



Alabama Enacts “The Game Plan”: Legislation to Enhance the State’s Economic Growth

Article
06.27.2023

On April 20, 2023, Alabama Governor Kay Ivey signed a legislative package aimed to spur economic development. Building off a record-breaking year for new capital investments, state leaders aim to expand and fortify Alabama's economy. The legislation—known as “The Game Plan”—includes four distinct bills that act as different “plays.” Three of the plays—the Enhancing Alabama’s Economic Progress Act, the Site Evaluation and Economic Development Strategy Act, and the Innovation and Small Business Act—went into effect immediately upon Governor Ivey’s signature. The fourth play, the Enhancing Transparency Act, will go into effect on July 1, 2023.

The Game Plan will financially assist entities within the state by providing grants and tax credits to qualifying organizations for economic development while adopting new transparency requirements. Site developers, rural communities, non-profits, and technology accelerator companies can benefit from various aspects of the plays.

Play 1: The Enhancing Alabama’s Economic Progress Act

The Enhancing Alabama’s Economic Progress Act extends two previous bills targeted at boosting Alabama’s economy: the Alabama Jobs Act and the Growing Alabama Act. Primarily, the first play lengthens and bolsters the programs. Both pieces of legislation will be extended until July 2028. Additionally, the Alabama Jobs Act will receive an annual cap increase of \$25 million per year for the next five years. The sum will increase to \$475 million by 2028. The Growing Alabama Act, which provides tax

RELATED PROFESSIONALS

Denzel E. Okinedo

RELATED CAPABILITIES

Economic Development

Alabama Enacts “The Game Plan”: Legislation to Enhance the State’s Economic Growth

credits to certain groups who contribute to economic development organizations, will also receive a boost in funding. The annual cap of \$20 million will incrementally increase to \$35 million by 2028. Notably, the new legislation removes provisions regarding technology accelerator companies from the Growing Alabama Act in order to place them under the Innovation and Small Business Act.

Furthermore, the bill also aids tourism. The measure creates the Sweet Home Alabama Tourism Investment Act, which allows tax rebates to certain companies that focus on tourism destination projects. Lawmakers anticipate that the Enhancing Alabama's Economic Progress Act will create numerous job opportunities by providing additional funds to attract investment.

Play 2: The Site Evaluation and Economic Development Strategy (SEEDS) Act

The SEEDS Act creates a grant program to expedite the availability of new economic development sites. The SEEDS program authorizes the State Industrial Development Authority to distribute site assessment and development grants to qualifying local economic development organizations. However, the law imposes specific site requirements to receive each grant. For example, a site must be least 50 acres and owned by a local economic development organization to receive a site assessment grant. The organization must match the grant funds under certain conditions. For a site development grant, many of the same conditions exist, except that the site must be 75 contiguous acres.

Play 3: The Innovation and Small Businesses Act

The Innovation and Small Business Act alters the Alabama Innovation Corporation and creates a tax credit program to qualifying businesses in order to stimulate new ideas and growth for the economy. The new law expands the state’s existing grant program. An organization must meet three requirements within a year of receiving the grant: (1) the organization’s primary place of business must be in Alabama; (2) the majority of the entity’s top executives must reside in the state; and (3) the majority of the organization’s employees must reside in the state for at least five years.

Separately, the bill creates a tax credit program. Technology accelerator projects, small businesses in innovative industries owned by underrepresented populations, and programs that support workforce development are eligible for the tax credit. Additionally, the legislation exempts working groups, task forces, and subcommittees of the Alabama Innovation Corporation from the Alabama Open Meetings Act. The focus of the legislation is to invest in businesses and enterprises that have been historically underrepresented, particularly in rural areas.

Play 4: The Enhancing Transparency Act

The Enhancing Transparency Act amends the Alabama Jobs Act (AJA) and creates a requirement for the Department of Commerce to release information about the organizations receiving incentives on its website. For example, for each project receiving funds under the AJA, the Department of Commerce must provide specific information, including: the name of the company, estimated capital investment, number of

Alabama Enacts “The Game Plan”: Legislation to Enhance the State’s Economic Growth

jobs being created, estimated hourly wage of jobs, estimated value of the incentives, project location, cash incentives extended for the project, and the projected 10-year and 20-year return on incentives. Further, the bill authorizes the Joint Legislative Advisory Committee on Economic Incentives to request that a third-party evaluate the impacts of state economic development incentives.