

SB251 INTRODUCED



1 SB251
2 7B15ME2-1
3 By Senators , Stewart
4 RFD: Finance and Taxation General Fund
5 First Read: 03-Feb-26



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SYNOPSIS:

Under existing law, the state has established research and development corridors and grants as well as various tax abatements and incentives that include references to the now outdated Accelerate Alabama Strategic Economic Development Plan. These laws also include references to the 2012 North American Industry Classification System (NAICS) Codes used to classify business establishments by industry sector.

This bill would remove references to the Accelerate Alabama Strategic Economic Development Plan and align relevant sections with the provisions of the Alabama Jobs Act.

This bill would update NAICS Codes used to classify business establishments by industry sector, bringing them in line with the latest updates released in 2022.

This bill would make nonsubstantive, technical revisions to update existing code language to current style.

A BILL
TO BE ENTITLED
AN ACT



SB251 INTRODUCED

29
30 Relating to economic development; to amend Sections
31 11-66A-2 and 41-23-252, Code of Alabama 1975, regarding
32 research and development corridors and grants, and Sections
33 40-9B-3, 40-9G-1, and 40-18-372, Code of Alabama 1975,
34 regarding tax abatements and incentives; to remove references
35 to the outdated Accelerate Alabama Strategic Economic
36 Development Plan; to update NAICS Code references to the
37 latest update released in 2022; and to make nonsubstantive,
38 technical revisions to update existing code language to
39 current style.

40 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

41 Section 1. Sections 11-66A-2, 40-9B-3, 40-9G-1,
42 40-18-372, and 41-23-252, Code of Alabama 1975, are amended to
43 read as follows:

44 "§11-66A-2

45 (a) The Legislature finds and determines the public
46 good, welfare, and economy of the state are best served by
47 providing and encouraging the development, growth,
48 improvement, and support of new and creative economic
49 opportunities for existing and future qualified enterprises to
50 establish and continue projects in this state for innovative
51 processes and products. ~~These include specifically those~~
52 ~~business sectors expressly identified in Accelerate Alabama~~
53 ~~2.0, the strategic economic development plan developed by the~~
54 ~~Department of Commerce.~~

55 (b) In furtherance of subsection (a) the legislative
56 intent and public purpose of this chapter is:



SB251 INTRODUCED

57 (1) To provide authority to municipalities for the
58 creation of research and development corridors with corporate
59 authority and power to provide, in the discretion of the
60 corridors, its resources; and

61 (2) To provide authority to public entities to provide
62 public resources to, or for the benefit of, corridors."

63 "§40-9B-3

64 (a) For purposes of this chapter, the following words
65 and phrases mean:

66 (1) ABATE, ABATEMENT. A reduction or elimination of a
67 taxpayer's liability for tax or payments required to be made
68 in lieu thereof. An abatement of transaction taxes imposed
69 under Chapter 23 ~~of this title~~, or payments required to be
70 made in lieu thereof, shall relieve the seller from the
71 obligation to collect and pay over the transaction tax as if
72 the sale were to a person exempt, to the extent of the
73 abatement, from the transaction tax.

74 (2) ALTERNATIVE ENERGY RESOURCES. The definition given
75 in Section 40-18-1.

76 (3) CONSTRUCTION RELATED TRANSACTION TAXES. The
77 transaction taxes imposed by Chapter 23 ~~of this title~~, or
78 payments required to be made in lieu thereof, on tangible
79 personal property and taxable services incorporated into an
80 industrial development property, the cost of which may be
81 added to capital account with respect to the property,
82 determined without regard to any rule which permits
83 expenditures properly chargeable to capital account to be
84 treated as current expenses.



