

1 SB274
2 208837-5
3 By Senators Singleton, Sessions, Williams, Jones, Figures,
4 Price, Chesteen, Beasley, Melson, Reed, Whatley, Scofield,
5 Elliott, Orr, Albritton, Barfoot, Gudger, Livingston, Butler,
6 McClendon, Holley, Stutts, Marsh, Waggoner, Chambliss, Allen,
7 Roberts, Smitherman, Givhan and Coleman-Madison
8 RFD: Finance and Taxation Education
9 First Read: 25-FEB-21

1 SB274

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4 ENROLLED, An Act,

5 To establish the COVID-19 Recovery Capital Credit
6 Protection Act of 2021; to amend Section 40-18-19.1, Code of
7 Alabama 1975; to increase the amount of various types of
8 compensation that may be exempted; and to provide an extension
9 to the employment and wage requirements of the capital credit
10 program and associated penalties.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. Sections 2, 3, and 5 shall be known and
13 may be cited as the "COVID-19 Recovery Capital Credit
14 Protection Act of 2021."

15 Section 2. (a) For the purposes of this act the
16 following terms shall have the assigned meanings:

17 (1) APPROVED PROJECT ENTITY. An entity that has
18 filed a notice of intent with the Department on or before
19 January 1, 2016, and who has subsequently filed or will file a
20 report of investment in project with the Department to claim a
21 capital credit under the Capital Credit Program.

22 (2) DEPARTMENT. The Alabama Department of Revenue.

23 (3) QUALIFYING PROJECT. A project that has been
24 placed into service in calendar years 2019, 2020, and 2021.

1 Section 3. (a) The one-year period in which to
2 satisfy the initial employment and wage requirements for an
3 approved project entity, shall be extended to a period not to
4 exceed two years for any otherwise qualifying project placed
5 into service in calendar years 2019, 2020, or 2021 that have
6 been directly affected by the COVID-19 pandemic.

7 (b) An approved project entity's qualifying project,
8 that fails to meet the annual employment and wage requirements
9 for tax years beginning after December 31, 2019, but before
10 January 1, 2022, will not be considered in the determination
11 of disqualification from the capital credit program; provided
12 that the COVID-19 pandemic is the primary cause of the
13 disqualification.

14 (c) An approved project entity shall not be subject
15 to certain forfeiture penalties imposed on qualifying projects
16 that fail to maintain employment and wage requirements for any
17 tax year ending before January 1, 2022. For tax years
18 beginning on or after January 1, 2022, the applicable
19 forfeiture penalty shall be equal to one hundred percent
20 (100%) of the capital credits claimed in the year immediately
21 preceding the year in which the approved project entity fails
22 to maintain the employment and wage requirements of this
23 section. The forfeiture percentage shall be reduced to twenty
24 percent (20%) for each successive prior year in the five-year
25 forfeiture period.

1 Section 4. Section 40-18-19.1, Code of Alabama 1975,
2 is amended to read as follows:

3 "§40-18-19.1.

4 "(a) Effective for the 1997 state income tax year
5 and ~~each year thereafter~~ through tax year ending December 31,
6 2019, an amount up to twenty-five thousand dollars (\$25,000)
7 received as severance, unemployment compensation or
8 termination pay, or as income from a supplemental income plan,
9 or both, by an employee who, as a result of administrative
10 downsizing, is terminated, laid-off, fired, or displaced from
11 his or her employment, shall be exempt from any state, county,
12 or municipal income tax.

13 "(b) Effective for tax years beginning after
14 December 31, 2019, an amount up to fifty thousand dollars
15 (\$50,000) per tax year received as severance, unemployment
16 compensation or termination pay, or as income from a
17 supplemental income plan, or both, by an employee who, as a
18 result of administrative downsizing, is terminated, laid-off,
19 fired, or displaced from his or her employment, shall be
20 exempt from any state, county, or municipal income tax. The
21 exemption is limited to the amount of the actual payment(s),
22 but in no case shall exceed fifty thousand dollars (\$50,000)
23 per tax year.

24 "~~(b)~~ (c) Notwithstanding subsections (a) and (b),
25 for taxable years 2020 and 2021, any amount received as

1 unemployment compensation as a result of the federal
2 Coronavirus Aid, Relief, and Economic Securities Act, as
3 provided in, 15 U.S. Code §9021, 15 U.S. Code §9023, or as
4 provided in Section 201 or 203 (Extension of CARES Act
5 Unemployment Provisions) of the Consolidated Appropriations
6 Act, 2021 Pub. L. 116-260, or as a result of further extension
7 of these benefits shall be exempt from any state, county, or
8 municipal income tax.

9 (d) An employee whose termination from employment is
10 due to misconduct shall not be allowed to take the tax
11 exemption provided in ~~subsection (a)~~this section.

12 "~~(c)~~ (e) The Department of Revenue shall promulgate
13 rules and regulations to administer this section."

14 Section 5. The Department of Revenue shall adopt
15 rules for the implementation and administration of this act.

16 Section 6. This act shall become effective
17 immediately following its passage and approval by the
18 Governor, or upon its otherwise becoming law.

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB274

Senate 16-MAR-21

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris,
Secretary.

House of Representatives
Passed: 08-APR-21

By: Senator Singleton