

## HB346 INTRODUCED



1 HB346  
2 ZQP7FRW-1  
3 By Representative Rafferty  
4 RFD: State Government  
5 First Read: 29-Jan-26



## 4 SYNOPSIS:

5 Under existing law, an entity is not  
6 disqualified from receiving tax incentives under the  
7 Alabama Jobs Act if it violates human trafficking or  
8 child labor laws.

9 This bill would prevent entities who violate  
10 human trafficking or child labor laws from receiving  
11 economic tax incentives under the Alabama Jobs Act.  
12 This bill would require an entity that engages in any  
13 act or practice that violates human trafficking or  
14 federal child labor laws to reimburse the state and  
15 local government the cost of any economic development  
16 tax incentives received by the corporation or legal  
17 entity.

18 This bill would also make nonsubstantive,  
19 technical revisions to update the existing code  
20 language to current style.

21  
22  
23 A BILL  
24 TO BE ENTITLED  
25 AN ACT  
26

27 Relating to economic development; to require an entity  
28 to reimburse the state and local government the cost of any



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economic development incentives received by the entity if the entity violates human trafficking or child labor laws; to amend Sections 40-18-373 and 40-18-374, Code of Alabama 1975, to require the Secretary of Commerce to verify an entity does not engage in any act or practice that violates human trafficking or federal child labor laws to qualify for tax incentives; and to make nonsubstantive, technical revisions to update the existing code language to current style.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Any entity that engages in any act or practice that violates human trafficking laws as provided in Sections 13A-6-152 and 13A-6-153, Code of Alabama 1975, or federal child labor provisions of the Fair Labor Standards Act of 1938 as provided in 29 U.S.C. § 212, shall reimburse to the state and local government the cost of any economic development incentive, including any tax abatement, grant, or tax refund received by the entity pursuant to Title 40, Code of Alabama 1975, from the date the entity is found guilty of or liable for the violation.

Section 2. Sections 40-18-373 and 40-18-374, Code of Alabama 1975, are amended to read as follows:

"§40-18-373

In order for a company to be an approved company, all of the following shall occur:

(1) For any company that proposes a qualifying project, the Secretary of Commerce shall make all of the following findings:

a. ~~That the~~ The project is ~~in fact~~ a qualifying



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project~~+~~.

b. ~~That the~~ The qualifying project will not decrease, directly or indirectly, Alabama's exports~~+~~ and.

c. ~~That the~~ The amount of tax incentives sought ~~are~~ is exceeded by anticipated revenues for the state, including income, property, business privilege, utility, gross receipts, sales, and use tax revenues that are generated by the economic activity resulting from the project, as they arise from the following aspects of the qualifying project:

1. Construction activities related to the qualifying project~~+~~.

2. The purchase of building materials and the initial equipping of the qualifying project~~+~~.

3. The subsequent equipping of the qualifying project~~+~~ and.

4. The operation of the qualifying project.

d. The company, any subsidiary of the company, or company suppliers do not engage in any act or practice that violates human trafficking laws as provided in Sections 13A-6-152 and 13A-6-153, or child labor provisions of the Fair Labor Standards Act of 1938, provided in 29 U.S.C. § 212.

(2) Upon making affirmative findings on the criteria set forth in subdivision (1) that are applicable, the Secretary of Commerce shall recommend to the Governor that the company be designated as an approved company. The name of the company and information collected about it shall be forwarded to the Governor.

(3) After reviewing the information provided by the



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Secretary of Commerce, the Governor shall also determine whether the company meets the criteria ~~set forth~~ outlined in subdivision (1). If the Governor makes such a finding, the company shall be an approved company."

"§40-18-374

(a) An incentivized company may claim either or both of the jobs act incentives, to the extent provided in the project agreement.

(b) In order for an incentivized company to claim the jobs act incentives, the Governor and the incentivized company shall execute a project agreement. The agreement shall contain all of the following:

(1) The name of the incentivized company.

(2) The location of the qualifying project.

(3) The activity to be conducted at the qualifying project.

(4) The jobs act incentives to be granted.

(5) The capital investment to be made at the qualifying project.

(6) The time period for the capital investment to be made at the qualifying project.

(7) The number of employees at the qualifying project.

(8) The anticipated wages to be paid to or for the benefit of employees during the incentive period for the jobs created.

(9) The dates or conditions that shall begin the running of the incentive periods for applicable jobs act incentives.



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(10) The lengths of the incentive periods for the jobs act incentives.

(11) Any annual or aggregate limitations on the amount of either or both of the jobs act incentives that can be claimed during an incentive period.

(12) Provisions governing the recapture of all or part of the jobs act incentives awarded to the qualifying project, should the approved company default on its obligations in the project agreement.

(13) Provisions governing the recapture of all or part of tax incentives awarded to the qualifying project if the approved company, any subsidiary of the company, or supplier of the company engages in any act or practice that violates human trafficking laws as provided in Sections 13A-6-152 and 13A-6-153 or federal child labor provisions of the Fair Labor Standards Act of 1938 as provided in 29 U.S.C § 212.

~~(13)~~ (14) Whether ~~the project agreement may be assigned by the approved company~~ the approved company may assign the project agreement to some other purchaser, assignee, or successor.

~~(14)~~ (15) Any other terms, conditions, and limitations that this article or the Governor may require for an incentivized company to qualify for and receive a jobs act incentive.

~~(15)~~ (16) Any other terms the parties deem necessary or desirable.

(c) The Governor may decrease the amounts and ~~durations~~ duration of the jobs act incentives to ensure that the



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141     anticipated revenues for the state will exceed the amount of  
142     tax incentives sought."

143             Section 3. This act shall become effective on June 1,  
144     2026.