



STATE of ALABAMA | DEPARTMENT of COMMERCE

MADE IN  
ALABAMA

# INCENTIVES SUMMARY

## ALABAMA JOBS ACT

Incentive to stimulate economic growth through new job creation and capital investment.

## INVESTMENT CREDIT

**BENEFITS**

- **Tax credit** of up to 1.5% annually of the qualified capital investment for a qualifying project for up to 10 years.
- Credit against Alabama income tax liability and/or utility tax liability.
- Credit can be carried forward for 5 years.
- Credit may be transferred, or sold, at 85% or more of face value for the first 3 years. Transferability is at the discretion of the Governor.
- Credit for up to 15 years for companies in a Targeted County selling their output within 50 miles.

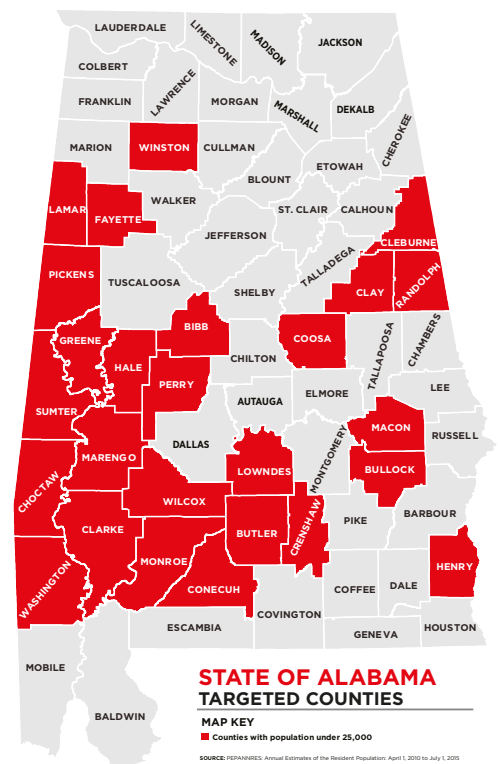
## JOBS CREDIT

**BENEFITS**

- **Cash rebate** of up to 3% annually of the previous year's gross payroll (not including fringe benefits) for eligible employees for up to 10 years.
- Up to an additional 0.5% rebate on the wages of veterans for companies employing at least 12% veterans in their eligible workforce.
- Up to an additional 1% rebate for companies locating in a Targeted County.
- Up to an additional 0.5% rebate for companies locating within a former active duty military base that was closed by BRAC.

**REQUIREMENTS: JOBS CREDIT AND INVESTMENT CREDIT**

- Projects must have a qualifying business activity (Section 40-18-372 of the Code of Alabama, 1975).
- Projects must create at least 50 net new jobs (exceptions noted below).
- Projects in a Targeted County must create at least 25 net new jobs (exceptions noted below).
- Projects in the following industries are required to create net new jobs, but are not subject to the minimum job creation requirements of the Jobs Act: chemical manufacturing, data centers, engineering, design, or research, and metal/machining technology or toolmaking.



# ALABAMA REINVESTMENT & ABATEMENTS ACT

## NEW FACILITY AND EXPANSION

### SECTION 40-9B OF THE CODE OF ALABAMA

#### **BENEFITS**

- **Sales & Use Tax Abatement** of non-educational portion of sales and use taxes on construction materials, equipment and other capitalized costs.
- **Property Tax Abatement** for up to 20 years of the non-educational portion of property tax.

#### **REQUIREMENTS**

- Projects must have a qualifying business activity (Section 40-9B-3(a)(10) of the Code of Alabama, 1975).
  - No job creation requirement (exceptions: data centers must create 20 net new jobs; headquarters must create 50 net new jobs).
  - For property tax abatements for **years 1 to 10**, all property tax is abated at the local level. For **years 11 to 20**, cities abate city non-educational property taxes, counties abate county non-educational property taxes, and the Governor abates State non-educational property taxes.
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## EXISTING FACILITY: REFURBISHMENTS, UPGRADES OR PLACED BACK IN SERVICE

### SECTION 40-9G OF THE CODE OF ALABAMA

#### **BENEFITS**

- **Sales & Use Tax Abatement** of non-educational portion of sales and use taxes on construction materials, equipment and other capitalized costs.
- **Property Tax Abatement** for up to 20 years of the non-educational portion of the incremental property tax increases.
- **Utility Tax Abatement** for increased utility services for up to 10 years.

#### **REQUIREMENTS**

- Projects must have a qualifying business activity (Section 40-9B-3(a)(10) of the Code of Alabama, 1975).
- No job creation requirement (exceptions: data centers must create 20 net new jobs; headquarters must create 50 net new jobs).
- For property tax abatements for **all years**, cities abate city non-educational property taxes, counties abate county non-educational property taxes, and the Governor abates State non-educational property taxes.
- Associated capital investment must be at least \$2,000,000.
- A project receiving benefits under 40-9G cannot also receive benefits under the Alabama Jobs Act.

# ALABAMA RENEWAL ACT

**PORT CREDIT:** Incentive to stimulate economic growth through new job creation, capital investment and increased cargo shipping.

## **BENEFITS**

- One-time **tax credit** of up to \$50 per TEU, \$3 per net ton of bulk cargo or \$0.04 per net kilogram for air cargo.
- Credit against Alabama income tax liability.
- Credit can be carried forward for 5 years.
- New distribution or warehouse shippers investing at least \$20 million and creating at least 75 net new jobs are eligible to receive up to \$100 per TEU over a 3-year period if entering into a project agreement with the state.

## **REQUIREMENTS**

- Shipper must use an Alabama public port.
- Shipper must be engaged in manufacturing, warehousing or distribution of goods.
- Shipper must increase cargo by at least 5% over the prior year.
- Credit must be approved by the Renewal of Alabama Commission.

**GROWING ALABAMA CREDIT:** Incentive to provide a source of funds for site preparation and public infrastructure needs of existing industrial sites.

## **BENEFITS**

- Approved projects are funded when taxpayers make contributions to a local economic development organization.
- Taxpayers receive a **tax credit** equal to their contributions. The tax credit may offset up to 50% of the taxpayer's income tax liability.
- Credit can be carried forward for 5 years.

## **REQUIREMENTS**

- An eligible site must have a deficiency in site preparation or public infrastructure.
- An eligible site must have either (1) a potential project, or (2) an identifiable reason that an industrial prospect did not select the site in the past.
- An eligible site must be owned by a local economic development organization, such as an IDA, IDB, chamber of commerce or other nonprofit economic development organization.
- 25% of the Growing Alabama Funds are earmarked for sites located in Targeted Counties.
- Projects must be approved by Commerce and the Renewal of Alabama Commission.