

# Overview of Financial Incentive Program For a Project in Evergreen, Alabama

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## Alabama Capital Investment Tax Credit Program

- Description:** The Alabama Capital Investment Tax Credit was created in 1995 and allows new and expanding manufacturing, distribution, research, and headquarters office facilities to utilize an annual corporate income tax credit to assist in offsetting their capital investment.
- Eligibility:** The Favored Geographic Area/ State Enterprise Zone program encourages growth in less-developed areas by allowing companies to take advantage of the Capital Investment Tax Credit at lower investment and job creation thresholds. New operations or expansions of existing operations involving new capital investment of \$500,000, creating 5 new jobs, and paying an average of \$12.18 per hour.
- Rate:** Eligible companies can take advantage of an annual State Corporate Income Tax Credit of up to 5% of capital invested in new or expanding facilities, limited by the firm's actual corporate income tax liability to the State. If a company's annual corporate income tax is less than 5% of capital investment, the company will have a credit against all of its annual State Corporate Income Tax. If a company's annual income tax is more than 5% of their capital investment, the company will receive a tax credit against the portion of their corporate income tax equal to the 5% of their capital investment. To assure a conservative estimate, 50% utilization should be assumed.
- Term:** Eligible companies can utilize this credit for up to 20 years.

## Ad Valorem Property Tax Abatement

- Description:** The abatement of the non-education portion of a company's real and personal ad valorem property taxes for up to 10 years.
- Eligibility:** All manufacturers with a capital investment of at least \$2 million, or the lower of \$2 million or 30% of their original investment in the case of expansions, are eligible.
- Rate:** The assessment ratio for industrial property in Alabama is 20% of market value. The millage rates in The City of Evergreen, Conecuh County, and the State are as follows:
- |   |                                     |
|---|-------------------------------------|
| <i>City, County, &amp; State Total Mills:</i>         | <i>44.5 mills</i>                   |
| <i>City, County, &amp; State Education Mills:</i>     | <i>13 mills (may not be abated)</i> |
| <i>City, County, &amp; State Non-Education Mills:</i> | <i>31.5 mills (may be abated)</i>   |
- Term:** Companies may utilize this abatement for up to 10 years.

## Sales Tax Abatement

- Description:** The abatement of the non-education portion of a company's City, County, and State sales tax on the purchase of construction materials.
- Eligibility:** Same as ad valorem tax abatement.
- Rate:** The combined abatable City, County, & State sales tax in Evergreen is 8.0%. No portion of the sales tax is allocated to Conecuh County Schools. Consequently, all 8.0% can be abated.
- Term:** This is a onetime abatement of sales tax before the project is placed in service.



## Use Tax Abatement

**Description:** The abatement of the non-education portion of a company's use tax on the purchase of manufacturing or production equipment.

**Eligibility:** Same as ad valorem tax abatement.

**Rate:** The combined State, city, and county use tax rate is 2.45% (State = 1.500%, City of Evergreen = 0.750%, Conecuh County = 0.200%).

**Term:** This is a onetime abatement of use tax before the project is placed into service.

## State Industrial Development Grant

**Description:** The State Industrial Development Grant program may be utilized by companies to offset development cost.

**Eligibility:** Manufacturers developing publicly held property for private use are eligible.

**Rate:** The grant size is determined by the capital investment of the project and may be as high as \$150,000. This is a onetime grant, however, new grants may be obtained for each new expansion.

## Industrial Access Road Grant

**Description:** The Industrial Access Road Grant program may be used to develop transportation infrastructure for new and expanding industrial projects.

**Eligibility:** Roadwork on a public right-of-way, which is necessary for access to a project, which will create new jobs and capital investment, may qualify.

**Rate:** Grant requests are evaluated on a cost benefit basis, with jobs, capital investment, and road costs being the primary aspects of the evaluation.

## Deed/Mortgage Tax

**Description:** A one-time abatement of taxes associated with the creation of deeds and mortgages for a new project.

**Eligibility:** Any project may qualify for this abatement, however, each is evaluated by the appropriate governmental unit on a case-by-case basis.

**Rate:** The tax is .15% of the deed/mortgage amount.

## Alabama Industrial Development Training

**Description:** Customized pre employment recruiting, screening, and training at no cost to the client company.

**Eligibility:** New and expanding businesses can qualify if they provide either new jobs or jobs with upgraded skill requirements.

**Rate:** While no funding in lieu of training is offered under this program, estimates of its value range up to \$1,500 per job, depending on skills required.

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Note: These are examples of the types of incentives, which may be available to a project locating in Evergreen. Actual incentives are subject to approval by the appropriate governmental agency.

