

HB393 ENGROSSED



1 HB393
2 RBEVRMM-2
3 By Representatives Lawrence, Faulkner, Chestnut, Daniels
4 RFD: Economic Development and Tourism
5 First Read: 05-Feb-26



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A BILL
TO BE ENTITLED
AN ACT

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40-9G-1, and 40-18-372, Code of Alabama 1975, regarding tax abatements and incentives; to remove references to the outdated Accelerate Alabama Strategic Economic Development Plan; to update NAICS Code references to the latest update released in 2022; and to make nonsubstantive,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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§11-66A-2

(a) The Legislature finds and determines the public good, welfare, and economy of the state are best served by providing and encouraging the development, growth, improvement, and support of new and creative economic opportunities for existing and future qualified enterprises to



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29 establish and continue projects in this state for innovative
30 processes and products. These include specifically ~~those~~the
31 business sectors expressly identified in ~~Accelerate Alabama~~
32 ~~2.0, the strategic~~ the current comprehensive economic
33 development plan, CatALyst, or any amended version or
34 successor document thereto, developed by the Department of
35 Commerce.

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

38 (1) To provide authority to municipalities for the
39 creation of research and development corridors with corporate
40 authority and power to provide, in the discretion of the
41 corridors, its resources; and

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

44 "§40-9B-3

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

47 (1) ABATE, ABATEMENT. A reduction or elimination of a
48 taxpayer's liability for tax or payments required to be made
49 in lieu thereof. An abatement of transaction taxes imposed
50 under Chapter 23 ~~of this title,~~ or payments required to be
51 made in lieu thereof, shall relieve the seller from the
52 obligation to collect and pay over the transaction tax as if
53 the sale were to a person exempt, to the extent of the
54 abatement, from the transaction tax.

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



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57 (3) CONSTRUCTION RELATED TRANSACTION TAXES. The
58 transaction taxes imposed by Chapter 23 ~~of this title~~, or
59 payments required to be made in lieu thereof, on tangible
60 personal property and taxable services incorporated into an
61 industrial development property, the cost of which may be
62 added to capital account with respect to the property,
63 determined without regard to any rule which permits
64 expenditures properly chargeable to capital account to be
65 treated as current expenses.

66 (4) DATA PROCESSING CENTER. An establishment at which
67 not less than 20 new jobs are located, the average annual
68 total compensation, including benefits, of such new jobs to be
69 not less than forty thousand dollars (\$40,000) and such
70 establishment is engaged in the provision of complete
71 processing and specialized reports from data, the provision of
72 automated data processing and data entry services, the
73 provision of an infrastructure for hosting or data processing
74 services, the provision of specialized hosting activities, the
75 provision of application service provisioning, the provision
76 of general time-share mainframe facilities, the provision or
77 operation of computer equipment or enabling software for the
78 processing, storage, backup, retrieval, communication, or
79 distribution of data, or some combination of the foregoing,
80 without regard to whether any other activities are conducted
81 at the establishment.

82 (5) EDUCATION TAXES. Ad valorem taxes, or payments
83 required to be made in lieu thereof, that must, pursuant to
84 the Constitution of Alabama of ~~1901~~2022, as amended,



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85 legislative act, or the resolution or other action of the
86 governing board authorizing the tax, be used for educational
87 purposes or for capital improvements for education and local
88 construction related transaction taxes levied for educational
89 purposes or for capital improvements for education.

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

93 (7) HYDROPOWER PRODUCTION. The definition given in
94 Section 40-18-1.

95 (8) INDUCEMENT. Refers to an agreement, or an
96 "inducement agreement," entered into between a private user
97 and a public authority or county or municipal government
98 and/or a resolution or other official action, an "inducement
99 resolution," "inducement letter," or "official action" adopted
100 by a public authority or county or municipal government, in
101 each case expressing, among other things, the present intent
102 of such public authority or county or municipal government to
103 issue bonds in connection with the private use property
104 therein described. Notwithstanding any provision in this
105 chapter to the contrary, neither an inducement nor a request
106 for inducement shall be required to apply for, grant, or
107 receive any abatement of taxes allowed to be abated under this
108 chapter.

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

112 (10) INDUSTRIAL OR RESEARCH ENTERPRISE.



