



Reshoring Institute

ALABAMA

State Economic Survey and Incentive Comparison

CONTACT INFORMATION

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State Abbreviation: AL

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Additional Relevant Links for Relocating
Companies: www.edpa.org

INCOME AND OUTPUT

This section highlights your state's productivity and income to provide an understanding of the amount of business conducted and the rate of growth for businesses and individuals.

Gross Domestic Product, in millions: 205,625 million (2016; US Bureau of Economic Analysis)

Gross Domestic Product % Growth: 1.5% (2015-2016; US Bureau of Economic Analysis)

Per Capita Personal Income (*GDP/Population) This is often used as a standard of living measurement:

\$38,896 (2016; US Bureau of Economic Analysis)

Per Capita Personal Income % Change: 1.8% (2015-2016; US Bureau of Economic Analysis)

WORKFORCE

This section gives manufacturers an idea of the industry's environment in your state, including the makeup of the available workforce, the labor requirements, and recent trends.

Total Population: 4,863,300 (2016; US Bureau of Economic Analysis)

Total Civilian Labor Force: 2,163,474 (November 2017, seasonally adjusted; Alabama Department of Labor)

Total Number of Persons Employed: 2,087,667 (November 2017, seasonally adjusted; Alabama Department of Labor)

Total Number of Persons Unemployed: 75,807 *(November 2017, seasonally adjusted; Alabama Department of Labor)*

Unemployment Rate: 3.5% *(November 2017, seasonally adjusted; Alabama Department of Labor)*

Manufacturing Employment: 267,800 *(November 2017; Alabama Department of Labor)*

Professional and Business Services Employment: 242,300 *(November 2017; Alabama Department of Labor)*

State Right-to-Work Law Y/N: Y

Large Factory Openings during Previous year: Announced in 2016

Brown Precision Inc. (CNC Machining; 121 jobs; \$14,000,000 investment)

Car Tech LLC (Automotive Parts; 200 jobs; \$71,784,000 investment)

Gerhardi Kunststofftechnik GmbH (Automotive Injection Molding; 235 jobs; \$37,865,000 investment)

Mollertech USA, LLC (Automotive Interior Parts; 222 jobs; \$46,300,000 investment)

Tiffin Motor Homes (Motor Homes; 200 jobs; \$3,000,000 investment)

Woodbridge (Foam for Automotive Seats; 164 jobs; \$17,395,000 investment)

Large Factory Closures during Previous year: 2016

Grede Casting Integrity (177; foam)

Shaw Industries Group, Inc. (183; consolidation; spun yarn)

Jess Creek Mining, LLC (170; mining)

(Alabama WARN List)

EDUCATION

This section provides further insight into the potential workforce education levels, advanced areas of education, and partnerships between higher education and industry for insight into quality of labor force and growth sustainability.

% High School Diploma or More: 84.3% *(2016 estimate; American Community Survey)*

% Bachelor's Degree or Higher: 23.5% *(2016 estimate; American Community Survey)*

Enrollment in Higher Education Institutions: 247,153 *(Fall 2016; public colleges and universities; Alabama Commission on Higher Education)*

Science and Engineering Graduate Students:

Engineering Enrollment (CIP 14) 15,363

Engineering Technologies/Technicians (CIP 15) 3,695

Biological Science Enrollment (CIP 26) 10,319

Math Statistics Enrollment (CIP 27) 1,378

Physical Science (CIP 40-41) 2,844

(Fall 2016 Fall Enrollment; Alabama Commission on Higher Education)

List of High school, College, or University Manufacturing Partnership Programs *These are partnerships with manufacturers to help train future employees in certain skills:*

Below are examples of partnerships between industry and education to train future employees for rewarding careers with Alabama industry.

ROBOTICS

Alabama Robotics Technology Park (RTP)

RTP is a collaboration between the State of Alabama, AIDT (Alabama's workforce training agency), the Alabama Community College System, and automation and robotics industry leaders across the nation. RTP is composed of three centers: Robotic Maintenance Training Center, Research and Development Center, and Integration, Entrepreneurial and Paint/Dispense Training Center

WORKFORCE TRAINING

AIDT Maritime Training Center

The 67,000 square foot facility features classrooms, computer labs, an electrical lab, and a non-destructive testing lab. On the shop floor, there are 60 welding booths, a CNC plasma table, a sub-arc welder, a track welder, and a large lay-down yard with overhead crane access.

AIDT Alabama Workforce Training Center

Alabama Workforce Training Center provides training for the manufacturing and construction industries in the Birmingham and Central Alabama area. This facility is approximately 56,000 square feet of shop space including several classrooms, conference rooms, and a 300-person auditorium.

