



FISCAL NOTE

House Bill 241

Committee: Finance and Taxation Education Sponsor: Representative Danny Garrett

Analyst: Jennifer Farish

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House Bill 241 as passed the House of Representatives establishes the Enhancing Economic Progress Act which would amend the Alabama Jobs Act and Growing Alabama Act.

This bill would extend the sunset date for the Alabama Jobs Act and the Growing Alabama Act set to expire July 31, 2023, under current law, to July 31, 2028. This bill would also provide the annualized caps per year listed below for the Alabama Jobs Act (currently \$350 million for 2022) and the Growing Alabama Act (currently \$20 million).

This bill could decrease income and utility tax receipts to the Education Trust Fund (ETF), collectively, by the estimated maximum annual amounts listed below, which could be offset in whole or in part, from additional income and sales taxes resulting from economic activity at projects that would not otherwise have been completed but for the incentives provided pursuant to this bill. This bill could also decrease the state portion of the financial institution excise tax, insurance premium tax, and state public utilities license tax receipts to the State General Fund (SGF), collectively, by the estimated maximum annual amounts listed below. These amounts are estimated based on the historical proportion of Jobs Act and Growing Alabama tax credits claimed against revenue sources between the two funds.

Calendar Year / Fiscal Year	Jobs Act Annualized Cap	Growing Alabama Act Cap	Maximum Estimated Increased Loss to ETF	Maximum Estimated Increased Loss to SGF
2023 / 2024	\$375 million	\$20 million (current)	\$23 million	\$2 million
2024 / 2025	\$400 million	\$23 million	\$49 million	\$4 million



2025 / 2026	\$425 million	\$26 million	\$74 million	\$7 million
2026 / 2027	\$450 million	\$29 million	\$99 million	\$10 million
2027 / 2028	\$475 million	\$32 million	\$124 million	\$13 million
2028 / 2029	-	\$35 million	\$10 million	\$ 5 million

Regarding the Alabama Jobs Act, this bill would also add “renewable energy generation” as a qualifying project under the Alabama Job Acts, sunsets utility taxes paid as being claimed as a jobs credit, and provides further for the transferability of investment credits.

This bill would also remove provisions regarding technology/accelerator companies from the Growing Alabama Act.

This bill would also establish the Sweet Home Alabama Tourism Investment Act, which would provide tax rebates to companies with certain tourism destination projects in amounts equal to the company's tax liability for state and local sales and use tax, lodgings tax, and other transactional taxes associated with the project. These rebates would be capped at \$1 million per year, up to \$5 million total per company and limited to an aggregate of \$10 million annually; however, this bill would also provide for an additional \$2.5 million rebate above these caps for one mega project per year. These rebates would also be: (1) available beginning August 1, 2023 through July 31, 2028; (2) based on a 10-year project period, beginning at commencement of the project; (3) allowed to be carried forward up to 5 years; and (4) allowed to be transferred to subsequent owners of the project.

This bill would also create the Tourism Project Sales Tax Incentive Fund and could increase the obligations of this fund by a maximum of \$10 million annually; however, these obligations would be offset, wholly or in part, from the diversion of certain tax proceeds to this fund for related rebated projects. This bill also provides that this fund may consist of monies appropriated by the Legislature and other non-constitutionally restricted funds designated for deposit into the fund.



Pursuant to the provisions of the ETF Rolling Reserve Act contained in Section 29-9-3(b)(3), Code of Alabama 1975, the provisions of this act would reduce the ETF fiscal year appropriation cap for fiscal year 2024 by \$23 million.