SB251 INTRODUCED

85 (4) DATA PROCESSING CENTER. An establishment at which
86 not less than 20 new jobs are located, the average annual
87 total compensation, including benefits, of such new jobs to be
88 not less than forty thousand dollars (\$40,000) and such
89 establishment is engaged in the provision of complete
90 processing and specialized reports from data, the provision of
91 automated data processing and data entry services, the
92 provision of an infrastructure for hosting or data processing
93 services, the provision of specialized hosting activities, the
94 provision of application service provisioning, the provision
95 of general time-share mainframe facilities, the provision or
96 operation of computer equipment or enabling software for the
97 processing, storage, backup, retrieval, communication, or
98 distribution of data, or some combination of the foregoing,
99 without regard to whether any other activities are conducted
100 at the establishment.

101 (5) EDUCATION TAXES. Ad valorem taxes, or payments
102 required to be made in lieu thereof, that must, pursuant to
103 the Constitution of Alabama of ~~1901~~2022, as amended,
104 legislative act, or the resolution or other action of the
105 governing board authorizing the tax, be used for educational
106 purposes or for capital improvements for education and local
107 construction related transaction taxes levied for educational
108 purposes or for capital improvements for education.

109 (6) HEADQUARTERS FACILITY. Any trade or business
110 described in ~~NACIS~~NAICS Code 551114, at which not less than 50
111 new jobs are located.

112 (7) HYDROPOWER PRODUCTION. The definition given in



SB251 INTRODUCED

113 Section 40-18-1.

114 (8) INDUCEMENT. Refers to an agreement, or an
115 "inducement agreement," entered into between a private user
116 and a public authority or county or municipal government
117 and/or a resolution or other official action, an "inducement
118 resolution," "inducement letter," or "official action" adopted
119 by a public authority or county or municipal government, in
120 each case expressing, among other things, the present intent
121 of such public authority or county or municipal government to
122 issue bonds in connection with the private use property
123 therein described. Notwithstanding any provision in this
124 chapter to the contrary, neither an inducement nor a request
125 for inducement shall be required to apply for, grant, or
126 receive any abatement of taxes allowed to be abated under this
127 chapter.

128 (9) INDUSTRIAL DEVELOPMENT PROPERTY. Real and/or
129 personal property acquired in connection with establishing or
130 expanding an industrial or research enterprise in Alabama.

131 (10) INDUSTRIAL OR RESEARCH ENTERPRISE.

132 a. Any trade or business ~~predominately~~predominantly
133 consisting of any one or more of the following:

134 1. Described by NAICS Code 1133, 115111, 2121, 22111,
135 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
136 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~5117~~,
137 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without
138 regard to the premise that data processing and related
139 services be performed in conjunction with a third party),
140 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of



SB251 INTRODUCED

141 another activity described in this article), 54134 (if
142 predominantly in furtherance of another activity described in
143 this article), 54138, 5415, 541614, 5417, 55 (if not for the
144 production of electricity), 561422 (other than establishments
145 that originate telephone calls), 562213, 56291, 56292, 611512,
146 927, or 92811.

147 2. ~~A target of the state's economic development efforts~~
148 ~~pursuant to either of the following:~~

149 ~~(i) The Accelerate Alabama Strategic Economic~~
150 ~~Development Plan adopted in January 2012 by the Alabama~~
151 ~~Economic Development Alliance, created by Executive Order~~
152 ~~Number 21 of the Governor on July 18, 2011, or any amended~~
153 ~~version or successor document thereto; or~~

154 ~~(ii)~~ A type listed in a regulation adopted by the
155 Department of Commerce, other than a regulation submitted as
156 an emergency rule.

157 Notwithstanding the foregoing, the activities described
158 in this definition shall not predominantly concern farming
159 activities involving trees, animals, or crops, nor the retail
160 sale of tangible personal property or services. This provision
161 shall not be deemed to exclude customer service centers or
162 call centers otherwise allowed or provided for herein.

