

# HB243 INTRODUCED



1 HB243  
2 9NHUPPP-1  
3 By Representatives Whitt, Sellers  
4 RFD: Economic Development and Tourism  
5 First Read: 11-Feb-25



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SYNOPSIS:

Under existing law, the Tax Incentive Reform Act of 1992 provides for an abatement of noneducational ad valorem taxes and construction related transaction taxes with respect to certain private use industrial property and tangible personal property and taxable services incorporated into a private use industrial property.

This bill unabates a portion of state noneducational ad valorem taxes and state abated construction related transaction taxes pursuant to abatements granted on or after June 1, 2026, and requires the local tax collecting official and the Department of Revenue to collect the unabated portion and deposit the revenue into the Alabama Development Fund created herein.

This bill also requires the Department of Revenue to share information regarding the collection and performance of the tax abatements with the Department of Commerce.

A BILL  
TO BE ENTITLED  
AN ACT



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29  
30 Relating to taxation; to unabate a portion of the  
31 abated amounts of the state's noneducational ad valorem tax  
32 and state construction related transaction tax; to create the  
33 Alabama Development Fund to be administered by the Department  
34 of Commerce; and to provide for the sharing of abatement  
35 information between the Department of Revenue and the  
36 Department of Commerce.

37 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

38 Section 1. Upon the granting of an abatement pursuant  
39 to Section 40-9B-4 or 40-9G-2, Code of Alabama 1975, during  
40 the applicable exemption period:

41 (a) 1.0 mill of the state's abated noneducational ad  
42 valorem taxes shall be unabated. The local tax collecting  
43 official shall collect 1.0 mill of the state noneducational ad  
44 valorem taxes that otherwise could have been abated and remit  
45 the amount collected to the State Comptroller for deposit into  
46 the Alabama Development Fund.

47 (b) Three-quarters of one percent of the state  
48 construction related transaction taxes on private use  
49 industrial property shall be unabated. The Department of  
50 Revenue shall collect the unabated rate on sales of private  
51 use industrial property that was previously subject to  
52 abatement and shall deposit such funds directly to the Alabama  
53 Development Fund.

54 Section 2. Nothing in this section shall impair,  
55 restrict, or alter any abatement agreement granted prior to  
56 June 1, 2026. The provisions of this act shall apply



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57 prospectively to new abatements granted on or after June 1,  
58 2026.

59 Section 3. (a) The Department of Revenue shall provide  
60 the Department of Commerce with a copy of each application,  
61 resolution, and abatement agreement, including any amendment,  
62 granted under Section 40-9B-4 or 40-9G-2, Code of Alabama  
63 1975.

64 (b) The Department of Commerce shall use the  
65 information received under subsection (a) solely for the  
66 purposes of economic development planning and program  
67 evaluation.

68 (c) To ensure taxpayer confidentiality, all information  
69 shared under this section shall remain subject to the  
70 confidentiality provisions of Section 40-2A-10, Code of  
71 Alabama 1975. The Department of Commerce shall implement  
72 safeguards to ensure that taxpayer information is not  
73 disclosed to unauthorized persons or entities.

74 (d) The Department of Commerce and the Department of  
75 Revenue may adopt rules for the administration of this act.

76 Section 4. Section 2 of this act shall apply uniformly  
77 to all eligible taxpayers and shall be implemented in a manner  
78 that complies with all applicable provisions of the  
79 Constitution of Alabama of 2022, as amended.

80 Section 5. (a) There is created in the State Treasury a  
81 fund to be known as the Alabama Development Fund, which shall  
82 be administered by the Department of Commerce. Funds received  
83 by the State of Alabama from the following sources shall be  
84 deposited into the fund: (i) monies received from taxes



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85 collected by this act; (ii) monies appropriated or otherwise  
86 made available by the Legislature in any manner excluding  
87 State General Fund or Education Trust Fund monies; (iii)  
88 proceeds of any gifts, grants, or contributions; and (iv)  
89 monies from any other source designated for deposit into such  
90 fund, but not including monies subject to a constitutional  
91 designation for some other purpose.

92 (b) No monies shall be withdrawn or expended from the  
93 fund for any purpose unless the monies have been appropriated  
94 by the Legislature and allocated pursuant to applicable law.  
95 Any monies appropriated shall be budgeted and allotted  
96 pursuant to the Budget Management Act in accordance with  
97 Article 4, commencing with Section 41-4-80 of Chapter 4 of  
98 Title 41, Code of Alabama 1975, and only in the amounts  
99 provided by the Legislature in the general appropriations act  
100 or other appropriations act.

101 (c) Unexpended amounts remaining in the fund at the end  
102 of each fiscal year shall not revert to the State Treasury at  
103 the end of any fiscal year but shall be carried forward to the  
104 succeeding fiscal year.

105 (d) The Alabama Department of Commerce shall be  
106 authorized to administer the expenditure of funds in the  
107 Alabama Development Fund in furtherance of economic  
108 development.

109 Section 6. Section 1 through Section 4 of this act  
110 shall become effective on June 1, 2026. Section 5 of this act  
111 shall become effective on October 1, 2025.