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

115 1. Described by NAICS Code 1133, 115111, 2121, 22111,
116 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
117 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~
118 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without
119 regard to the premise that data processing and related
120 services be performed in conjunction with a third party),
121 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of
122 another activity described in this article), 54134 (if
123 predominantly in furtherance of another activity described in
124 this article), 54138, 5415, 541614, 5417, 55 (if not for the
125 production of electricity), 561422 (other than establishments
126 that originate telephone calls), 562213, 56291, 56292, 611512,
127 927, or 92811.

128 2. A target of the state's economic development efforts
129 pursuant to either of the following:

130 (i) ~~The Accelerate Alabama Strategic Economic~~
131 ~~Development Plan adopted in January 2012 by the Alabama~~
132 ~~Economic Development Alliance, created by Executive Order~~
133 ~~Number 21 of the Governor on July 18, 2011~~comprehensive
134 economic development plan, CatALyst, or any amended version or
135 successor document thereto; or

136 (ii) A type listed in a regulation adopted by the
137 Department of Commerce, other than a regulation submitted as
138 an emergency rule.

139 Notwithstanding the foregoing, the activities described
140 in this definition shall not predominantly concern farming



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141 activities involving trees, animals, or crops, nor the retail
142 sale of tangible personal property or services. This provision
143 shall not be deemed to exclude customer service centers or
144 call centers otherwise allowed or provided for herein.

145 b. With respect to abatements granted in accordance
146 with Section 40-9B-9, and only with respect to such
147 abatements, "industrial or research enterprise" means any
148 trade or business described in NAICS Code 493, 488310, or
149 488320, when such trade or business is conducted on premises
150 in which the Alabama State Port Authority has an ownership,
151 leasehold, or other possessory interest and such premises are
152 used as part of the operations of the Alabama State Port
153 Authority.

154 c. "Industrial or research enterprise" includes the
155 above-described trades and business and any others as may
156 hereafter be reclassified in any subsequent publication of the
157 NAICS or similar industry classification system developed in
158 conjunction with the United States Department of Commerce or
159 Office of Management and Budget.

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

166 e. "Industrial or research enterprise" also includes
167 any plant, property, or facility that meets both of the
168 following:



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- 169 1. It produces electricity from:
- 170 (i) Alternative energy resources and has capital costs
171 of at least one hundred million dollars (\$100,000,000); or
172 (ii) Hydropower production and has capital costs of at
173 least five million dollars (\$5,000,000).
- 174 2. All or a portion of the plant, property, or facility
175 is owned by one or more of the following:
- 176 (i) A utility described in Section 37-4-1(7)a. ~~7~~
- 177 (ii) An entity organized under the provisions of
178 Chapter 6 of Title 37 ~~7~~.
- 179 (iii) An authority both organized and existing pursuant
180 to the provisions of Chapter 50A of Title 11 and subject to
181 the payments required to be made in lieu of ad valorem, sales,
182 use, license, and severance taxes imposed by Section 11-50A-7 ~~7~~
183 ~~of~~.
- 184 (iv) An entity in which one or more of the foregoing
185 owns an interest.
- 186 f. "Industrial or research enterprise" also includes
187 any headquarters facility.
- 188 g. "Industrial or research enterprise" also includes
189 any data processing center.
- 190 h. "Industrial or research enterprise" also includes
191 any research and development facility.
- 192 i. "Industrial or research enterprise" also includes
193 any renewable energy facility.
- 194 j. "Industrial or research enterprise" also includes
195 any tourism destination attraction.
- 196 (11) MAJOR ADDITION. Any addition to an existing



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197 industrial development property that equals the lesser of: 30
198 percent of the original cost of the industrial development
199 property or two million dollars (\$2,000,000). For purposes of
200 this subsection, the original cost of existing industrial
201 development property shall be the amount of industrial
202 development property with respect to which an abatement was
203 granted under this chapter when the property was constructed,
204 or if the existing industrial development property was
205 constructed before January 1, 1993, the maximum amount that
206 would have been allowed if the provisions of this chapter had
207 applied at the time it was constructed. Only property that
208 constitutes industrial development property shall be taken
209 into account in making the determination in the previous
210 sentence. Major addition shall include any addition costing at
211 least two million dollars (\$2,000,000) which constitutes an
212 industrial or research enterprise, regardless of whether added
213 to an existing industrial development property.