163 b. With respect to abatements granted in accordance
164 with Section 40-9B-9, and only with respect to such
165 abatements, "industrial or research enterprise" means any
166 trade or business described in NAICS Code 493, 488310, or
167 488320, when such trade or business is conducted on premises
168 in which the Alabama ~~State~~ Port Authority has an ownership,



SB251 INTRODUCED

169 leasehold, or other possessory interest and such premises are
170 used as part of the operations of the Alabama ~~State~~ Port
171 Authority.

172 c. "Industrial or research enterprise" includes the
173 above-described trades and business and any others as may
174 hereafter be reclassified in any subsequent publication of the
175 NAICS or similar industry classification system developed in
176 conjunction with the United States Department of Commerce or
177 Office of Management and Budget.

178 d. "Industrial or research enterprise" also includes
179 any underground natural gas storage facility which is located
180 in the Gulf Opportunity Zone, as that phrase is defined in the
181 Gulf Opportunity Zone Act of 2005, developed from existing
182 geologic reservoirs, including, without limitation, salt
183 domes, and placed in service on or before December 31, 2013.

184 e. "Industrial or research enterprise" also includes
185 any plant, property, or facility that meets both of the
186 following:

187 1. It produces electricity from:

188 (i) Alternative energy resources and has capital costs
189 of at least one hundred million dollars (\$100,000,000); or

190 (ii) Hydropower production and has capital costs of at
191 least five million dollars (\$5,000,000).

192 2. All or a portion of the plant, property, or facility
193 is owned by one or more of the following:

194 (i) A utility described in Section 37-4-1(7)a. ~~τ~~

195 (ii) An entity organized under the provisions of
196 Chapter 6 of Title 37 ~~τ~~.



SB251 INTRODUCED

197 (iii) An authority both organized and existing pursuant
198 to the provisions of Chapter 50A of Title 11 and subject to
199 the payments required to be made in lieu of ad valorem, sales,
200 use, license, and severance taxes imposed by Section 11-50A-7,
201 ~~or~~.

202 (iv) An entity in which one or more of the foregoing
203 owns an interest.

204 f. "Industrial or research enterprise" also includes
205 any headquarters facility.

206 g. "Industrial or research enterprise" also includes
207 any data processing center.

208 h. "Industrial or research enterprise" also includes
209 any research and development facility.

210 i. "Industrial or research enterprise" also includes
211 any renewable energy facility.

212 j. "Industrial or research enterprise" also includes
213 any tourism destination attraction.

214 (11) MAJOR ADDITION. Any addition to an existing
215 industrial development property that equals the lesser of: 30
216 percent of the original cost of the industrial development
217 property or two million dollars (\$2,000,000). For purposes of
218 this subsection, the original cost of existing industrial
219 development property shall be the amount of industrial
220 development property with respect to which an abatement was
221 granted under this chapter when the property was constructed,
222 or if the existing industrial development property was
223 constructed before January 1, 1993, the maximum amount that
224 would have been allowed if the provisions of this chapter had



SB251 INTRODUCED

225 applied at the time it was constructed. Only property that
226 constitutes industrial development property shall be taken
227 into account in making the determination in the previous
228 sentence. Major addition shall include any addition costing at
229 least two million dollars (\$2,000,000) which constitutes an
230 industrial or research enterprise, regardless of whether added
231 to an existing industrial development property.

232 (12) MAXIMUM EXEMPTION PERIOD. Except as provided in
233 Section 40-9B-11, a period equal to the shorter of:

234 a. Either of the following:

235 1. Twenty years from and after: (i) ~~The~~the date of
236 initial issuance by a county, city, or public authority of
237 bonds to finance any costs of a private use property~~r;~~i or (ii)
238 ~~If~~if no such bonds are ever issued, the later of: A. ~~The~~the
239 date on which title to the property was acquired by or vested
240 in the county, city, or public authority~~r;~~i or B. ~~The~~the date
241 on which the property is or becomes owned, for federal income
242 tax purposes, by a private user~~r; or~~.

