
FISCAL NOTE

House Bill 192 as introduced amends provisions of the Alabama Jobs Act and the tax credits allowed for the use of Alabama port facilities.

The bill provides a new jobs credit against utility taxes for minority owned, woman-owned, and certain medical companies in an annual amount equal to 4% of employee wages for 10 years, which would reduce utility tax receipts to the Education Trust Fund (ETF) by an undetermined amount based on the additional taxpayers eligible for the credit. Additionally, this bill (1) increases the number of employees that a technology company with a qualifying project must employ from 5 to 10 new employees to receive the same jobs credit as stated above against utility taxes, and (2) provides that these technology companies would be able to claim the investment credit against income taxes, financial institution excise taxes, insurance premium taxes, utility taxes, or some combination of these taxes pursuant to provisions in the Jobs Act. This bill would also; (1) increase the annualized cap on jobs credits from \$300 million through calendar year 2020, to \$325 million for calendar year 2020 and \$350 million for calendar year 2022; (2) extend the sunset date for qualifying projects eligible to receive incentives under the Jobs Act until July 31, 2023; and (3) add definitions for a vehicle equivalent unit (VEU) that would allow a vehicle importer/exporter that utilizes an Alabama port to claim the port credit.

Further this bill also reinstates the Growing Alabama Act which expired per statute on September 30, 2020, expands the taxes the credits can be claimed against to include the financial institutions excise tax and the insurance premium tax, and increases the annual cap on credits from \$10 million to \$20 million. The Growing Alabama Act provides a credit for cash contributions to local economic development organizations that are involved in the development of commercial and industrial sites and approved by the Renewal of Alabama Commission.

These credits would reduce (1) income tax receipts to the Education Trust Fund and (2) financial institution excise tax and insurance premium tax receipts to the State General Fund.

Pursuant to the provisions of the Education Trust Fund Rolling Reserve Act contained in Section 29-9-3(b)(4), Code of Alabama 1975, this act will reduce the fiscal year appropriation cap for FY 2022 by \$28,000,000.

Bill Poole, Chair
Ways and Means Education