AEROSPACE

Aircraft Maintenance Training Program (AMT Program)

VT Mobile Aerospace Engineering, Inc., in alliance with the Alabama Aviation Center (AAC) of Mobile, has developed the VT MAE Aircraft Maintenance Training Program. Through the AAC's Aviation Technical and Academic 24-month certification program, VT MAE works together with the AAC curriculum enabling the students to gain hands-on practical applications and provides students the ability to acquire pertinent experience working on a variety of aircraft. VT MAE services at their facility.

Completion - After the student successfully completes the VT MAE's Aircraft Maintenance Training Program which includes graduation from AAC of Mobile, acquisition of their FAA or FCC license, they will then be eligible to be presented with full-time employment by VT Mobile Aerospace Engineering, Inc. (<http://vtmae.com/training-programs>)

AIDT Alabama Aviation Training Center (AATC)

\$7 million 35,000 square foot training facility, operated by AIDT is preparing workers for the Airbus A320 Family Assembly Line (FAL).

The facility includes six classrooms, five laboratories, general office space, a conference room, break room and an expansive shop floor where the majority of the hands-on, on-site training for the aerospace giant's first final assembly line on U.S. soil is expected to take place.

The labs will focus primarily on electrical, composite, paint, welding and assembly operations and are designed flexibly to encourage free exchange with the adjoining shop floor.

Among the six classrooms are two computer labs, dedicated primarily to software training and future CAD.

The Academy at the Fairhope Airport

The Baldwin County Public School System, Coastal Alabama Community College, Enterprise State Community College and the Fairhope Airport Authority have partnered together to offer high school students and adults courses in Airframe Technology, Electrical & Instrumentation, and Welding. The Academy at the Fairhope Airport will provide critical training to supply local business and industry. The Academy is located just south of Fairhope's central business district and provides a prime access point for Baldwin County residents.

AUTOMOTIVE

Mercedes Benz and Shelton State Community College (Mechatronics Training Program)

The Mercedes-Benz Industrial Mechatronics Program includes 7 terms of instruction at Shelton State Community College and an additional 18 months of training at Mercedes-Benz U.S. International at AIDT in Vance. Only a certain percentage of the students that advance to MBUSI will be selected for the 18 months of additional training. Upon satisfactory completion of the coursework at Shelton State, students will earn an Associates of Applied Science degree in Industrial Electronics and a short certificate in Industrial Maintenance. Coursework only offered during day classes. This Program does not include college preparatory work.

Note: This program is serves as a model for other mechatronic training programs being developed in the state.

Mercedes Benz and Shelton State Community College (Automotive Technician Program)

The Automotive Technician Program includes 3 terms of instruction at Shelton State Community College or at the University of West Alabama and Training/Work experience at Mercedes-Benz U.S. International in Vance.

WKW Automotive partnership

Announced for the fall 2017 semester, a new partnership between WKW Automotive and Jefferson State Community College is providing up to 12 local manufacturing students with financial assistance for tuition and books, a paid 24-hour-a-week internship, and a career opportunity. Students will work as an advanced machine operator apprentice at WKW Erbsloeh in Pell City while taking classes toward an associate in applied science degree.

Rehau Academy apprenticeship program

Wallace State Community College, Cullman County Schools, and automotive supplier REHAU collaborated to develop a premier short-term certificate option for Cullman County students through the REHAU Academy. The goal of the program is to produce the best-trained, Polymer Specialists in the industry through a unique educational program in which multiple disciplines will be combined into a systems approach for troubleshooting and resolving problems in an automated manufacturing plant. The curriculum will provide students with knowledge and hands-on training in machining, electricity, pneumatics, PLC, robotics, injection molding, and automation. The program consists of five semesters of training in which coursework is mixed with paid on-the-job training in the REHAU manufacturing facility.”

Consortium for Alabama Regional Center for Automotive Manufacturing (CARCAM)

CARCAM is a group of 14 community colleges throughout Alabama that partner together to educate & prepare students for career in automotive and automated industry manufacturing. CARCAM colleges work with industry leaders to develop and redesign community college workforce education for today’s globally competitive environment. CARCAM offers an outreach model beginning in the secondary system to attract, enroll, and graduate a diverse population of students in manufacturing careers. Graduates of programs in automated manufacturing technology as well as related program options obtain a multi-skilled technician degree.