243 2. Exclusively with respect to one or more private
244 users of a data processing center, the following:

245 (i) A period of 10 years from and after the date on
246 which private use property is or becomes owned, for federal
247 income tax purposes, by such private user or users (including
248 the lessor and any lessee with respect to co-location
249 centers), if the aggregate capital investment in the data
250 processing center by such private user or users does not
251 exceed two hundred million dollars (\$200,000,000) within 10
252 years from the date on which a private user commences the



SB251 INTRODUCED

253 acquisition, construction, and equipping of the data
254 processing center,

255 (ii) A period of 20 years from and after the date on
256 which private use property is or becomes owned, for federal
257 income tax purposes, by such private user or users (including
258 the lessor and any lessee with respect to co-location
259 centers), if the aggregate capital investment in the data
260 processing center by such private user or users exceeds two
261 hundred million dollars (\$200,000,000) but is not greater than
262 four hundred million dollars (\$400,000,000) within 10 years
263 from the date on which a private user commences the
264 acquisition, construction, and equipping of the data
265 processing center, ~~or~~.

266 (iii) A period of 30 years from and after the date on
267 which private use property is or becomes owned, for federal
268 income tax purposes, by such private user or users (including
269 the lessor and any lessee with respect to co-location
270 centers), if the aggregate capital investment in the data
271 processing center by such private user or users exceeds two
272 hundred million dollars (\$200,000,000) within 10 years from
273 the date on which a private user commences the physical work
274 of constructing and equipping the data processing center and
275 exceeds four hundred million dollars (\$400,000,000) within 20
276 years from the date on which a private user commences the
277 acquisition, construction, and equipping of the data
278 processing center.

279 For purposes of this subparagraph 2., a private user's
280 aggregate capital investment in a data processing center shall



SB251 INTRODUCED

281 include all real and personal property comprising a data
282 processing center, the costs of which may be capitalized for
283 federal income tax purposes. In no event shall abatements of
284 construction related transaction taxes or noneducational ad
285 valorem taxes granted for a data processing center apply
286 beyond the expiration of the applicable maximum exemption
287 period; or

288 b. The period ending on the date on which the property
289 has ceased, for ~~6~~six consecutive months, to be used in the
290 active conduct of an industrial or research enterprise.

291 (13) MORTGAGE AND RECORDING TAXES. The taxes imposed by
292 Chapter 22 ~~of this title~~.

293 (14) NAICS CODE. Any sector, subsector, industry group,
294 industry or national industry of the ~~2012~~2022 North American
295 Industry Classification System, or any similar classification
296 system developed in conjunction with the United States
297 Department of Commerce or Office of Management and Budget.

298 (15) NONEDUCATIONAL AD VALOREM TAXES. Ad valorem taxes,
299 or payments required to be made in lieu thereof, imposed by
300 the state, counties, municipalities, and other taxing
301 jurisdictions of Alabama that are not required to be used for
302 educational purposes or for capital improvements for
303 education.

304 (16) PERSON. Includes any individual, partnership,
305 trust, estate, or corporation.

306 (17) PRIVATE USER. Any individual, partnership, or
307 corporation organized for profit that is or will be treated as
308 the owner of private use property for federal income tax



SB251 INTRODUCED

309 purposes, any entity organized under Chapter 6 of Title 37,
310 and any authority both organized and existing pursuant to
311 Chapter 50A of Title 11 and subject to the payments required
312 to be made in lieu of ad valorem, sales, use, license, and
313 severance taxes imposed by Section 11-50A-7.

314 (18) PRIVATE USE INDUSTRIAL PROPERTY. Private use
315 property that also constitutes industrial development
316 property.

