

1 SB274
2 208837-3
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

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4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT
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11 To establish the COVID-19 Recovery Capital Credit
12 Protection Act of 2021; to amend Section 40-18-19.1, Code of
13 Alabama 1975; to increase the amount of various types of
14 compensation that may be exempted; and to provide an extension
15 to the employment and wage requirements of the capital credit
16 program and associated penalties.

17 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

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

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

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

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

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

1 percent (20%) for each successive prior year in the five-year
2 forfeiture period.

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

5 "§40-18-19.1.

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

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

26 "~~(b)~~ (c) Notwithstanding subsections (a) and (b),
27 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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3 Senate

4 Read for the first time and referred to the Senate
5 committee on Finance and Taxation Education 25-FEB-21
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7 Read for the second time and placed on the calen-
8 dar 1 amendment..... 11-MAR-21
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10 Read for the third time and passed as amended 16-MAR-21

11 Yeas 30
12 Nays 0

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15 Patrick Harris,
16 Secretary.
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