List of Additional Manufacturing Training Programs:

Advanced Manufacturing/Industrial Maintenance

In January 2017, the Alabama Department of Commerce officially launched Apprenticeship Alabama, a program committed to ensuring employers in Alabama have the tools needed to develop an industry-driven, Registered Apprenticeship (RA) program. The program offers tax credits to companies that hire qualified apprentices who receive classroom or industry-specific instruction and on-the-job training. For workers, RAs offer opportunities to earn a salary while learning the skill trade necessary to succeed in high-demand careers.

Apprenticeship Alabama follows the U.S. Department of Labor guidelines for apprenticeships and focuses on select industry sectors including Advanced Manufacturing/Industrial Maintenance.

List of Future Planned Manufacturing Training Programs *If known please include expected implementation date:*

Alabama Aviation Education Center

The Aviation Education Center, developed in partnership with Airbus, will provide aviation-themed activities and STEM-focused educational programs. The \$6.5 million facility at the Mobile Aeroplex will feature classrooms, workshops and innovation rooms, along with exhibits, aircraft models, videos and more.

Airbus will collaborate with educators, universities and other aviation companies operating in Alabama to develop flight-themed educational programming for the center. The facility will be open to the public, with a minimal entrance fee to help offset its operating costs.

Manufacturing Skills Standards

Alabama Community College System is teaming up with the Manufacturing Skills Standards Council to offer industry certifications across its two-year college system. Eventually the credentials in Alabama will be available to students through dual-enrollment programs, sometimes as early as ninth grade. (*Alabama Community College System - <https://www.accs.cc>*)

COST OF DOING BUSINESS

This section highlights the costs associated with doing business in your state including taxes, wages, insurance, and energy expenses.

State Corporate Income Tax %: 6.5%; however, the deductibility of federal taxes results in a net effective corporate income tax rate of approximately 4.52%

State Individual Income Tax %: Single persons, heads of families, and married persons filing separate returns is 2% for first \$500 of taxable income; 4% next \$2,500 of taxable income; 5% all taxable income over \$3,000. Married persons filing a joint return is 2% of first \$1,000 of taxable income; 4% next \$5,000 of taxable income; 5% all taxable income over \$6,000.

State Level Sales Tax %: 4.00% (General rate: 4.00%, Mfg. Machinery rate: 1.5%, Automobile rate: 2.00%)

State Use Tax: 4.00% (General rate: 4.00%, Mfg. Machinery rate: 1.5%, Automobile rate: 2.00%)

Unemployment Insurance Tax % (estimate): Employers newly liable under the Alabama UC law pay tax at the rate of 2.70% on the first \$8,000 of wages for each employee. An employer which has operated a sufficient period of time to qualify for experience rating earns a tax rate based upon the employer's own experience (benefit charges and taxable payroll), modified by statewide experience (schedule and shared cost). For 2017, the minimum rate is 0.59% and the maximum rates is 6.74% (*Alabama Department of Labor, Unemployment Compensation Division*)

Additional Relevant Taxes:

Property Tax

- Constitutional limit of the state mileage rate on both real and personal property to 6.5 mills (of which 3.0 mills are dedicated to education).
- Business property, both real and personal, taxed on 20 percent of fair market value.
- Inventories and goods-in-process are not taxed.
- Pollution control equipment statutorily exempt from property taxation.
- Exemption of all tangible personal property being warehoused in Alabama for shipment to a destination outside the state.

Business Privilege Tax

- Replaces the former franchise tax.
- Capped at \$15,000 except for financial institutions and insurance companies. The rate ranges from \$.25 to \$1.75 for each \$1,000 of net worth in Alabama. The minimum privilege tax is \$100; the maximum privilege tax is \$15,000, except for financial institutions, financial institution groups and insurance companies.

Workers' Compensation Employer Insurance Costs per \$100 of Payroll:

Employers' Cost for Worker's Compensation per \$100 of Covered Wages: \$1.13 (2015; *Workers' Compensation: Benefits, Coverage, and Costs, National Academy of Social Insurance, published October 2017. Costs are aggregated across all types of insurers, excluding federal government.*)

Average Industrial Electric Rate: \$06.04 per Kilowatt-hour (Annual 2016, *Average Price of Electricity to Ultimate Customers by End-Use Sector, Industrial; U.S. Energy Information Administration, Form EIA-861, Annual Electric Power Industry Report*)

Average Price of Natural Gas Delivered to Industrial Consumers: \$3.79 per thousand cubic feet (2016 *Alabama Natural Gas Industrial Price. The price of natural gas used for heat, power, or chemical feedstock by manufacturing establishments or those engaged in mining or other mineral extraction as well as consumers in agriculture, forestry, fisheries and construction; U.S. Energy Information Administration*)

