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## Incentives

## TAXES

### **Secretary of State Qualifications**

The Department of Revenue administers a variety of taxes that affect companies based inside and outside of Alabama. Before transacting business in Alabama, a foreign corporation (corporation incorporated outside of Alabama) must qualify with the Alabama Secretary of State. Foreign corporations must file an application for certificate of authority (form CD-2) with the Alabama Secretary of State along with a certified copy of the articles of incorporation and must pay a \$175 qualification fee.

In order to form a domestic corporation (a corporation incorporated inside of Alabama), the corporate name must first be reserved with the Alabama Secretary of State. Then, articles of incorporation must be filed with the probate judge of the county in which the corporation has its initial registered office. The fees for filing articles of incorporation are \$50 for the Alabama Secretary of State and \$35 for the probate judge.

### **Alabama Business Privilege Tax**

The business privilege tax is a tax on net worth, in Alabama, of corporations, limited liability entities, and disregarded entities. The rate is based on the ability to pay and is determined by the entity's federal taxable income in Alabama. The rate ranges from \$0.25 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 per year, with the exception of financial institutions, financial institution groups, and insurance companies, which have a maximum privilege tax liability of \$3 million. An electing family limited liability entity has a maximum of \$500 business privilege tax.

### **Business Privilege Tax -- Frequently Asked Questions**

### **Sales and Use Tax**

Alabama's sales and use tax statutes contain many items which give Alabama a definite advantage over other states. These statutes allow exemptions for specific organizations and commodities such as gasoline, fertilizer, wholesale sales, and sales to governmental entities (see Section 40-23-et al, Code of Alabama 1975).

Combined state and local sales tax rates in The Shoals range from 5.5% to 9% depending on the community. Combined sales tax on machinery averages approximately 2%.

## **Alabama Department of Revenue Sales and Use Tax Division**

### **Sales and Use Tax Rates**

- **State**
- **Colbert County**
- **Cities and Towns within Colbert County**
- **Lauderdale County**
- **Cities and Towns within Lauderdale County**

### **Property (Real and Personal) Tax**

Industrial real and personal property is assessed as Class II property, which has a basis rate of 20% of fair market value. The state rate is 6.5 mills (\$6.50 for every \$1,000 of assessed value). Local governments also levy a real property tax in addition to the state's tax. The real property tax rates in The Shoals, which include the state rate of 6.5 mills, vary from 27 mills (\$27.00 for every \$1,000 of assessed value) to 49 mills (\$49.00 for every \$1,000 of assessed value). Non-educational related ad valorem tax abatements are available to qualified companies meeting law requirements.

### **Machinery and Tools Tax**

Both machinery and tools are considered to be personal property and are rated as Class II with a 20% basis. Non-educational tax abatements are available to qualified companies. Millage (ad valorem) rates are the same as real property rates.

- **Alabama Department of Revenue Property Tax Division**
- **Classes of Property**
- **County Millage Rates**
- **Lauderdale County Revenue Commissioner's Office**
- **Colbert County Revenue Commissioner's Office**
- **Alabama Department of Revenue Property Tax Abatements**

### **Alabama Corporate Income Tax**

The corporate income tax rate is 6.5 percent, which compares favorably to corporate income tax rates throughout the nation. Corporations pay Alabama income tax based on their net taxable income derived from business conducted within the state. The amount of Alabama net income apportioned to Alabama is determined by applying an equally weighted three-factor formula of property, payroll, and sales to total net income.

There are constitutional restrictions that add to the stability of the Alabama corporate tax environment: low tax rates and a federal income tax deduction. Amendment 212 of the Constitution of Alabama allows the corporate taxpayer to deduct from its gross apportioned and allocated income the apportioned amount of federal income tax paid.

Alabama is one of only a few states that allow a full deduction of all federal income taxes apportioned to that state. There are no local corporate income taxes.

## **Corporate Income Tax -- Frequently Asked Questions**

### **Alabama Individual Income Tax**

The State of Alabama has a personal income tax that ranges from 2% to 5%. There are no local income taxes.

