



ALABAMA JOBS ACT: **JOBS CREDIT AND INVESTMENT CREDIT**

Sections 40-18-370 through 40-18-383 of the Code of Alabama 1975 provide for incentives to qualifying projects to stimulate job creation and capital investment through the Jobs Credit and Investment Credit. The incentives are discretionary based on various aspects of the project.

For more information regarding eligibility, qualifications and procedures for a new or expansion project, please contact Ted Clem, Director of Recruitment and Retention at ted.clem@commerce.alabama.gov or 334.353.0938.

BENEFITS:

1. Jobs Credit

- Cash rebate of up to 3% annually of the previous year's gross payroll (not including fringe benefits) for eligible employees who are Alabama residents. The Jobs Credit is available for up to 10 years. Enhanced benefits include:
 - Up to 4% rebate for qualifying projects locating in a Targeted¹ or Jumpstart² County, as defined and listed below.
 - Up to 4% rebate for qualifying projects by a Technology Company³, as defined below.
 - Up to 4% rebate for qualifying projects of an Underrepresented Company⁴, as defined below.
 - Up to 4% for qualifying projects of companies engaged in pharmaceutical, biomedical, medical technology or medical supplies or related research and development activities.

In addition to the maximum percentages provided above, an additional 0.5% rebate is available on the wages of the following:

- Eligible employees who are veterans, for a company whose eligible workforce is at least 12% veterans.
- All eligible employees, for qualifying projects locating within a former active duty military installation closed by the Base Realignment and Closure process (BRAC).

2. Investment Credit

- Alabama tax credit of up to 1.5% annually of the qualified capital investment in a qualifying project for up to 10 years; or up to 15 years for the following:
 - Qualifying projects locating in a Targeted or Jumpstart County
 - Qualifying projects by an Underrepresented Company
- The Investment Credit may be taken against Alabama income tax, financial institution excise tax, insurance premium tax, utility tax and/or utility license tax liability.
- The credit can be carried forward for five years.
- At the discretion of the Governor, the first 5 years of the Investment Credit may be transferred to another taxpayer for at least 85% of its face value.

ELIGIBILITY:

Project must have a qualifying business activity listed in Code of Alabama Section 40-18-372(1).

Job Creation Threshold:

Type of County/Project	Job Threshold Requirement
Non-Targeted / Non-Jumpstart County	50 net new full-time jobs
Targeted or Jumpstart County	10 net new full-time jobs
Technology Company	10 net new full-time jobs
Underrepresented Company	10 net new full-time jobs
Chemical Manufacturing, Data Center, Renewable Energy Generation, Engineering, Design, or Research, Metal/Machining Technology or Toolmaking	Net new full-time job(s)

Capital Investment Threshold:

Type of County/Project	Capital Investment Threshold Requirement
Non-Targeted / Non-Jumpstart County	None
Targeted or Jumpstart County	\$2,000,000, direct or indirect

1. **“TARGETED COUNTY”** is defined as an Alabama County with a population of 60,000 or fewer.

2023 TARGETED COUNTIES					
Autauga	Chilton	Coosa	Geneva	Macon	Russell
Barbour	Choctaw	Covington	Greene	Marengo	Sumter
Bibb	Clarke	Crenshaw	Hale	Marion	Tallapoosa
Blount	Clay	Dale	Henry	Monroe	Washington
Bullock	Cleburne	Dallas	Jackson	Perry	Wilcox
Butler	Coffee	Escambia	Lamar	Pickens	Winston
Chambers	Colbert	Fayette	Lawrence	Pike	
Cherokee	Conecuh	Franklin	Lowndes	Randolph	

2. **“JUMPSTART COUNTY”** is defined as any Alabama County that (1) does not qualify as a Targeted County, (2) has experienced negative population growth over the last 5 years, **and** (3) contains no more than two Opportunity Zones.

No county qualifies as a “Jumpstart County” in 2023.

3. **“TECHNOLOGY COMPANY”** is defined as any company that meets the following criteria:

- Alabama is or will become the company’s headquarters; *and*
- Alabama is or will become the place of residence for the top 3 executives; *and*
- Alabama is or will become the place of residence for at least 75% of employees; *and*
- Company must earn at least 75% of its revenue from one of the following business activities:
 - NAICS Codes:
 - 5112 (Software Publishers)
 - 5121 (other than 51213) (Motion Picture & Video Industries (other than Motion Picture Video Exhibition))
 - 518 (Data Processing, Hosting, & Related Services)
 - 51913 (Internet Publishing & Broadcasting & Web Search Portals)
 - 5415 (Computer Systems Design & Related Services)
 - 5417 (Scientific Research & Development Services)
 - The use of technology to develop new coding or processes for the creation or delivery of goods or services in at least one of these fields:
 - Education
 - Nutrition
 - Aerospace
 - Automotive
 - Financial Services
 - STEM
 - Robotics
 - Healthcare
 - Energy
 - Agriculture
 - Infrastructure
 - Educating and mentoring early-stage Technology Companies recruited to Alabama, with the goal of accelerating their development and growth.

4. **“UNDERREPRESENTED COMPANY”** is defined as any company which meets all the criteria in either paragraph (1) or (2) below:

(1) The company is a for-profit business headquartered in a community eligible for investment through the federal New Markets Tax Credit program under U.S. Code 26 45D(e), has fewer than 10 employees, and has average gross revenues of less than \$500,000 in the previous three years.

(2) The company is a for-profit business that is independently owned and controlled and is at least 51% owned and controlled by one or more women or African Americans who are citizens of the United States. In the case of a publicly-owned business, the company is a for-profit business of which at least 51% of the stock is owned and controlled by one or more women or African Americans who are citizens of the United States and who control the daily management and operations.