



# incentives summary MOBILE, ALABAMA

Incentive programs to stimulate economic growth through new job creation and capital investment for **Mobile, Alabama, U.S.A.**

## 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.

### EXISTING FACILITY

SECTION 40-9G OF THE CODE OF ALABAMA

(REFURBISHMENTS, UPGRADES OR PLACED BACK IN SERVICE)

#### 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.
- **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 \$2,000,000.00.
- A project receiving benefits under 40-9G cannot also receive benefits under the *Alabama Jobs Act*.

# ALABAMA JOBS ACT

## 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.

## 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.

## REQUIREMENTS

### (INVESTMENT CREDIT AND JOBS CREDIT)

- Projects must have a qualifying business activity (Section 40-9B-3(a)(10) of the Code of Alabama, 1975).
- Projects must create at least 50 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 tool making.



# ALABAMA VETERANS INCENTIVE

For new and expanding corporations that **employ a workforce of at least 12% of which is veterans**, an additional 0.5% jobs credit is available in addition to the incentives under the Alabama Jobs Act.

The Governor has the final authority to increase or decrease the amount of credit for a qualifying project. Once a completed application is received, the Alabama Department of Commerce can normally have a letter of commitment on the Alabama Jobs Act incentives within 30 days.



# 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 new 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 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 organizations.
- 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 non-profit economic development organization.
- Projects must be approved by Commerce and the Renewal of Alabama Commission.

## AIDT

AIDT is a state workforce development training program that is offered to qualifying businesses that are looking to locate or expand in Alabama by recruiting and training potential employees. There are many customized programs offered by AIDT to meet specific, qualified company needs. Some customized programs include:

- comprehensive pre-employment selection and training,
- leadership development,
- on-the-job training,
- continuous and process improvement assessments,
- maintenance assessments, and
- industrial safety assessments and training.

AIDT is consistently ranked as one of the top workforce development training programs in the nation.



# ALABAMA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

The Alabama Department of Environmental Management (ADEM) is the state arm of the Environmental Protection Agency (EPA). ADEM is truly a "one-stop" permitting agency that administers all major federal environmental laws, including the Clean Air, Clean Water and Safe Drinking Water Acts and federal solid and hazardous waste laws.

**Most air and water permits are typically issued by ADEM within 60 days. Construction storm water permits, which are needed before construction begins, are regularly issued within two to three days. Even PSD (Prevention of Significant Deterioration) analysis for air permitting applications can be completed in 120 days for most projects.**

Since air permits are also needed before construction begins, this timely processing can assist during even the most aggressive construction schedules.



## INVENTORY AND RAW MATERIAL EXEMPTION

Unlike many other states, the state of **Alabama does not have a property tax on inventory of goods, wares, and merchandise that is offered for sale.** Raw materials that are to be used in the manufacturing process and are stocked at facilities for manufacturing purposes are also exempt from any property taxes. Likewise, raw materials that are to be used in the manufacturing process are exempt from sales and use taxes.



## POLLUTION CONTROL EQUIPMENT EXEMPTION

Any pollution control equipment and materials purchased for the control, reduction, or elimination of air or water pollution are exempt from state sales and use tax. Likewise, any pollution control equipment and materials purchased for the control, reduction, or elimination of air or water pollution are exempt from property tax.