317 (19) PRIVATE USE PROPERTY. Any real and/or personal
318 property which is or will be treated as owned by a private
319 user for federal income tax purposes even though title may be
320 held by a public authority or municipal or county government;
321 any real and/or personal property which is owned by any entity
322 organized under Chapter 6 of Title 37; and any real and/or
323 personal property which is owned by any authority both
324 organized and existing pursuant to Chapter 50A of Title 11,
325 and subject to the payments required to be made in lieu of ad
326 valorem, sales, use, license, and severance taxes imposed by
327 Section 11-50A-7.

328 (20) PUBLIC AUTHORITY. A corporation created for public
329 purposes pursuant to a provision of the Constitution of
330 Alabama of ~~1901~~2022, or a general or local law that authorized
331 it to issue bonds, the interest on which is exempt from the
332 Alabama income tax, as in effect on May 21, 1992.

333 (21) PUBLIC INDUSTRIAL AUTHORITY. A public authority
334 authorized to issue bonds to acquire, construct, equip, or
335 finance industrial development property.

336 (22) RENEWABLE ENERGY FACILITY. Any plant, property, or



SB251 INTRODUCED

337 facility that either:

338 a. Produces electricity or natural gas, in whole or in
339 part, from biofuels as such term is defined in Section
340 2-2-90(c)(2) or from renewable energy resources as such term
341 is defined in Section 40-18-1(30) with the exception that
342 hydropower production shall be excluded from such definition;
343 or

344 b. Produces biofuel as such term is defined in Section
345 2-2-90(c) ~~(2)~~.

346 (23) RESEARCH AND DEVELOPMENT FACILITY. An
347 establishment engaged in conducting original investigations
348 undertaken on a systematic basis to gain new knowledge or
349 applying research findings or other scientific knowledge to
350 create new or significantly improved products or processes, or
351 both.

352 (24) STATEMENT OF INTENT. A written statement of intent
353 to claim an abatement provided in this chapter, or to petition
354 for local tax abatement, relating to an industrial or research
355 enterprise described in paragraph ~~e. of subdivision~~ (10) e. ~~of~~
356 ~~this subsection~~ that is filed with the Department of Revenue
357 at any time prior to the date on which the industrial or
358 research enterprise described in paragraph ~~e. of subdivision~~
359 (10) e. ~~of this subsection~~ is placed in service in accordance
360 with such procedures and on such form or forms as may be
361 prescribed by the Department of Revenue. Such statement of
362 intent shall contain a description of the industrial or
363 research enterprise described in paragraph ~~e. of subdivision~~
364 (10) e. ~~of this subsection~~; the date on which the acquisition,



SB251 INTRODUCED

365 construction, installation, or equipping of the industrial or
366 research enterprise described in paragraph ~~e. of subdivision~~
367 (10) ~~e. of this subsection~~ was commenced or is expected to
368 commence; the actual or, if not known, the estimated capital
369 costs of the industrial or research enterprise described in
370 paragraph ~~e. of subdivision~~ (10) ~~e. of this subsection~~; the
371 number of new employees to be employed at the industrial or
372 research enterprise described in paragraph ~~e. of subdivision~~
373 (10) ~~e. of this subsection~~; and any other information required
374 by the Department of Revenue.

375 (25) TOURISM DESTINATION ATTRACTION. a. A commercial
376 enterprise which is open to the public not less than 120 days
377 during a calendar year and is designed to attract visitors
378 from inside or outside of the State of Alabama, typically for
379 its inherent cultural value, historical significance, natural
380 or man-made beauty, or entertainment or amusement
381 opportunities. The term shall include, but not be limited to,
382 a cultural or historical site; a botanical garden; a museum; a
383 wildlife park or aquarium open to the public that cares for
384 and displays a collection of animals or fish; an amusement
385 park; a convention hotel and conference center; a water park;
386 or a spectator venue or arena.