## **Alabama Individual Income Tax -- Frequently Asked Questions**

### **Alabama Withholding Taxes**

Alabama is one of many states which impose a state tax on personal income. State withholding tax is the money an employer is required to withhold from each employee's wages to pay the state income tax of the employee. The employer pays no part of the tax, but is responsible for collecting and remitting the tax withheld.

You may register online at [www.revenue.alabama.gov](http://www.revenue.alabama.gov) for a withholding tax account number or you may contact the Alabama Department of Revenue, Business Registration Unit at (334) 242-1584 and request Form COM: 101 (Combined Registration Application) to register. This form and other withholding tax forms are available online at [www.revenue.alabama.gov/withholding/index.html](http://www.revenue.alabama.gov/withholding/index.html)". If registering online, you may elect to have your withholding tax account number emailed to you. Otherwise, this information will be mailed to you once the completed application is received and processed.

### **Unemployment Tax**

State unemployment compensation tax is assessed on the first \$8,000 the employer pays on each employee. The rate varies according to the employer's unemployment experience modified by statewide experience. This can be as low as .20% or as high as 6.8%.

## **Employer Information -- Questions and Answers**

# **PROPERTY TAXES AND SALES AND USE TAX INCENTIVES**

### **Tax Incentive Reform Act of 1992**

The Tax Incentive Reform Act of 1992 was enacted to provide tax abatements as an incentive to attract new industries and encourage existing industries to expand in Alabama. An abatement of non-educational sales and use taxes and non-educational

property taxes on industrial development property may be granted for a new project or a major addition.

A new project is any business at which the predominant trade or business activity conducted will constitute an industrial or research enterprise in Alabama. A major addition is an addition to an existing facility in which the addition equals the lesser of 30 percent of the original cost of the existing land, building, and equipment (industrial development property) or \$2 million, and at which the predominant trade or business activity conducted will constitute an industrial or research enterprise in Alabama.

## **Brownfield Development Tax Abatement Act**

The Brownfield Development Tax Abatement Act gives cities and counties the ability to abate non-educational city and county sales and use taxes, non-educational state, city and county property taxes and mortgage and recording taxes. In order to qualify for an abatement for any or all of these taxes, the property must be a Brownfield property and must be in the Alabama Department of Environmental Management's Voluntary Cleanup Program. There is no business activity required for brownfield abatements.

There is no threshold or limiting investment amount for a new Brownfield abatement project. The total amount of the capital investment by a company that is locating in Alabama is eligible for the tax abatements. The additional capital investment by a company that is expanding their current facilities on a Brownfield development property must equal the lesser of 30 percent of the original cost of the property as remediated or \$2,000,000

## **Alabama Reinvestment and Abatements Act**

The Alabama Reinvestment and Abatements Act amends existing provisions and strengthens Alabama's ability to incentivize its existing businesses to remain and grow within the state. When an existing business in an approved industry invests at least \$2 million in a project to expand, renovate, improve or rehabilitate an Alabama facility, or replaces furniture, fixtures or equipment at a facility within the state, it may be eligible for state, county and local real and personal property tax abatements up to 20 years and partial utility tax refunds up to 10 years. Industrial and research enterprises that are locating or expanding in Alabama may be eligible for construction-related sales tax exemptions. Furthermore, the existing Alabama Industrial Development Training program was expanded to provide training on the operation of new equipment to new hires and retained employees at new and existing businesses.