Average Hourly Earnings of Production Workers in Manufacturing: \$16.78 (2016; (Bureau of Labor Statistics, https://www.bls.gov/oes/current/oes_al.htm)

Minimum Wage (current): Alabama does not have a minimum wage. The federal wage rate is \$7.25. (US Department of Labor, <https://www.dol.gov/whd/>)

Pending Legislation Regarding Minimum Wage: N

If you answered YES to the above question, What is the proposed minimum wage?:

If you answered YES to the above question, What is the legislative bill number?:

ENTREPRENEURSHIP AND INNOVATION

This section underscores the successes of your state in terms of business innovation through awards, venture capital, and intellectual property attainment.

Total Small Business Innovation Research (SBIR) Awards Found at: https://www.sbir.gov/reports/state-summary?year=2016&program_tid=105791: \$22.21 million

Total Small Business Technology Transfer (STTR) Awards Found at: https://www.sbir.gov/reports/state-summary?year=2016&program_tid=105792: \$5.06 million

Venture Capital Deals, in millions: \$47.35 million (U.S. venture capital (VC) dollars in 2016; STTI, based on data from the PricewaterhouseCoopers (PwC)/CB Insights' Moneytree Report Explorer.

% of State with Internet Accessibility: 68.3% of households have broadband internet subscription. (US Census, *American Community Survey Reports, Computer and Internet Use in the United States: 2015*)

Newly Registered Businesses: In 2015 there were 98,540 establishments in Alabama; an increase of 826 from the previous year's estimate. (U.S. Census Bureau, *County Business Patterns 2015, 2014*)

Newly Registered Patents: 519 were recorded in 2015 (US Patent and Trademark Office, *Patent Counts by Origin and Type, 2015, https://www.uspto.gov/web/offices/ac/ido/oeip/taf/reports.htm#by_geog*)

FOREIGN DIRECT INVESTMENT

This section provides insight into the amount of current investment overseas and the potential state market for manufacturers to reshore.

Foreign Direct Announcements: 79 FDI projects in 2016. *(2016 New and Expanding Industry Report, Alabama Department of Commerce)*

Foreign Direct Employment: 92,700 *(2014 FDI Employment; US Bureau of Economic Analysis)*

Foreign Direct Investment, in millions: \$1,566.5 million in 2016. *(2016 New and Expanding Industry Report, Alabama Department of Commerce)*

TRANSPORTATION AND INFRASTRUCTURE

This section sheds light on the basic infrastructure of your state and what a company can expect in terms of the logistics of shipping their product.

Number of major 2 or 4-Lane Highways running through state:

Six Interstates

Twenty major US Highways

Two Hundred and Thirty-Five State Roads

(ESRI, 2017)

Number of major railways going through state: Five Class I railroads – BSNF, CSX, CN, KCSF, NS

Number of major ports connected to state: One deep sea port - Port of Mobile

Number of airports throughout state: Four commercial airports (two designated as international), Eighty-eight commuter airports

Number of International airports throughout state: Two airports designated as international airports

Number of distribution centers: 64 *(2017, Nexis)*

Number of foreign trade zones: Five General Foreign Trade Zones

INCENTIVES

Different states offer different incentives to entice companies to move to their state. This section will allow you to highlight these incentives.

Pending Legislation

Proposed Incentives Currently Pending Approval (Y/N): N

If you answered YES above, Please describe the pending incentives including the bill number if applicable:

Cash Incentives

Does your state provide any CASH incentives? (Y/N): Y

If you answered YES above, Please provide details of this incentive including the contact information and website if applicable:

Alabama JOBS Act – Jobs Credit

Benefits

- Cash rebate of up to 3% annually of the previous year's gross payroll (not including fringe benefits) for eligible employees for up to 10 years.
- Up to an additional 0.5% rebate on the wages of veterans for companies employing at least 12% veterans in their eligible workforce.
- Up to an additional 1% rebate for companies locating in a Targeted County.
- Up to an additional 0.5% rebate for companies locating within a former active duty military base that was closed by BRAC.

Requirements

- Projects must have a qualifying business activity (Section 40-18-372 of the Code of Alabama, 1975).
- Projects must create at least 50 net new jobs (exceptions noted below).
- Projects in a Targeted County must create at least 25 net new jobs (exceptions noted below).
- Projects in the following industries are required to create net new jobs, but are not subject to the minimum job creation requirements of the Jobs Act: chemical manufacturing, data centers, engineering, design, or research, and metal/machining technology or toolmaking.

