transaction taxes imposed by the
600 governing body of a municipality pursuant to authority
601 conferred under Article 3 of Chapter 51 of Title 11, or any
602 general, special, or local act of the Legislature, and
603 payments required to be made in lieu of all transaction taxes
604 imposed by any other taxing jurisdiction of Alabama. The
605 abatement of such payments required to be made in lieu of
606 local taxes may be granted as provided in subsection (h). The
607 abatement shall not be subject to the procedures in Section
608 40-9B-5 or 40-9B-6.

609 (5) For a qualifying industrial or research enterprise
610 described in Section 40-9B-3(a)(10)e., which is owned by a
611 utility described in Section 37-4-1(7)a., the abatement for
612 state noneducational ad valorem taxes provided in subdivision
613 (1) or (2) of this subsection, shall be equal to 100 percent
614 of the state noneducational ad valorem taxes owed for plant,
615 property, and facilities for the maximum exemption period if
616 the industrial or research enterprise is located in either of



617 the following:

618 a. Any area designated or created as an enterprise zone
619 by law or that is governed by the Alabama Enterprise Zone Act.

620 b. 1. Any Alabama county which is considered to be less
621 developed. A county is considered to be less developed if it
622 has been found to be less developed by the Alabama Department
623 of Labor using the most current data available from the United
624 States Departments of Labor or Commerce, the United States
625 Bureau of the Census, or any other federal or state agency,
626 and which finding shall be made not later than January 1 of
627 each year thereafter.

628 2. A county shall be found to be less developed if it
629 is ranked as the forty-fifth through sixty-seventh county,
630 inclusive, using the following factors:

631 (i) Percent change in population over the most recent
632 five-year period.

633 (ii) Personal per capita income in the last calendar
634 year for which data are available.

635 (iii) The average percent employed over the last 12
636 months for which data are available.

637 3. The factors used in ranking counties shall be
638 weighted in the following manner:

639 (i) Percent change in population (25 percent).

640 (ii) Personal per capita income (25 percent).

641 (iii) Average percent employed (50 percent).

642 (6) a. To the extent that a plant, property, or
643 facility described in Section 40-9B-3(a)(10)e., is owned in
644 whole or in part by one or more private users listed



645 hereinafter in ~~subparagraph~~paragraph c., including, but not
646 limited to, ownership as tenants in common, joint tenants, or
647 owners of an undivided interest, then each private user shall
648 be entitled to the abatement allowed under this section with a
649 percentage limitation equal to the ownership interest
650 percentage of the private user multiplied by the percentage
651 limitation found in this subsection applicable to the private
652 user for the tax, or payment in lieu of tax, in question.

653 b. To the extent that a plant, property, or facility
654 described in Section 40-9B-3(a)(10)e. is owned by a private
655 user which is itself owned in whole or in part by one or more
656 of the entities listed hereinafter in ~~subparagraph~~paragraph
657 c., then the private user shall be entitled to the abatement
658 allowed under this section with a percentage limitation equal
659 to the sum, for all owners, of the ownership interest
660 percentage of each owner multiplied by the percentage
661 limitation found in this subsection applicable to the owner
662 for the tax, or payment in lieu of tax, in question.

663 c. The entities listed in this ~~subparagraph~~paragraph c.
664 are:

665 1. A utility described in Section 37-4-1(7)a.i
666 2. An entity organized under Chapter 6 of Title 37-;
667 and

668 3. An authority both organized and existing pursuant to
669 Chapter 50A of Title 11 and subject to the payments required
670 to be made in lieu of ad valorem, sales, use, license, and
671 severance taxes imposed by Section 11-50A-7.

672 (7) No abatement for mortgage and recording taxes,

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673 local noneducational ad valorem taxes, or local noneducational
674 construction related transaction taxes shall be granted to a
675 qualifying industrial or research enterprise described in
676 Section 40-9B-3(a)(10)e., owned by a utility described in
677 Section 37-4-1(7)a., except upon the approval of the abatement
678 by the governing body of the county or municipality as
679 provided in ~~subsection (b) of~~ Section 40-9B-5 (b).

680 (g) The abatements of ad valorem taxes and payments in
681 lieu thereof allowed by amendments to this section by Act
682 2008-275 shall become effective for projects for which
683 statements of intent are filed after December 31, 2011. No ad
684 valorem taxes, or payments in lieu thereof, shall be abated
685 for periods prior to January 1, 2012. The other abatements
686 allowed by amendments made to this section by Act 2008-275
687 shall become effective after December 31, 2011.

688 (h) For a qualifying industrial or research enterprise
689 described in Section 40-9B-3(a)(10)e., the approval of the
690 abatement of a specific ad valorem tax or construction related
691 tax levied or imposed by a county or municipality, or payments
692 required to be made in lieu thereof, shall take effect only
693 upon adoption of a resolution by the governing body of that
694 county or municipality approving such abatement or
695 abatements."