For a new business or major additions to existing businesses to qualify for an abatement or non-educational sales and use taxes and non-educational property taxes, the project must be defined as any trade or business described in the **2012 North American Industrial Classification System (NAICS)**, promulgated by the Executive Office of the President of the United States, Office of Management and Budget as follows:

- 1133 (logging),
- 115111 (cotton ginning),
- 2121 (coal mining),
- 22111 (electric power generation),
- 221330 (steam and air conditioning supply),
- 31 (except National Industry 311811), 32, and 33 (manufacturing),
- 423 and 424 (merchant wholesalers, goods),
- 482 (rail transportation),
- 4862 (pipeline transportation of natural gas),
- 48691 (pipeline transportation of refined petroleum products),
- 48699 (all other pipeline transportation),
- 48819 (air transportation support activities),
- 4882 (rail transport support activities),
- 4883 (Port authority water transportation support activities (other than 48833)),
- 493 (warehousing and storage),
- 511 (publishing industries),
- 5121 (motion picture and video industries (other than 51213)),
- 51221 (record productions),
- 517 (telecommunications),
- 518 (data processing, hosting, and related services),
- 51913 (internet publishing, broadcasting, web search portals),
- 52232 (financial transactions processing, reserve and clearinghouse activities),
- 54133 (engineering services),
- 54134 (drafting services),
- 54138 (testing laboratories),
- 5415 (computer systems design and related services),
- 541614 (process, physical distribution, logistics consulting services),
- 5417 (scientific research and development services),
- 55 (Management of companies (if not for the production of electricity)),
- 561422 (in bound call centers only),
- 562213 (solid waste combustors and incinerators),
- 56291 (remediation services),
- 56292 (materials recovery facilities),
- 611512 (flight training facilities),
- 927 (space research and technology) or
- 92811 (national security)
- Headquarters facilities as defined in NAICS 551114 (where at least 50 new jobs are created);
- Data processing centers (where at least 20 new jobs are created);
- Renewable energy facilities;
- Research & development facilities;
- Tourist destination attractions;
- Projects owned by utilities that produce electricity from alternative energy resources;
- Projects owned by utilities that produce electricity from hydropower production;

- The 11 targeted business sectors under the accelerate Alabama Strategic Economic Development Plan adopted in January 2012 by the Alabama Economic Development Alliance, created by Executive Order Number 21 of the Governor on July 18, 2011:
  - Advanced Manufacturing in Aerospace/Defense, Automotive, Agricultural Products/Food Production, Steel/Metal or Forestry Products
  - Technology in Biosciences, Information Technology or Enabling Technologies
  - Technology in Biosciences, Information Technology or Enabling Technologies
  - Distribution/Logistics Corporate Operations
  - Distribution/Logistics Corporate Operations

## **Alabama Department of Revenue Tax Abatements**

### **Other Tax Exemptions**

All equipment, facilities, or materials constructed or acquired primarily for the control, reduction, or elimination of air or water pollution are exempt from property and sales and use taxes.

All tangible personal property being warehoused in Alabama for shipment to a destination outside the state is exempt from property tax. Alabama does not levy a property tax on inventory of goods, wares, and merchandise that is offered for sale. Raw materials that are to be compounded or manufactured and are stocked for manufacturing purposes are exempt from property and sales and use taxes.

### **Utility Gross 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 allows exemptions for the following:

- 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.



The Alabama Department of Revenue makes the determination on this exemption.

(See Alabama Department of Revenue Rule 810-6-5-.26 Utility Privilege or License Tax)

## **INCOME TAX INCENTIVES**

### **Full Employment Act of 2011**

This credit is available to small business that creates new jobs paying more than ten dollars per hour. A small business is defined as a business that employs 50 or fewer employees. The credit shall equal \$1,000 for each qualifying new employee. The credit is 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 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 as of the last day of the tax year immediately preceding the first employment year. The increase must equal or exceed the number of newly hired employees for which a credit is sought by one employee for each newly hired employee for whom a credit is being sought for the current year, plus one employee for all employees for whom credits were claimed in prior years.

### **Income Tax Education Credit**

An employer could qualify to receive an income tax credit of 20 percent of the actual cost of an employer sponsored educational program that enhances basic skills of employees up to and including the twelfth grade functional level. This concept would include programs which teach English as a second language.