State Tax Credits

Does your state provide any Tax Credit incentives? (Y/N): Y

If you answered YES above, Please describe the available tax credits:

Alabama JOBS Act – Investment Credit

Benefits

- Tax credit of up to 1.5% annually of the qualified capital investment for a qualifying project for up to 10 years.
- Credit against Alabama income tax liability and/or utility tax liability.
- Credit can be carried forward for 5 years.
- Credit may be transferred, or sold, at 85% or more of face value for the first 3 years.
- Transferability is at the discretion of the Governor.
- Credit for up to 15 years for companies in a Targeted County selling their output within 50 miles.

Requirements

- Projects must have a qualifying business activity (Section 40-18-372 of the Code of Alabama, 1975).
- Projects must create at least 50 net new jobs (exceptions noted below).
- Projects in a Targeted County must create at least 25 net new jobs (exceptions noted below).
- Projects in the following industries are required to create net new jobs, but are not subject to the minimum job creation requirements of the Jobs Act: chemical manufacturing, data centers, engineering, design, or research, and metal/machining technology or toolmaking.

Alabama Reinvestment & Abatements Act**New Facility and Expansion**

Section 40-9B of the Code of Alabama

Benefits

Sales & Use Tax Abatement of non-educational portion of sales and use taxes on construction materials, equipment and other capitalized costs.

Property Tax Abatement for up to 20 years of the non-educational portion of property tax.

Requirements

Projects must have a qualifying business activity (Section 40-9B-3(a)(10) of the Code of Alabama, 1975).

No job creation requirement (exceptions: data centers must create 20 net new jobs; headquarters must create 50 net new jobs). For property tax abatements for years 1 to 10, all property tax is abated at the local level. For years 11 to 20, cities abate city non-educational property taxes, counties abate county non-educational property taxes, and the Governor abates State non-educational property taxes.

Existing facility: Refurbishments, Upgrades or places back in service

Section 40-9G of the Code of Alabama

Benefits

Sales & Use Tax Abatement of non-educational portion of sales and use taxes on construction materials, equipment and other capitalized costs.

Property Tax Abatement for up to 20 years of the non-educational portion of the incremental property tax increases.

Requirements

Projects must have a qualifying business activity (Section 40-9B-3(a)(10) of the Code of Alabama, 1975).

No job creation requirement (exceptions: data centers must create 20 net new jobs; headquarters must create 50 net new jobs). For property tax abatements for all years, cities abate city non-educational property taxes, counties abate county non-educational property taxes, and the Governor abates State non-educational property taxes. Associated capital investment must be at least \$2,000,000. A project receiving benefits under 40-9G cannot also receive benefits under the Alabama Jobs Act.

Full Employment Act of 2011

For tax years beginning January 1, 2012, employers who had no more than 50 employees as of January 1, 2011, are eligible for a \$1,000 nonrefundable income tax or financial institution excise tax credit for each full-time qualifying job created. The job created must be a net increase in employment and the employee hired must be paid more than \$10 per hour and the credit is available in the tax year during which the employee has completed 12 months of consecutive employment.

Alabama Small Business and Agribusiness Jobs Act Credit

Small businesses which employ 75 or fewer employees and creates new jobs paying more than \$40,000 annually can qualify for an income tax credit. Employers will receive an income tax credit equal to fifteen hundred dollars (\$1,500) and shall be available in the tax year during which the employee has completed 12 months of consecutive employment. The employer must have a net increase in the total number of full time employees residing in Alabama on the last date of each tax year during which employees are hired for which the employer claims a credit, over the number employed in Alabama on July 24, 2016. This tax credit is not transferable and shall not exceed the amount of the taxpayer's state tax liability for which the credit is claimed. Any unused credit can be carried forward three years. This credit is available under Section 40-18-390 through Section 40-18-394, Code of Alabama 1975.

Heroes For Hire Income Tax Credit

For tax years beginning January 1, 2012, employers meeting the requirements for the Full Employment Act of 2011 or the Alabama Small Business and Agribusiness Jobs Act Credit are eligible for an additional \$1,000 nonrefundable income tax or financial institution excise (state-portion) tax credit for each job created if the employee is a recently deployed, unemployed veteran. Additionally, any recently deployed, unemployed veteran who 10 holds at least 50% ownership interest in a start-up business is eligible for up to a one-time \$2,000 nonrefundable tax credit for expenses related with the start-up.