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

216 a. Either of the following:

217 1. Twenty years from and after: (i) ~~The~~the date of
218 initial issuance by a county, city, or public authority of
219 bonds to finance any costs of a private use property~~;~~; or (ii)
220 ~~If~~if no such bonds are ever issued, the later of: A. ~~The~~the
221 date on which title to the property was acquired by or vested
222 in the county, city, or public authority~~;~~; or B. ~~The~~the date
223 on which the property is or becomes owned, for federal income
224 tax purposes, by a private user~~;~~;~~or.~~



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

227 (i) A period of 10 years from and after the date on
228 which private use property is or becomes owned, for federal
229 income tax purposes, by such private user or users (including
230 the lessor and any lessee with respect to co-location
231 centers), if the aggregate capital investment in the data
232 processing center by such private user or users does not
233 exceed two hundred million dollars (\$200,000,000) within 10
234 years from the date on which a private user commences the
235 acquisition, construction, and equipping of the data
236 processing center,

237 (ii) A period of 20 years from and after the date on
238 which private use property is or becomes owned, for federal
239 income tax purposes, by such private user or users (including
240 the lessor and any lessee with respect to co-location
241 centers), if the aggregate capital investment in the data
242 processing center by such private user or users exceeds two
243 hundred million dollars (\$200,000,000) but is not greater than
244 four hundred million dollars (\$400,000,000) within 10 years
245 from the date on which a private user commences the
246 acquisition, construction, and equipping of the data
247 processing center,~~or.~~

248 (iii) A period of 30 years from and after the date on
249 which private use property is or becomes owned, for federal
250 income tax purposes, by such private user or users (including
251 the lessor and any lessee with respect to co-location
252 centers), if the aggregate capital investment in the data



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253 processing center by such private user or users exceeds two
254 hundred million dollars (\$200,000,000) within 10 years from
255 the date on which a private user commences the physical work
256 of constructing and equipping the data processing center and
257 exceeds four hundred million dollars (\$400,000,000) within 20
258 years from the date on which a private user commences the
259 acquisition, construction, and equipping of the data
260 processing center.

261 For purposes of this subparagraph 2., a private user's
262 aggregate capital investment in a data processing center shall
263 include all real and personal property comprising a data
264 processing center, the costs of which may be capitalized for
265 federal income tax purposes. In no event shall abatements of
266 construction related transaction taxes or noneducational ad
267 valorem taxes granted for a data processing center apply
268 beyond the expiration of the applicable maximum exemption
269 period; or

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

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

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

280 (15) NONEDUCATIONAL AD VALOREM TAXES. Ad valorem taxes,



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281 or payments required to be made in lieu thereof, imposed by
282 the state, counties, municipalities, and other taxing
283 jurisdictions of Alabama that are not required to be used for
284 educational purposes or for capital improvements for
285 education.

286 (16) PERSON. Includes any individual, partnership,
287 trust, estate, or corporation.

288 (17) PRIVATE USER. Any individual, partnership, or
289 corporation organized for profit that is or will be treated as
290 the owner of private use property for federal income tax
291 purposes, any entity organized under Chapter 6 of Title 37,
292 and any authority both organized and existing pursuant to
293 Chapter 50A of Title 11 and subject to the payments required
294 to be made in lieu of ad valorem, sales, use, license, and
295 severance taxes imposed by Section 11-50A-7.

296 (18) PRIVATE USE INDUSTRIAL PROPERTY. Private use
297 property that also constitutes industrial development
298 property.

299 (19) PRIVATE USE PROPERTY. Any real and/or personal
300 property which is or will be treated as owned by a private
301 user for federal income tax purposes even though title may be
302 held by a public authority or municipal or county government;
303 any real and/or personal property which is owned by any entity
304 organized under Chapter 6 of Title 37; and any real and/or
305 personal property which is owned by any authority both
306 organized and existing pursuant to Chapter 50A of Title 11,
307 and subject to the payments required to be made in lieu of ad
308 valorem, sales, use, license, and severance taxes imposed by



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309 Section 11-50A-7.

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

315 (21) PUBLIC INDUSTRIAL AUTHORITY. A public authority
316 authorized to issue bonds to acquire, construct, equip, or
317 finance industrial development property.