### **Heroes for Hire Income Tax Credit**

Employers meeting the requirements for the Full Employment Act of 2011 are eligible for an additional \$1,000 non-refundable 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 holds at least 50 percent ownership interest in a start-up business is eligible for up to a one-time \$2,000 non-refundable tax credit for expenses related with the start-up.

### **Apprenticeship Tax Credit Act**

An income tax credit is available to employers who employ an apprentice for at least seven full months. Employers are eligible for a reimbursement up to \$1,000 for each apprentice, not to exceed five apprentices employed. The tax credit under this act is effective January 1, 2017, for the 2017 taxable year through the 2021 tax year.

## **Deductions for Small Business Health Insurance Premiums**

This law allows qualifying employers with less than 25 employees a state income tax deduction of up to 100 percent of the amount paid as health insurance premiums on qualifying employees in connection with an employer-provided health insurance plan. Qualifying employees are defined as those employees that are Alabama residents, earn no more than \$50,000 of wages and report no more than \$75,000 of Alabama Adjusted Gross Income (\$150,000 if married filing jointly).

## **DEDUCTIONS FOR SMALL BUSINESS HEALTH INSURANCE PREMIUMS**

The Alabama Jobs Act creates a jobs tax credit and a transferable capital investment credit which can be provided to certain businesses for approved projects that create new jobs in Alabama. An eligible business may receive both jobs and investment credit for a project, but may not receive these credits while still receiving credits through the state's old programs.

### **Jobs Credit Incentive**

A business must create at least 50 new jobs to be eligible for the jobs credit incentive, unless it is a qualifying business in chemical manufacturing, data center, engineering design or research, or metal/machining technology or tool making industries, which may be eligible by creating any number of new jobs. The job credit may be taken each year for 10 years against utility taxes in an annual amount of 3 percent of eligible employees' paid wages during the previous year. If unused credits remain in a certain year, the business may carry forward the credits for 5 years.

### **Investment Credit Incentive**

The investment credit incentive allows for an annual credit equal to 1.5 percent of the capital investment incurred by the beginning of the incentive period, which begins on the placed-in-service date and has a duration of 10 years. The credit may be used to offset corporate income taxes, financial institution excise taxes, insurance premiums taxes, or any combination thereof. Unused credits may be carried forward for up to 5 years or the credits may be sold during the first 3 years at no less than 85 percent of the net present value. Furthermore, if the business awarded the credits is taxed as a flow-through entity, it may allocate the credits among its owners to be used against the same types of tax liabilities as noted.

### **Alabama Veterans and Targeted Counties Act**

The Alabama Veterans and Targeted Counties Act offers additional benefits to incentivize jobs and investment in rural communities and encourage the hiring of eligible

veterans. A business may receive an additional 0.5 percent job credit if at least 12 percent of its workforce in the previous year was comprised of eligible veterans.

## **GRANT PROGRAMS**

### **Industrial Development Grant Program (Site Preparation)**

The Industrial Development Grant Program provides grants to counties, municipalities, local industrial development boards or authorities or economic development councils or authorities, airport authorities, port authorities or public corporations or political subdivisions, departments or agencies of this state authorized to own or possess by lease a project site. In order to be eligible for an Industrial Development Grant, the grantee must hold title to the project site that the qualifying project will occupy. Funds may be used for site preparation to attract a new industry or to assist an existing company with an expansion. The size of the grant depends upon the amount of capital investment.

The grant is based upon total project cost with the maximum amount available capped at \$150,000. (Alabama Act No. 99-591)

- [Industrial Development Grant Instructions](#)
- [Industrial Development Grant Application](#)

### **Industrial Access Road and Bridge**

Industrial access funds are intended to provide adequate public access to new or expanding distribution, manufacturing and industrial firms. The industry must be committed to new investment and the creation of new jobs. The new access must be on public right of way for public use (state, city or county) and the project sponsor (city or county) must maintain the completed facility unless the facility consists of turn lanes, crossovers, etc., that are located on state highways. Industrial access funds are limited to construction, construction engineering and inspection costs. The project sponsor is responsible for all preliminary engineering, right-of-way acquisition and utility relocation costs.