Enterprise Zone Credit/Exemption

Under certain conditions, an enterprise zone credit (Section 5) or exemption (Section 11) for income tax is available for qualified participants. Although this program does apply to income tax, the program is administered by the Alabama Department of Economic and Community Affairs (ADECA). Therefore, ADECA will determine whether the project meets the requirements for the program and must certify that to the Alabama Department of Revenue.

Alabama New Markets Tax Credit

A tax credit against state income, financial institution excise, and insurance premium tax is available to investors in community development entities which provide funding to businesses that located in qualified low-income or impoverished communities, especially central business districts, in Alabama. This credit parallels the provisions of the federal New Markets Tax Credit (I.R.C. § 45D) in many ways. The total amount of tax credits the Department of Commerce can grant to all applicants for any given tax year is capped at \$20 million and the maximum qualifying credit for a particular project is \$10 million.

Apprenticeship Credit

Act 2016-314 established the Apprenticeship Tax Credit Act of 2016.

- Credit shall equal \$1,000 per qualified apprentice.
- Available to eligible employers who employ an apprentice for at least 7 full months of the taxable year.
- The credit will be allowed to offset the income tax or financial institution excise tax.
- The credit will be allowed on a pro rata basis to owners or members of an entity taxed under subchapter S or subchapter K of the IRC.
- The credit will not be allowed to decrease a taxpayer's tax liability to less than zero and is non-refundable.
- The cumulative amount of tax credits allowed by this Act cannot exceed \$3,000,000 annually.
- Effective for tax years 2017-2021, unless extended by an Act of the legislature, for taxpayers subject to Chapter 16.

Credit eligibility

- Apprentice hired must be at least 16 years of age.
- Must have written apprenticeship agreement between apprentice and sponsor which contains the terms and conditions of employment and training.
- Apprenticeship agreement must be registered with the Office of Apprenticeship of the Employment and Training Administration of the United States Department of Labor.
- Employer may hire as many as 5 apprentices under the program.
- The credit for each individual apprentice shall not be available for more than 4 years.
- Credit shall equal up to, but cannot exceed \$1,000.
- The Department of Revenue in consultation with the Workforce Development Division of the Department of Commerce shall establish a scale reflecting ranges of amounts of money an employer has invested in an eligible apprentice and a corresponding tax credit amount and shall award the tax credit amount in accordance with this scale following confirmation from the Workforce Development Division that the apprentice for whom the credit is claimed is in compliance with all requirements of the apprenticeship program.
- Employers may also apply for a credit on a pro rata monthly basis if the apprentice works less than the full preceding year beginning on the first day of the first full month of apprenticeship.

State Tax Exemptions

Does your state provide any Tax Exemptions? (Y/N): Y

If you answered YES above, Please describe the available tax exemptions:

Enterprise Zone Exemption. Under certain conditions, an enterprise zone exemption (Section 11) for sales and use tax, income tax or business privilege tax, is available for qualified participants for up to 5 years. Although this program does apply to sales and use tax, the program is administered by the Alabama Department of Economic and Community Affairs (ADECA). Therefore, ADECA will determine whether the project meets the requirements for the program and must certify that to the Alabama Department of Revenue.

Raw Materials Exemption. Raw materials used by manufacturers or compounders used as an ingredient or component part of their manufactured or compounded product are specifically exempt from sales and use taxation. Alabama Department of Revenue Regulations 810-6-1-.137 and 810-6-1-.80 address the raw materials exemption.

Exemption of Certain Aircraft Maintenance Parts. All parts, components and systems that become a part of a fixed or rotary wing military aircraft or certified transport category aircraft which undergoes conversion, reconfiguration, or general maintenance (as long as the aircraft FAA registration is out of state) is exempt from state sales and use taxes. The local sales and use taxes cannot be exempted unless specifically exempted by local law or by joint resolution of the local governing body.

Pollution Control Equipment Exemption. All equipment or materials purchased primarily for the control, reduction or elimination of air or water pollution are exempt from state sales and use tax. Section 40-23-4(a)(16) and §40-23-62(18), Code of Alabama 1975 addresses the pollution control exemptions.

Utility Gross Receipts Tax Exemptions. There are several exemptions from the utility gross receipts tax. Sewer costs are not taxed. Water used in industrial manufacturing in which 50 percent or more is used in industrial processing is also exempt from the utility gross receipts tax. Additionally, Alabama law allows exclusions from the utility gross receipts tax and the utility service use tax for utility services used in certain types of manufacturing and compounding processes. The law (§ 40-21-83 & 40-21-103, Code of Alabama 1975) allows exemptions for: · The furnishing of electricity to a manufacturer or compounder for use in an electrolytic or electrothermal manufacturing or compounding process, · Natural gas which becomes a component of tangible personal property manufactured or compounded (but not used as fuel or energy), and · Natural gas used by a manufacturer or compounder to chemically convert raw materials prior to the use of such converted raw materials in an electrolytic or electrothermal manufacturing or compounding process.