318 (22) RENEWABLE ENERGY FACILITY. Any plant, property, or
319 facility that either:

320 a. Produces electricity or natural gas, in whole or in
321 part, from biofuels as such term is defined in Section
322 2-2-90(c)(2) or from renewable energy resources as such term
323 is defined in Section 40-18-1(30) with the exception that
324 hydropower production shall be excluded from such definition;
325 or

326 b. Produces biofuel as such term is defined in Section
327 2-2-90(c)~~(2)~~.

328 (23) RESEARCH AND DEVELOPMENT FACILITY. An
329 establishment engaged in conducting original investigations
330 undertaken on a systematic basis to gain new knowledge or
331 applying research findings or other scientific knowledge to
332 create new or significantly improved products or processes, or
333 both.

334 (24) STATEMENT OF INTENT. A written statement of intent
335 to claim an abatement provided in this chapter, or to petition
336 for local tax abatement, relating to an industrial or research



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337 enterprise described in paragraph ~~e. of subdivision~~ (10) e. of
338 ~~this subsection~~ that is filed with the Department of Revenue
339 at any time prior to the date on which the industrial or
340 research enterprise described in paragraph ~~e. of subdivision~~
341 (10) e. ~~of this subsection~~ is placed in service in accordance
342 with such procedures and on such form or forms as may be
343 prescribed by the Department of Revenue. Such statement of
344 intent shall contain a description of the industrial or
345 research enterprise described in paragraph ~~e. of subdivision~~
346 (10) e. ~~of this subsection~~; the date on which the acquisition,
347 construction, installation, or equipping of the industrial or
348 research enterprise described in paragraph ~~e. of subdivision~~
349 (10) e. ~~of this subsection~~ was commenced or is expected to
350 commence; the actual or, if not known, the estimated capital
351 costs of the industrial or research enterprise described in
352 paragraph ~~e. of subdivision~~ (10) e. ~~of this subsection~~; the
353 number of new employees to be employed at the industrial or
354 research enterprise described in paragraph ~~e. of subdivision~~
355 (10) e. ~~of this subsection~~; and any other information required
356 by the Department of Revenue.

357 (25) TOURISM DESTINATION ATTRACTION. a. A commercial
358 enterprise which is open to the public not less than 120 days
359 during a calendar year and is designed to attract visitors
360 from inside or outside of the State of Alabama, typically for
361 its inherent cultural value, historical significance, natural
362 or man-made beauty, or entertainment or amusement
363 opportunities. The term shall include, but not be limited to,
364 a cultural or historical site; a botanical garden; a museum; a



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365 wildlife park or aquarium open to the public that cares for
366 and displays a collection of animals or fish; an amusement
367 park; a convention hotel and conference center; a water park;
368 or a spectator venue or arena.

369 b. A tourism destination attraction shall not include a
370 facility primarily devoted to the retail sale of goods; a
371 shopping center; a restaurant; a movie theater; a bowling
372 alley; a fitness center; a miniature golf course; or a
373 nightclub. ~~Provided, however, that the~~The capital costs of the
374 construction of a tourism destination attraction may include
375 the capital costs associated with the construction of any
376 retail establishment, restaurant or other portion of the
377 tourism destination attraction. The term also does not include
378 any gaming facility or establishment that the Secretary of the
379 Department of Commerce deems to be serving the local
380 community.

381 (b) The abatements of ad valorem taxes, and payments in
382 lieu thereof, allowed by amendments to this section by Act
383 2008-275 shall become effective for projects for which
384 statements of intent are filed after December 31, 2011. No ad
385 valorem taxes, or payments in lieu thereof, shall be abated
386 for periods prior to January 1, 2012. The other abatements
387 allowed by amendments made to this section by Act 2008-275
388 shall become effective after December 31, 2011.

389 For a qualifying industrial or research enterprise
390 described in Section 40-9B-3(a)(10)j., the approval of the
391 abatement of a specified ad valorem tax or construction
392 related tax levied or imposed by a county or municipality, or



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393 payments required to be made in lieu thereof, shall take
394 effect only upon adoption of a resolution by the governing
395 body of that county or municipality approving such abatement
396 or abatements."

397 "§40-9G-1

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

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

402 a. Described by NAICS Code 1133, 115111, 2121, 22111,
403 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
404 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~
405 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without
406 regard to the premise that data processing and related
407 services be performed in conjunction with a third party),
408 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of
409 another activity described in this chapter), 54134 (if
410 predominantly in furtherance of another activity described in
411 this chapter), 54138, 5415, 541614, 5417, 55 (if not for the
412 production of electricity), 561422 (other than establishments
413 that originate telephone calls), 562213, 56291, 56292, 611512,
414 927, or 92811.