### **Appalachian Regional Commission**

The [Appalachian Regional Commission \(ARC\)](#) awards grants and contracts from funds appropriated to the Commission annually by Congress. Program grants are awarded to state and local agencies and governmental entities (such as economic development authorities), local governing boards (such as county councils), and nonprofit organizations (such as schools and organizations that build low-cost housing). Contracts are awarded for research on topics that directly impact economic development in the Appalachian Region.

The goal of the ARC program is to create opportunities for self-sustaining economic development and improved quality of life. All projects must meet one of the following goals established by ARC:

- Invest in entrepreneurial and business development strategies that strengthen Appalachia's economy.
- Improve the education, knowledge, skills and health of residents to work and succeed in Appalachia.
- Invest in critical infrastructure- especially broadband, transportation, and water/wastewater systems.
- Strengthen Appalachia's community and economic development potential by leveraging the Region's natural and cultural heritage assets.
- Build the capacity and skills of current and next generation leaders and organizations to innovate, collaborate and advance community and economic development.

## **USDA Rural Development in Alabama**

USDA Rural Development offers a variety of loan, grant, and loan guarantee programs, plus technical assistance in the areas of business and industry, cooperative development, rural housing, community facilities, water and waste disposal, and telecommunications, including distance learning and telemedicine.

## **FINANCING PROGRAMS**

### **AlabamaSAVES**

**AlabamaSAVES** is an innovative financing program that leverages funds from private lenders to provide an estimated pool of \$65 million for low interest rate loans to implement energy efficiency improvements and install renewable energy systems at existing private commercial, industrial and institutional facilities in Alabama. Allowable expenditures for loan funds include equipment and equipment installation labor costs for energy efficient fixtures and retrofits and renewable energy systems. Funding from the program is for retrofits of existing properties and not for new construction. AlabamaSAVES offers subsidies for approved borrowers in the form of an interest rate buy down to a current floor of 1% for loans from participating lenders or a direct loan with a fixed interest rate, currently at 2%.

- Loan term: The blended useful life of improvements up to a maximum of 10 years
- Loan range: \$50,000 - \$4,000,000
- Use of proceeds: Loan funds can be used for up to 100% of costs remaining after applicable tax credits, grants or other subsidies

## **Certified Capital Company Program (CAPCO)**

The Alabama Certifies Capital Company program, commonly referred to as CAPCO, is bringing new investment, jobs and opportunity to small businesses and communities across the state. Businesses that request CAPCO investment funding must meet certain criteria and requirements set by the Alabama Department of Commerce, which administers the program. CAPCO financing, an alternative to conventional bank financing, can accommodate a slightly higher risk profile and provide a more flexible structure for growing businesses.

Alabama companies being considered for CAPCO financing must meet the eligibility requirements established by the State listed below:

- Headquartered in Alabama or will be relocated to Alabama
- Principal business operations in Alabama or will be relocated to Alabama
- Have no more than 100 full-time employees, and 80% of employees are in Alabama or 80% of payroll is paid to employees in Alabama

Industries that qualify for the CAPCO program may include:

- Manufacturing, processing or assembling products
- Conducting research and development
- Providing Services

## **CAPCO FAQs**

### **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.).
- Political subdivision issuing in the IRB retains ownership of the bond-financed facility and leases it back to the company at a rate sufficient to pay the principal and interest on the bonds.
- Tax-exempt IRBs issued at rates lower than conventional sources because the interest paid on the bonds is exempt from both federal and state income tax.

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.

## **State Small Business Credit Initiative (SSBCI)**

On September 27, 2010, President Obama signed into law the Small Business Jobs Act of 2010 to help increase credit availability for small businesses. The Act created the State Small Business Credit Initiative (SSBCI) and the State of Alabama was approved by the Treasury for \$31,301,498. The Community and Economic Development (CED) Division of the Alabama Department of Economic and Community Affairs (ADECA) is responsible for implementing and managing the SSBCI program in Alabama.