State Grants

Does your state provide any Grant incentives? (Y/N): Y

If you answered YES above, Please describe the available grants:

Industrial Development Grant Program

Alabama Act Number 91-635, as amended by Alabama Act No. 97-645, Act 99-590, Act 99-591, Act 2006-417 and Act 2007-300, authorizes the State Industrial Development Authority to sell bonds to make grants to counties, municipalities, local industrial development boards or authorities or economic development councils or authorities, airport authorities, port authorities or public corporations to pay for site preparation for land owned or possessed by lease by these entities.

In order to be eligible for an industrial development grant, the activity occupying the project site must be a *Qualifying Project*. *Qualifying Project* is defined as:

A project to be sponsored or undertaken by one or more investing companies (i) at which the predominant trade or business activity conducted will constitute industrial, warehousing, or research activities, or (ii) which qualifies as a headquarters facility.

The size of the grant depends upon the amount of capital investment:

Capital Costs	Percentage of Capital Cost
Less than \$200,000	5.00%
\$ 200,000 to \$499,999	3.5% (minimum \$10,000)
\$ 500,000 to \$999,999	2.5% (minimum \$20,000)
\$ 1,000,000 to \$1,999,999	1.5% (minimum \$28,000)
\$ 2,000,000 to \$9,999,999	1.0% (minimum \$32,000)
\$10,000,000 and greater	0.75% (minimum \$100,000; maximum \$150,000)

Industrial Access Road and Bridge Program

The Alabama Industrial Access Road and Bridge Program provides financial assistance to communities for industrial access to new and expanding industries. The program allows for the construction of roads, bridges, etc. on public right-of-ways in conjunction with industrial projects.

State Loans

Does your state provide any Low-Interest Financing incentives? (Y/N): Y

If you answered YES above, Please describe the available financing opportunities:

Industrial Revenue Bonds

In Alabama, Industrial Revenue Bonds may be used as long-term financing of up to 100% of a project for: •

Acquisition of land, buildings, site preparation and improvements;

- Construction of buildings;
- Acquisition and installation of furnishings, fixtures and equipment;
- Capitalizable soft costs (e.g., architectural and engineering, interest incurred during construction, cost associated with bond issuance, etc.).

Typically, tax-exempt IRBs have interest rates ranging from 70-85% of prime and are limited to \$10 million per single issuance and \$40 million total maximum per company. Taxable IRBs have an interest rate equal to conventional loans and have no limit. Terms for both are normally 10-20 years and can finance up to 100% of the project costs. The principal and interest on the bonds are paid solely from the funds derived from leasing or selling the facilities to the user company. Under most circumstances, upon complete payment of the bond issue, the lessee or user company acquires ownership of the industrial facility for a nominal sum.

Training Programs

Does your state provide any Specialized Training Program incentives? (Y/N): Y

If you answered YES above, Please describe the available training programs:

AIDT, Alabama's worker training agency, is the first state workforce training organization in the United States to earn international certification for its quality management system.

Apprenticeship Alabama offers income tax credits to participating companies that have qualified apprentices who receive classroom instruction and on-the-job training. The program focuses on five targeted industry sectors including healthcare, construction/carpentry, information technology, distribution/transportation/logistics, and advanced manufacturing/industrial maintenance. (See Apprenticeship Credit)

Zoning

Does your state provide any Special Zoning incentives? (Y/N): Y

If you answered YES above, Please describe the available special zoning opportunities:

Targeted Counties: Counties in Alabama with a population less than 25,000 qualify as Targeted Counties for the Alabama Jobs Act. This includes additional benefits for both the Investment Credit and the Jobs Credit and a lower job creation requirement.

State Marketing and Promotions

Does your state provide any Marketing and Promotional incentives? (Y/N): N

If you answered YES above, Please describe the available special marketing or promotional opportunities:

Innovation Centers

Does your state have Innovation Centers or Additional Resource available for companies? (Y/N): N

If you answered YES above, Please describe the available innovation centers or additional resources:

REGIONAL INFORMATION

Many states have "regions" that specialize in certain industries such as automotive in Detroit or high tech in Silicon Valley. This section is to help you highlight these regions. If your state doesn't have any special regions please skip this page.

Please note that a "region" could be an area, county, city etc...