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

417 c. The conduct of original investigations undertaken on
418 a systematic basis to gain new knowledge or the application of
419 research findings or other scientific knowledge to create new
420 or significantly improved products or processes.



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421 d. The national or regional headquarters for a company
422 that conducts significant business operations outside the
423 state and that will serve as the principal office of the
424 company's principal operating officer with chief
425 responsibility for the daily business operations of the
426 company.

427 e. A target of the state's economic development efforts
428 pursuant to either of the following:

429 (i) ~~The Accelerate Alabama Strategic Economic~~
430 ~~Development Plan adopted in January 2012 by the Alabama~~
431 ~~Economic Development Alliance, created by Executive Order~~
432 ~~Number 21 of the Governor on July 18, 2011~~comprehensive
433 economic development plan, CatALyst, or any amended version or
434 successor document thereto; or

435 (ii) A type listed in a regulation adopted by the
436 Department of Commerce, other than a regulation submitted as
437 an emergency rule.

438 Notwithstanding the foregoing, an approved activity
439 shall not predominantly concern farming activities involving
440 trees, animals, or crops, nor the retail sale of tangible
441 personal property or services. This provision shall not be
442 deemed to exclude customer service centers, call centers, or
443 headquarters otherwise allowed by this subdivision.

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

446 (3) NAICS CODE. Any sector, subsector, industry group,
447 industry or national industry of the ~~2012~~2022 North American
448 Industry Classification System, or any similar classification



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449 system developed in conjunction with the United States
450 Department of Commerce or Office of Management and Budget.

451 (4) QUALIFYING PROJECT. Any project: a. that proposes
452 to invest in capital expenditures that equal or exceed two
453 million dollars (\$2,000,000) as part of any addition,
454 expansion, improvement, renovation, re-opening, or
455 rehabilitation of a facility, or replacement of any existing
456 equipment or tangible personal property; b. that predominantly
457 involves an approved activity; and c. for which no project
458 agreement has been entered into with the Governor for the
459 provision of other incentives.

460 (5) UTILITY TAXES. The taxes imposed by Sections
461 40-21-82 and 40-21-102."

462 "§40-18-372

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

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

468 a. Described by NAICS Code 1133, 115111, 2121, 22111,
469 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
470 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~511,~~
471 5121 (other than 51213), ~~51221~~5122, 513, 517, 518 (without
472 regard to the premise that data processing and related
473 services be performed in conjunction with a third party),
474 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of
475 another activity described in this article), 54134 (if
476 predominantly in furtherance of another activity described in



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477 this article), 54138, 5415, 541614, 5417, 55 (if not for the
478 production of electricity), 561422 (other than establishments
479 that originate telephone calls), 562213, 56291, 56292, 611512,
480 927, or 92811.

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

483 c. A renewable energy generation facility that is owned
484 by one or more electric providers, as the term is defined in
485 Section 37-16-3, for providing electric service at retail in
486 Alabama. For purposes of this subdivision, an "electric
487 provider" shall also include an authority as defined in
488 Section 11-50A-1. In the case of an electric provider that is
489 also a tax-exempt organization under the ~~Internal Revenue~~
490 ~~Code~~ 26 U.S.C. § 501, notwithstanding Section 40-18-376(b)(3),
491 any investment credit may be transferred for the entire term
492 of the project agreement, as approved by the Governor. A
493 "renewable energy generation facility" as used in this
494 subdivision shall include any tangible property that is part
495 of renewable energy generation, including any addition,
496 modification, expansion, or upgrade to transmission or
497 distribution systems that is required to accommodate the
498 interconnection of renewable energy generation.

499 d. The conduct of original investigations undertaken on
500 a systematic basis to gain new knowledge or the application of
501 research findings or other scientific knowledge to create new
502 or significantly improved products or processes.

503 e. The national or regional headquarters for a company
504 that conducts significant business operations outside the



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505 state and that will serve as the principal office of the
506 company's principal operating officer with chief
507 responsibility for the daily business operations of the
508 company.

509 f. A target of the state's economic development efforts
510 pursuant to the ~~Accelerate Alabama Strategic Economic~~
511 ~~Development Plan adopted in January 2012 by the Alabama~~
512 ~~Economic Development Alliance, created by Executive Order~~
513 ~~Number 21 of the Governor on July 18, 2011~~ comprehensive
514 economic development plan, CatALyst, or any amended version or
515 successor document thereto.