The loan guarantee is the most popular among the state's lenders. The State Loan Guarantee Program is designed to enable lenders to make term loans or provide lines of credit to new or existing small businesses. The State guarantee will be for 50 percent of the principal value of the loan, and the State will share equally with the lender in losses resulting from loan defaults. The lender will pay a loan guarantee fee of 1 percent on the guaranteed portion of the loan.

## **Revolving Loan Program**

The Northwest Alabama Council of Local Governments (NACOLG) Revolving Loan Program is an important economic development tool consisting of locally controlled capital being used to finance new or expanding businesses to create or retain jobs. The program targets small to medium sized businesses and small manufacturing companies.

Revolving Loan Funds (RLF) can be used to purchase land or buildings, construct or renovate buildings, purchase equipment and machinery, or provide working capital. Interest rates on RLF loans are below prime and determined by project need for up to 1/3 of the total project cost. RLF complements local banking efforts due to the fact that it provides "gap" financing or a secondary source of funds.

Locally controlled, the RLF is governed by NACOLG's Loan Administration Committee consisting of representatives from Colbert, Franklin, Lauderdale, Marion and Winston Counties.

## **Small Business Administration (SBA) Loan Programs**

The **Small Business Administration (SBA)** is an agency of the United States Government that assists small businesses to grow and prosper. SBA loan programs provide commercial lenders with the opportunity to offer loans to small businesses that might not otherwise be made. The SBA works with the commercial lender by providing a

guaranty to the lender up to the percentage guaranteed by the SBA. The borrower is still responsible for repaying the full amount due.

## **TVA INCENTIVE PROGRAMS (VIP)**

TVA offers a unique range of economic incentives that will benefit a project from start-up to long-term success in the Shoals. **Valley Incentive Programs** determine appropriate funding levels by considering both economic and power systems metrics to create a profile for a company's value to the area.

### **Investment Credit**

The Investment Credit is an economic development incentive program jointly offered by TVA and participating local power companies. This performance-based program rewards companies for the five-year economic and energy benefits associated with their new/expanded operations. Awards are applied as a credit to monthly power bills. Most companies can expect a 15-30 percent savings annually over a five-year period.

### **Performance Grant**

Through the Performance Grant Program, TVA makes an investment in competitive economic development projects in the TVA region. Award amounts are paid directly to the company and are flexible for approved purposes. Funding amounts are based upon the five-year economic impact of the project and made at the discretion of TVA Economic Development.

### **Loan Funds**

Financing is available for companies from TVA Loan Funds to stimulate job growth and leverage capital investment. TVA seeks to fill a funding gap or lower interest costs of project funding, thereby enhancing the opportunity for success. The maximum loan amount is \$3 million and is determined primarily by jobs and capital investment. Loan terms may be from five to 20 years based on collateral.

### **Security Deposit Coverage**

The Security Deposit Coverage program gives qualifying businesses an alternative to tying up valuable capital as they located or expand in the TVA region. It is available to new or expanding commercial and industrial electric customers through a partnership between TVA and participating local power companies. The program allows the waiver of electric utility deposits to qualifying customers for a limited term, and the application process is simple and quick.



# LOCAL INCENTIVES

## Shoals Economic Development Fund (SEDF)

In 2007, the local community created the Shoals Economic Development Fund (SEDF) to further support development at the federal and state levels. This aggressive financial mechanism is used for delivering inducements that allow innovative strategies that can reduce up-front private investment risks. The SEDF is designed to encourage and promote economic growth in Lauderdale and Colbert Counties. Through the recommendation of the Shoals Economic Development Authority (SEDA) Board and the approval of the Shoals Industrial Development Committee (SIDC), funds can be made available for the inducement of new manufacturing and industrial related businesses and the expansion of existing industries within the Shoals. Reimbursement is calculated by an economic impact analysis based on the total capital expenditures and job creation.

