



BACKGROUND

21st Century Economic Incentives Substitute Bill for HB 568

What will this bill do?

This bill accomplishes these objectives:

- **Knowledge-based Job Incentives:** Makes capital credits and tax abatements currently offered to new and expanding manufacturers available to new and expanding corporate headquarters, research & technology facilities, data centers, and inbound call centers.
- **Green Job Incentives:** Makes the full range of economic incentives available to new and expanding producers of electricity or natural gas from biomass or renewable energy resources, cellulosic biofuel producers (e.g. wood waste, garbage, and rubber), and other “green” employers.
- **Updates the Base Wage Requirement:** For qualifying projects after the effective date of the legislation, the average hourly wage is increased to \$15 per hour, inclusive of all employees at the facility, OR the average hourly wage of the county (as reported quarterly and indexed annually by the Dept. of Industrial Relations), whichever is less.

The Big Picture

- While Alabama remains competitive in recruiting high-end manufacturing jobs, our efforts in other industry sectors are handicapped by the limited nature of our recruitment incentives. **Passage of this proposal could influence the location decision for more than 7,000 new jobs connected to current, active projects.**
- In order for our state to remain competitive in attracting new business and industry, we must bring Alabama’s recruitment arsenal into the 21st century. These incentives target the fastest growing job sectors in the U.S. economy.
- In the twenty-nine (29) counties with average county wages currently below \$15, the lesser county average will qualify.
- Companies have one year after placed in service to achieve the required wage level.
- Since the original Capital Credit legislation was implemented, the average hourly wage in Alabama has risen from \$11.61 to \$15.68, exceeding the \$15-mark for the last 3 years.
- The 362 companies recruited and taking capital credits report employment of 45,334 who pay an estimated \$44,4 million annually in income tax and \$20,7 million in annual state retail sales tax.

How much will it cost?

- These incentives create new jobs that would otherwise go to more competitive states. Therefore, there is no revenue loss associated with them.

Effective date:

- The provisions of the act will become effective for projects placed in service after passage of the legislation.