387 b. A tourism destination attraction shall not include a
388 facility primarily devoted to the retail sale of goods; a
389 shopping center; a restaurant; a movie theater; a bowling
390 alley; a fitness center; a miniature golf course; or a
391 nightclub. ~~Provided, however, that the~~ The capital costs of the
392 construction of a tourism destination attraction may include



SB251 INTRODUCED

393 the capital costs associated with the construction of any
394 retail establishment, restaurant or other portion of the
395 tourism destination attraction. The term also does not include
396 any gaming facility or establishment that the Secretary of the
397 Department of Commerce deems to be serving the local
398 community.

399 (b) The abatements of ad valorem taxes, and payments in
400 lieu thereof, allowed by amendments to this section by Act
401 2008-275 shall become effective for projects for which
402 statements of intent are filed after December 31, 2011. No ad
403 valorem taxes, or payments in lieu thereof, shall be abated
404 for periods prior to January 1, 2012. The other abatements
405 allowed by amendments made to this section by Act 2008-275
406 shall become effective after December 31, 2011.

407 For a qualifying industrial or research enterprise
408 described in Section 40-9B-3(a)(10)j., the approval of the
409 abatement of a specified ad valorem tax or construction
410 related tax levied or imposed by a county or municipality, or
411 payments required to be made in lieu thereof, shall take
412 effect only upon adoption of a resolution by the governing
413 body of that county or municipality approving such abatement
414 or abatements."

415 "§40-9G-1

416 For purposes of the chapter, the following words and
417 phrases ~~shall~~ have the following ~~meaning~~meanings:

418 (1) APPROVED ACTIVITY. The conduct of an activity that
419 is predominantly any one or more of the following:

420 a. Described by NAICS Code 1133, 115111, 2121, 22111,



SB251 INTRODUCED

421 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
422 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~
423 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without
424 regard to the premise that data processing and related
425 services be performed in conjunction with a third party),
426 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of
427 another activity described in this chapter), 54134 (if
428 predominantly in furtherance of another activity described in
429 this chapter), 54138, 5415, 541614, 5417, 55 (if not for the
430 production of electricity), 561422 (other than establishments
431 that originate telephone calls), 562213, 56291, 56292, 611512,
432 927, or 92811.

433 b. The production of biofuel as such term is defined in
434 Section 2-2-90(c)(2).

435 c. The conduct of original investigations undertaken on
436 a systematic basis to gain new knowledge or the application of
437 research findings or other scientific knowledge to create new
438 or significantly improved products or processes.

439 d. The national or regional headquarters for a company
440 that conducts significant business operations outside the
441 state and that will serve as the principal office of the
442 company's principal operating officer with chief
443 responsibility for the daily business operations of the
444 company.

445 e. ~~A target of the state's economic development efforts~~
446 ~~pursuant to either of the following:~~

447 ~~(i) The Accelerate Alabama Strategic Economic~~
448 ~~Development Plan adopted in January 2012 by the Alabama~~



SB251 INTRODUCED

449 ~~Economic Development Alliance, created by Executive Order~~
450 ~~Number 21 of the Governor on July 18, 2011, or any amended~~
451 ~~version or successor document thereto; or~~

452 ~~(ii)~~ A type listed in a regulation adopted by the
453 Department of Commerce, other than a regulation submitted as
454 an emergency rule.

455 Notwithstanding the foregoing, an approved activity
456 shall not predominantly concern farming activities involving
457 trees, animals, or crops, nor the retail sale of tangible
458 personal property or services. This provision shall not be
459 deemed to exclude customer service centers, call centers, or
460 headquarters otherwise allowed by this subdivision.

461 (2) COMPANY. Anyone or anything which has the powers to
462 own a project and have employees.

463 (3) NAICS CODE. Any sector, subsector, industry group,
464 industry or national industry of the ~~2012~~2022 North American
465 Industry Classification System, or any similar classification
466 system developed in conjunction with the United States
467 Department of Commerce or Office of Management and Budget.