696 "§40-9B-4.1

697 In no event shall any incentive provided in Act
698 2012-210 be available to any company filing an application
699 after July 31, ~~2028~~2032. Any project granted an incentive
700 prior to July 31, ~~2028~~2032, shall be entitled to the incentive



701 pursuant to the project agreement regardless of whether Act
702 2012-210 is reauthorized."

703 "§40-23-35

704 (a) Such amount of money as shall be appropriated for
705 each fiscal year by the Legislature to the Department of
706 Revenue with which to pay the salaries, the cost of operation
707 and management of the department shall be deducted, as a first
708 charge thereon, from the taxes collected under the provisions
709 of this division; provided, that the expenditure of the sum so
710 appropriated shall be budgeted and allotted pursuant to
711 Article 4 of Chapter 4 of Title 41, and limited to the amount
712 appropriated to defray the expenses of operating the
713 department for each fiscal year. After the payment of the
714 expenses, so much of the amount remaining as may be necessary,
715 after first applying all sums of money received by reason of
716 the application of the surplus in the income tax as provided
717 by Section 40-18-58, for the replacement in the public school
718 fund of the three-mill constitutional levy for schools and in
719 the General Fund of the one-mill levy for soldiers' relief and
720 the two and one-half mills for general purposes lost by
721 exemption of homestead provided for in this division shall be
722 first charges against the proceeds of the licenses, taxes, or
723 receipts levied or collected under this division. The
724 Comptroller, with the approval of the Governor, is hereby
725 directed to draw his or her warrants payable out of the total
726 proceeds of the licenses, taxes, or receipts levied or
727 collected under this division as herein provided in such sum
728 as shall be found necessary to take care of and replace the



729 three-mill constitutional school levy, the one-mill soldiers'
730 relief levy, and the two and one-half mill levy for general
731 purposes of the state ad valorem taxes lost as above set
732 forth.

733 (b) Of the amounts of such collections in any fiscal
734 year remaining after the payment of the expenses of
735 administration and replacement of the amounts in the several
736 funds as herein provided there shall be paid into the Treasury
737 sums to be credited as follows:

738 (1) To the credit of the 67 counties of the state, to
739 be divided and distributed as hereinafter provided, three
740 hundred seventy-eight thousand dollars (\$378,000);

741 (2) To the Department of Human Resources, one million
742 three hundred twenty-two thousand dollars (\$1,322,000); and

743 (3) Beginning June 1, 2000, to the Department of
744 Conservation and Natural Resources for capital outlay for
745 acquisition of land contiguous to existing state parks and
746 land acquired for lakes and or water reservoirs, provision,
747 construction, improvement, renovation, equipping, and
748 maintenance of the state parks system only and not for use by
749 the Department of Conservation and Natural Resources for
750 personnel or administrative use, the sum equal to the increase
751 in receipts accruing to the State of Alabama due to the cap on
752 discounts per license holder in Section 40-23-36(b), which
753 increase shall be equal to the difference between the discount
754 rate or amount allowed under Section 40-23-36(b) and the
755 maximum discount rate allowable under Section 40-23-36(a);
756 provided, however, if at any time any bonds of the Alabama



757 State Parks System Improvement Corporation, or the Alabama
758 Public Historical Sites and Parks Improvement Corporation, are
759 outstanding (excluding bonds that have been refunded by the
760 establishment of an escrow trust for the payment thereof
761 consisting solely of bonds or other obligations which as to
762 principal and interest constitute direct obligations of, or
763 are unconditionally guaranteed by, the United States of
764 America) there shall first be paid into the State General Fund
765 from such collections an amount equal to the debt service
766 (principal, interest, and premium, if any) payable on such
767 bonds in the then current fiscal year of the state. Provided,
768 however, that one million dollars (\$1,000,000) of such
769 increase in receipts per fiscal year shall be credited to the
770 Department of Human Resources beginning October 1, 1996, until
771 September 30, 2002, and shall be expended for the foster
772 children program.

773 (4)a. On October 1, 2002, to the Department of
774 Conservation and Natural Resources for capital outlay, repairs
775 and maintenance of the state parks system only, the minimum
776 sum of five million dollars (\$5,000,000) from the increase in
777 receipts accruing to the State of Alabama due to the cap on
778 discounts per license holder in Section 40-23-36(b) as
779 calculated in Section 40-23-35(b) (3). Beginning October 1,
780 2003, through September 30, 2021, annually, to the Department
781 of Conservation and Natural Resources for capital outlay,
782 repairs, and maintenance of the state parks system only, the
783 sum calculated by a fraction, the numerator of which is five
784 million dollars (\$5,000,000) and the denominator of which is

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785 equal to the increase in receipts as calculated in Section
786 40-23-35(b) (3) for fiscal year 2002 accruing to the State of
787 Alabama multiplied by the increase in receipts as calculated
788 in Section 40-23-35(b) (3) for the then current fiscal year, or
789 the sum of five million dollars (\$5,000,000), whichever is
790 greater. Notwithstanding the previous sentence, for the fiscal
791 years ending September 30, 2012, and September 30, 2013, only,
792 the five million dollars (\$5,000,000) shall be transferred to
793 the State General Fund.