516 g. A type listed in a rule adopted by the Department of
517 Commerce, other than an emergency rule.

518 Notwithstanding the foregoing, a qualifying project may
519 not engage predominantly in farming activities involving
520 trees, animals, or crops, and a qualifying project may not
521 engage predominantly in the retail sale of tangible personal
522 property or services, and may not be a shopping center,
523 restaurant, movie theater, bowling alley, fitness center,
524 miniature golf course, nightclub, gaming facility, or
525 establishment serving the local community. However, if the
526 excluded activities are not the predominant activity at the
527 project, and if the project is otherwise a qualifying project,
528 then the project agreement may provide that the capital
529 investment may include costs related to excluded activities
530 that are ancillary to the primary business conducted as part
531 of the project. This provision shall not be deemed to exclude
532 customer service centers, call centers, or headquarters



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533 otherwise allowed by this subdivision.

534 (2) A qualifying project shall create a significant
535 number of new jobs for the area in which the qualifying
536 project shall be located. Absent a finding of extraordinary
537 circumstances by the Secretary of Commerce, a qualifying
538 project shall employ either of the following number of new
539 employees:

540 a. Any number of new employees, for a qualifying
541 project in which the predominant activity involves chemical
542 manufacturing, data centers, renewable energy generation,
543 engineering, design, or research, metal/machining technology
544 or toolmaking; or

545 b. At least 50 new employees, for all other qualifying
546 projects."

547 "§41-23-252

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

550 (1) ADECA. The Alabama Department of Economic and
551 Community Affairs.

552 (2) ALABAMA RESEARCH ENTITY. One or more of the
553 following:

554 a. A public or private university in the state in
555 partnership with a private sector applicant.

556 b. A university research foundation affiliated with a
557 public or private university in the state in partnership with
558 a private sector applicant.

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



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561 d. A publicly owned hospital in the state in
562 partnership with a private sector applicant.

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

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

569 2. Is predominantly engaged in research and
570 ~~non-commercial~~ noncommercial development activities undertaken
571 for the purpose of discovering information that is
572 technological or biotechnological in nature, involves a
573 process of experimentation, and the application of which is
574 intended to be used in the development of a new or improved
575 product, service, or treatment.

576 3. Has its headquarters and principal place of business
577 in the state.

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

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

583 a. Described by NAICS Code 1133, 115111, 2121, 22111,
584 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862,
585 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, ~~5117~~,
586 5121 (other than 51213), ~~51221~~ 5122, 513, 517, 518 (without
587 regard to the premise that data processing and related
588 services be performed in conjunction with a third party),



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589 ~~51913~~51929, 52232, 54133 (if predominantly in furtherance of
590 another activity described in this article), 54134 (if
591 predominantly in furtherance of another activity described in
592 this article), 54138, 5415, 541614, 5417, 55 (if not for the
593 production of electricity), 561422 (other than establishments
594 that originate telephone calls), 562213, 56291, 56292, 611512,
595 927, or 92811.

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

598 c. A target of the state's economic development efforts
599 pursuant to either of the following:

600 1. ~~The Accelerate Alabama Strategic Economic~~
601 ~~Development Plan adopted in January 2012 by the Alabama~~
602 ~~Economic Development Alliance, created by Executive Order~~
603 ~~Number 21 of the Governor on July 18, 2011~~comprehensive
604 economic development plan, CatALyst, or any amended version or
605 successor document.

606 2. A type listed in a regulation adopted by the
607 Department of Commerce.

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

613 (5) QUALIFIED RESEARCH. The meaning given in 26 U.S.C.
614 § 41(d), if conducted in Alabama in pursuit of an approved
615 activity. In applying any terms in 26 U.S.C. § 41, "qualified
616 research" shall have the meaning given herein."

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617 Section 2. This act shall become effective on June 1,
618 2026.



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House of Representatives

Read for the first time and referred05-Feb-26
to the House of Representatives
committee on Economic Development
and Tourism
Read for the second time and placed12-Feb-26
on the calendar:
1 amendment
Read for the third time and passed26-Feb-26
as amended
Yeas 93
Nays 0
Abstains 11

John Treadwell
Clerk