468 (4) QUALIFYING PROJECT. Any project: a. that proposes
469 to invest in capital expenditures that equal or exceed two
470 million dollars (\$2,000,000) as part of any addition,
471 expansion, improvement, renovation, re-opening, or
472 rehabilitation of a facility, or replacement of any existing
473 equipment or tangible personal property; b. that predominantly
474 involves an approved activity; and c. for which no project
475 agreement has been entered into with the Governor for the
476 provision of other incentives.



SB251 INTRODUCED

477 (5) UTILITY TAXES. The taxes imposed by Sections
478 40-21-82 and 40-21-102."

479 "§40-18-372

480 A qualifying project must be found by the Secretary of
481 Commerce to conduct an activity specified in subdivision (1)
482 and to meet the minimum standard set forth in subdivision (2).

483 (1) A qualifying project must predominantly conduct an
484 activity that is any one or more of the following:

485 a. Described by NAICS Code 1133, 115111, 2121, 22111,
486 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
487 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~5117~~,
488 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without
489 regard to the premise that data processing and related
490 services be performed in conjunction with a third party),
491 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of
492 another activity described in this article), 54134 (if
493 predominantly in furtherance of another activity described in
494 this article), 54138, 5415, 541614, 5417, 55 (if not for the
495 production of electricity), 561422 (other than establishments
496 that originate telephone calls), 562213, 56291, 56292, 611512,
497 927, or 92811.

498 b. The production of biofuel as such term is defined in
499 Section 2-2-90(c)(2).

500 c. A renewable energy generation facility that is owned
501 by one or more electric providers, as the term is defined in
502 Section 37-16-3, for providing electric service at retail in
503 Alabama. For purposes of this subdivision, an "electric
504 provider" shall also include an authority as defined in



SB251 INTRODUCED

505 Section 11-50A-1. In the case of an electric provider that is
506 also a tax-exempt organization under the ~~Internal Revenue~~
507 ~~Code~~26 U.S.C. § 501, notwithstanding Section 40-18-376(b)(3),
508 any investment credit may be transferred for the entire term
509 of the project agreement, as approved by the Governor. A
510 "renewable energy generation facility" as used in this
511 subdivision shall include any tangible property that is part
512 of renewable energy generation, including any addition,
513 modification, expansion, or upgrade to transmission or
514 distribution systems that is required to accommodate the
515 interconnection of renewable energy generation.

516 d. The conduct of original investigations undertaken on
517 a systematic basis to gain new knowledge or the application of
518 research findings or other scientific knowledge to create new
519 or significantly improved products or processes.

520 e. The national or regional headquarters for a company
521 that conducts significant business operations outside the
522 state and that will serve as the principal office of the
523 company's principal operating officer with chief
524 responsibility for the daily business operations of the
525 company.

526 f. ~~A target of the state's economic development efforts~~
527 ~~pursuant to the Accelerate Alabama Strategic Economic~~
528 ~~Development Plan adopted in January 2012 by the Alabama~~
529 ~~Economic Development Alliance, created by Executive Order~~
530 ~~Number 21 of the Governor on July 18, 2011, or any amended~~
531 ~~version or successor document thereto.~~

532 g. A type listed in a rule adopted by the Department of



SB251 INTRODUCED

533 Commerce, other than an emergency rule.

534 Notwithstanding the foregoing, a qualifying project may
535 not engage predominantly in farming activities involving
536 trees, animals, or crops, and a qualifying project may not
537 engage predominantly in the retail sale of tangible personal
538 property or services, and may not be a shopping center,
539 restaurant, movie theater, bowling alley, fitness center,
540 miniature golf course, nightclub, gaming facility, or
541 establishment serving the local community. However, if the
542 excluded activities are not the predominant activity at the
543 project, and if the project is otherwise a qualifying project,
544 then the project agreement may provide that the capital
545 investment may include costs related to excluded activities
546 that are ancillary to the primary business conducted as part
547 of the project. This provision shall not be deemed to exclude
548 customer service centers, call centers, or headquarters
549 otherwise allowed by this subdivision.