Region One

Name of Region (This can include nicknames such as Silicon Valley):

Does this region have a designated web site? (Y/N):

If you answered YES to the question above, What is the website:

Geographic Location Information (For example, Silicon Valley spans several major cities including San Jose, Cupertino and Palo Alto):

What industry or industries are prominent in this region?

- Aerospace
- Apparel
- Appliances
- Automotive
- Biomedical
- Building Materials and Equipment
- Computer and Electronic Products
- Distribution Centers
- Food or Beverage
- Furniture
- Machinery and Capital Equipment
- Paper
- Plastics
- Telecom
- Toys or Children's Products
- Warehousing
- Other:

What are some unique aspects of this region? *Could include information about transportation, education, weather etc...:*

Are there any special programs or incentives for companies wanting to move to this region? (Y/N):

If you answer YES to the question above, Please list the programs or incentives for this region if not already mentioned in the Incentives section:

Does this region offer site selection assistance? (Y/N) *Please describe programs and resources:*

If you answer YES to the question above, Please list the contact information for the site selection assistance:

Is there any extraordinary information that you would like to add about this region?

Region Two

Name of Region (This can include nicknames such as Silicon Valley):

Does this region have a designated web site? (Y/N):

If you answered YES to the question above, What is the website:

Geographic Location Information (For example, Silicon Valley spans several major cities including San Jose, Cupertino and Palo Alto):

What industry or industries are prominent in this region?

- Aerospace
- Apparel
- Appliances
- Automotive
- Biomedical
- Building Materials and Equipment
- Computer and Electronic Products
- Distribution Centers
- Food or Beverage
- Furniture
- Machinery and Capital Equipment
- Paper
- Plastics
- Telecom
- Toys or Children's Products
- Warehousing
- Other:

What are some unique aspects of this region? *Could include information about transportation, education, weather etc...:*

Are there any special programs or incentives for companies wanting to move to this region? (Y/N):

If you answer YES to the question above, Please list the programs or incentives for this region if not already mentioned in the Incentives section:

Does this region offer site selection assistance? (Y/N) *Please describe programs and resources:*

If you answer YES to the question above, Please list the contact information for the site selection assistance:

Is there any extraordinary information that you would like to add about this region?

Region Three

Name of Region (This can include nicknames such as Silicon Valley):

Does this region have a designated web site? (Y/N):

If you answered YES to the question above, What is the website:

Geographic Location Information (For example, Silicon Valley spans several major cities including San Jose, Cupertino and Palo Alto):

What industry or industries are prominent in this region?

- Aerospace
- Apparel
- Appliances
- Automotive
- Biomedical
- Building Materials and Equipment
- Computer and Electronic Products
- Distribution Centers
- Food or Beverage
- Furniture
- Machinery and Capital Equipment
- Paper
- Plastics
- Telecom
- Toys or Children's Products
- Warehousing
- Other:

What are some unique aspects of this region? *Could include information about transportation, education, weather etc...:*

Are there any special programs or incentives for companies wanting to move to this region? (Y/N):

If you answer YES to the question above, Please list the programs or incentives for this region if not already mentioned in the Incentives section:

Does this region offer site selection assistance? (Y/N) *Please describe programs and resources:*

If you answer YES to the question above, Please list the contact information for the site selection assistance:

Is there any extraordinary information that you would like to add about this region?

AMERICAN MADE LABEL REQUIREMENTS

Federal Trade Commission oversees “Truth in Advertising” regulations including promotion or disclosure of products displaying “Made in USA” labeling. FTC requires products advertised as “Made in USA” be “all or virtually all” made in the U.S. “all or virtually all” means the product should contain no – or negligible – foreign content.

Made In USA Requirements

Does your state have any specific requirements for labeling products "Made in USA"? (Y/N): N

If you answered YES to the question above, What are the requirements for labeling products "Made in USA":

Is there pending legislation regarding these requirements? (Y/N): N

If you answered YES to the question above, Please describe the proposed legislation including the bill number:

Made In YOUR STATE Requirements

Does your state have any specific requirements for labeling products "Made in YOUR STATE"? (Y/N): N

If you answered YES to the question above, What are the requirements for labeling products "Made in YOUR STATE":

Is there pending legislation regarding these requirements? (Y/N): N

If you answered YES to the question above, Please describe the proposed legislation including the bill number:

Is there an organization or entity that monitors state labeling? (Y/N): N

If you answered YES to the question above, Please provide the name and contact information for the organization or entity:

Date of Submission: January, 2018

Thank you for your time. Please email your responses to alevy@reshoringinstitute.org and your responses will be recorded and available online for review at www.reshoringinstitute.org.