794 b. Beginning October 1, 2021, annually, to the
795 Department of Conservation and Natural Resources for capital
796 outlay, repairs, and maintenance of the state parks system
797 only, seven million dollars (\$7,000,000). Beginning with the
798 fiscal year that starts October 1, 2022, the State Treasurer
799 shall annually adjust the dollar amount in this paragraph to
800 reflect the cumulative change in the Consumer Price Index for
801 All Urban Consumers (CPI-U), as published by the Bureau of
802 Labor Statistics of the United States Department of Labor, or
803 a successor index, for the annual period ending on the
804 December 31 preceding the adjustment date and rounded to the
805 nearest one thousand dollars (\$1,000).

806 c. Beginning October 1, 2002, to the credit of the
807 State General Fund, the balance of the sum equal to the
808 increase in receipts accruing to the State of Alabama due to
809 the cap on discounts per license holder in Section
810 40-23-36(b).

811 (c) One-half of the amount deposited to the credit of
812 the 67 counties as above provided, shall be divided and

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813 distributed proportionately among the 67 counties of the state
814 according to the population of the counties as shown by the
815 last federal census as proclaimed, published, or certified by
816 the Director of the Bureau of the Census; and one-half of the
817 proceeds shall be divided or distributed equally among 67
818 counties; provided, that the funds divided and distributed to
819 the several counties of the state as hereinabove provided for
820 shall be used exclusively for full-time health service in
821 cooperation with the State Board of Health or the federal
822 government, and for extension services in cooperation with the
823 Alabama Agriculture Extension Service or the federal
824 government, at the discretion of the county commissions of the
825 several counties of the state.

826 (d) The amounts provided in subsection (b) for the
827 Department of Human Resources shall be used for general
828 welfare purposes. For purposes of this division, "general
829 welfare purposes" means:

830 (1) The administration of public assistance as set out
831 in Sections 38-2-5 and 38-4-1;

832 (2) Services, including supplementation and
833 supplementary services under the federal Social Security Act,
834 to or on behalf of persons to whom such public assistance may
835 be given under Section 38-4-1;

836 (3) Services to and on behalf of dependent, neglected,
837 or delinquent children; and

838 (4) Investigative and referral services to and on
839 behalf of needy persons.

840 (e) In addition, there shall be paid, commencing on

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841 January 1, 1978, and on the first day of each fiscal quarter
842 thereafter, to the Department of Human Resources for a
843 statewide, state-administered food stamp program, as
844 authorized by the Food Stamp Act of 1964, Public Law 88-525,
845 88th Congress, and amendments thereto, an amount equal to five
846 percent of the value of food stamp benefits issued statewide
847 in excess of the amount paid by recipients (bonus or free
848 stamps) during the immediate prior fiscal quarter, which sum
849 so appropriated shall be paid quarterly to the Department of
850 Human Resources Trust Fund for administration of the food
851 stamp program in conformity with rules and regulations
852 ~~promulgated~~adopted by the United States Department of
853 Agriculture and in conformity with Sections 38-1-1 through
854 38-6-9. The administrative funds shall be limited to and based
855 on fiscal year 1976-77 administrative costs, normal
856 inflationary increases, and mandated administration
857 requirements of the Alabama Legislature and the United States
858 Department of Agriculture. The Department of Human Resources
859 will not staff any county food stamp office at a level that
860 exceeds the average staff-to-recipient ratios that existed in
861 Alabama during fiscal year 1976-77. This restriction will
862 apply in coordination with those provided hereinabove and,
863 should conflict occur, the lesser amount of expenditure shall
864 be required. At the end of each fiscal year, an accounting
865 shall be made of the sum so that any unexpended and
866 unencumbered balance of funds may be determined for the
867 purpose of paying such balance to the Education Trust Fund.

868 (f) The amount of the proceeds of all taxes levied by

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869 this division remaining after the payment of the expenses of
870 administration and enforcement and the replacement in the
871 several funds of the amount lost by any homestead exemptions
872 and the distribution as provided in subsections (b) and (d),
873 shall be paid into the Education Trust Fund except as provided
874 in ~~subdivision (4) of~~ Section 40-23-2 (4) and ~~subsection (e) of~~
875 Section 40-23-61 (c) ~~and, beginning January 1, 2016~~, except
876 those collected on consumable vapor products as defined in
877 ~~subdivision (15) of subsection (a) of~~ Section 40-23-1 (a) (15),
878 and, beginning January 1, 2027, those collected on
879 construction related transaction taxes for data processing
880 centers under Section 40-9B-4(c) (2), which shall be
881 distributed to the State General Fund."

882 Section 2. This act shall become effective on June 1,
883 2026.