550 (2) A qualifying project shall create a significant
551 number of new jobs for the area in which the qualifying
552 project shall be located. Absent a finding of extraordinary
553 circumstances by the Secretary of Commerce, a qualifying
554 project shall employ either of the following number of new
555 employees:

556 a. Any number of new employees, for a qualifying
557 project in which the predominant activity involves chemical
558 manufacturing, data centers, renewable energy generation,
559 engineering, design, or research, metal/machining technology
560 or toolmaking; or



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561 b. At least 50 new employees, for all other qualifying
562 projects."

563 "§41-23-252

564 For the purpose of this article, the following words
565 and phrases ~~shall~~ have the following meanings:

566 (1) ADECA. The Alabama Department of Economic and
567 Community Affairs.

568 (2) ALABAMA RESEARCH ENTITY. One or more of the
569 following:

570 a. A public or private university in the state in
571 partnership with a private sector applicant.

572 b. A university research foundation affiliated with a
573 public or private university in the state in partnership with
574 a private sector applicant.

575 c. A public two-year college in the state in
576 partnership with a private sector applicant.

577 d. A publicly owned hospital in the state in
578 partnership with a private sector applicant.

579 e. An entity duly formed, domiciled, or qualified to do
580 business in the state in partnership with a private sector
581 applicant and that meets each of the following criteria:

582 1. Is exempt from federal income tax under 26 U.S.C. §
583 ~~Section~~ 501(c)(3) ~~of the Internal Revenue Code of 1986~~, as
584 amended.

585 2. Is predominantly engaged in research and
586 ~~non-commercial~~noncommercial development activities undertaken
587 for the purpose of discovering information that is
588 technological or biotechnological in nature, involves a



SB251 INTRODUCED

589 process of experimentation, and the application of which is
590 intended to be used in the development of a new or improved
591 product, service, or treatment.

592 3. Has its headquarters and principal place of business
593 in the state.

594 4. Has, or is anticipated to have, at least 75 percent
595 of its property and payroll in Alabama, using the property and
596 payroll factor calculations found in Title 40.

597 (3) APPROVED ACTIVITY. The conduct of an activity that
598 is predominantly any one or more of the following:

599 a. Described by NAICS Code 1133, 115111, 2121, 22111,
600 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
601 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~
602 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without
603 regard to the premise that data processing and related
604 services be performed in conjunction with a third party),
605 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of
606 another activity described in this article), 54134 (if
607 predominantly in furtherance of another activity described in
608 this article), 54138, 5415, 541614, 5417, 55 (if not for the
609 production of electricity), 561422 (other than establishments
610 that originate telephone calls), 562213, 56291, 56292, 611512,
611 927, or 92811.

612 b. The production of biofuel as the term is defined in
613 Section 2-2-90(c)(2).

614 ~~c. A target of the state's economic development efforts~~
615 ~~pursuant to either of the following:~~

616 ~~1. The Accelerate Alabama Strategic Economic~~



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617 ~~Development Plan adopted in January 2012 by the Alabama~~
618 ~~Economic Development Alliance, created by Executive Order~~
619 ~~Number 21 of the Governor on July 18, 2011, or any amended~~
620 ~~version or successor document.~~

621 ~~2.~~A type listed in a regulation adopted by the
622 Department of Commerce.

623 (4) NAICS CODE. Any sector, subsector, industry group,
624 industry, or national industry of the ~~2012~~2022 North American
625 Industry Classification System, or any similar classification
626 system developed in conjunction with the United States
627 Department of Commerce or Office of Management and Budget.

628 (5) QUALIFIED RESEARCH. The meaning given in 26 U.S.C.
629 § 41(d), if conducted in Alabama in pursuit of an approved
630 activity. In applying any terms in 26 U.S.C. § 41, "qualified
631 research" shall have the meaning given herein."

632 Section 2. This act shall become effective on June 1,
633 2026.