

SB299 INTRODUCED



1 RUOCMN-1
2 By Senator Orr
3 RFD: Finance and Taxation Education
4 First Read: 09-May-23
5
6 2023 Regular Session



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SYNOPSIS:

This bill would establish sunset provisions and reporting guidelines for economic tax incentives.

A BILL
TO BE ENTITLED
AN ACT

Relating to economic tax incentives; to establish sunset dates for tax incentive programs; to establish future sunset dates for extended tax incentive programs; and to provide required guidelines for all new incentive legislation.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. The Brownfield Development Tax Abatement Act, Chapter 9C, of Title 40, commencing with Section 40-9C-1, Code of Alabama 1975, is repealed effective December 31, 2028, unless extended by an act of the Legislature prior to that date for no more than five additional years.

Section 2. The Rural Physician Tax Credit, Article 4A, commencing with Section 40-18-130, Chapter 18, of Title 40, Code of Alabama 1975, is repealed effective December 31, 2028, unless extended by an act of the Legislature prior to that date for no more than five additional years.

Section 3. The Coal Production Tax Credit, Article 8,



SB299 INTRODUCED

29 commencing with Section 40-18-220, Chapter 18, of Title 40,
30 Code of Alabama 1975, is repealed effective December 31, 2028,
31 unless extended by an act of the Legislature prior to that
32 date for no more than five additional years.

33 Section 4. The Reemployment Act of 2010, Article 10,
34 commencing with Section 40-18-270, Chapter 18, of Title 40,
35 Code of Alabama 1975, is repealed effective December 31, 2028,
36 unless extended by an act of the Legislature prior to that
37 date for no more than five additional years.

38 Section 5. The Full Employment Act of 2011, Article 11,
39 commencing with Section 40-18-290, Chapter 18, of Title 40,
40 Code of Alabama 1975, is repealed effective December 31, 2028,
41 unless extended by an act of the Legislature prior to that
42 date for no more than five additional years.

43 Section 6. The Veterans Employment Act, Article 13,
44 commencing with Section 40-18-320, Chapter 18, of Title 40,
45 Code of Alabama 1975, is repealed effective December 31, 2028,
46 unless extended by an act of the Legislature prior to that
47 date for no more than five additional years.

48 Section 7. The Irrigation Equipment Tax Credit, Article
49 14, commencing with Section 40-18-340, Chapter 18, of Title
50 40, Code of Alabama 1975, is repealed effective December 31,
51 2028, unless extended by an act of the Legislature prior to
52 that date for no more than five additional years.

53 Section 8. The Entertainment Industry Incentive Act of
54 2009, Article 3, commencing with Section 41-7A-40, Chapters
55 7A, of Title 41, Code of Alabama 1975, is repealed effective
56 December 31, 2028. Prior to the repeal of the incentive, the



SB299 INTRODUCED

57 Department of Commerce shall report to the Legislature
58 beginning in 2023 and annually thereafter, regarding the
59 entertainment industry incentives, in accordance with Section
60 40-1-50.

61 Section 9. The Alabama Enterprise Zone Act, Article 2,
62 commencing with Section 41-23-20, Chapter 23, of Title 41,
63 Code of Alabama 1975, is repealed effective December 31, 2028,
64 unless extended by an act of the Legislature prior to that
65 date for no more than five additional years.

66 Section 10. The repealing of the incentives listed in
67 Sections 2 through 10 shall only affect the availability of
68 the tax credits after December 31, 2028, and shall not cause a
69 reduction or suspension of any credits awarded on or prior to
70 December 31, 2028.

71 Section 11. (a) Beginning in the 2024 Regular Session
72 of the Legislature, all new economic tax incentive legislation
73 shall include the following:

74 (1) For every bill enacting a new tax credit, a tax
75 credit performance statement which must state the legislative
76 purpose for the new tax credit. The tax credit performance
77 statement must indicate one or more of the following as the
78 legislative purpose of the new tax credit:

79 a. Tax credits intended to induce certain designated
80 behavior by taxpayers.

81 b. Tax credits intended to improve industry
82 competitiveness.

83 c. Tax credits intended to create or retain jobs.

84 d. Tax credits intended to reduce structural



SB299 INTRODUCED

85 inefficiencies in the tax structure.

86 e. Tax credits intended to provide tax relief for
87 certain businesses or individuals.

88 (2) A statement providing that new tax credits shall
89 expire on the first day of the calendar year following the
90 calendar year that is five years from the effective date of
91 the tax credit. With respect to any new property tax
92 exemption, the exemption does not apply to taxes levied for
93 collection beginning in the calendar year following the
94 calendar year that is five years from the effective date of
95 the tax credit.

96 (3) A statement establishing the annual limit on the
97 amount of credits or incentives that may be provided during
98 any annual period.

99 (4) A statement limiting the number of years for
100 carryforward of unused credits to no more than five years.

101 (5) A statement limiting the transfer or sale of
102 credits to only one transaction after filing paperwork and a
103 filing fee with the Department of Revenue.

104 (6) A statement requiring pre-certification of all
105 income and financial institutions excise tax credits by the
106 Department of Revenue before they can be claimed.

107 (b) For tax years beginning after December 31, 2024,
108 taxpayers claiming a new tax credit preference must report the
109 amount of the tax preference claimed by the taxpayer to the
110 Department of Revenue as otherwise required by statute or
111 determined by the department as part of the taxpayer's regular
112 tax reporting responsibilities.



SB299 INTRODUCED

113 Section 12. This act shall become effective on the
114 first day of the third month following its passage and
115 approval by the Governor, or its otherwise becoming law.