## Shoals Employment Growth Program

The Shoals Industrial Development Committee (SIDC) and the Shoals Economic Development Authority (SEDA) desire to promote the increase of quality employment opportunities by supporting the Shoals Employment Growth Program (EGP) as generally defined below. The purpose of the program is to encourage full-time employment growth through a streamlined process that provides assistance to eligible applicants offering new employment opportunities for Shoals citizens. Sustainable manufacturing jobs and investment directly translate into the growth of retail and service opportunities throughout the area. The EGP awards up to \$150,000 annually with funds provided by the Shoals Economic Development Fund (SEDF).

Applicant is designated by the IRS as a for-profit company legally registered to do business in the State of Alabama and within Lauderdale and/or Colbert counties. Eligible applicant for the EGP must operate under one of the business activities described in the North American Industrial Classification System (NAICS), promulgated by the Executive Office of the President of the United States, Office of Management and Budget and utilized by the Alabama Department of Revenue and as stated in AL Act No. 2007-212. The NAICS currently utilized by the Alabama Department of Revenue is the 2012 edition and includes the following described business activities:

- 115111 (cotton ginning);
- 22111 (electric power generation);
- 221330 (steam and air-conditioning supply);
- 31 through 33 (manufacturing (except 311811 retail bakeries));
- 423 and 424 (merchant wholesalers, durable goods, and merchant wholesalers, nondurable goods);
- 428 (rail transportation);
- 4862 (pipeline transportation of natural gas);



- 48691 (pipeline transportation of refined petroleum products);
- 48699 (all other pipeline transportation);
- 488190 (only aircraft maintenance and repair services);
- 488210 (only locomotive and railcar repair);
- 4883 (support activities for water transportation, except 48833 navigational services to shipping)
- 493 (only warehousing activity projects that provide logistics services related to the distribution of goods);
- 5111 (newspaper, periodical, book, and directory publishers);
- 5121 (motion picture and video industries);
- 412210 (record production);
- 517 (telecommunications);
- 5182 (data processing, hosting, and related services);
- 519130 (internet publishing and broadcasting and Web search portals);
- 522320 (financial transactions processing, reserve, and clearinghouse activities);
- 541330 (engineering services primarily engaged in the design, development, and utilization of machines, materials, instruments, structures, processes, and systems);
- 541340 (drafting services);
- 541380 (testing laboratories);
- 5415 (computer systems design and related services);
- 541614 (process, physical distribution and logistics consulting services);
- 5417 (scientific research and development services);
- 551114 (corporate, subsidiary, and regional managing offices);
- 561422 (only inbound call centers);
- 562213 (solid waste combustors and incinerators);
- 56291 (remediation services);
- 56292 (materials recovery facilities);
- 611512 (flight training);
- 811310 (industrial machinery and equipment repair);
- 927 (space research and technology); and,
- 92811 (national security).

Eligible applicant's new full-time employment position (FTE) must meet the SEDF designated starting wage for the FTE Standard Occupational Classification based on not less than \$11.00 per hour or applicable Standard Occupational Classification as established by the most recent wage survey of the State of Alabama at the time the job was created, whichever hourly wage is greater.

The application will support the addition of up to ten (10) new FTEs per company in Lauderdale and/or Colbert counties during the contract period. For each FTE employed, up to a maximum of ten (10) FTEs per 12-month period, the company will be reimbursed based on the following criteria:• \$2,500 for each new full-time employment position paying between \$11.00/hr and \$14.99/hr:

- \$2,500 for each new full-time employment position paying between \$11.00/hr and \$14.99/hr;
- \$4,000 for each new full-time employment position paying between \$15.00/hr and \$19.99/hr;
- \$5,000 for each new full-time employment position paying between \$20.00/hr and \$24.99/hr;
- \$6,000 for each new full-time employment position paying between \$25.00/hr and \$29.99/hr;
- \$7,000 for each new full-time employment position paying between \$30.00/hr and \$39.99/hr;
- \$8,000 for each new full-time employment position paying \$40.00/hr and above.

The maximum amount a company can receive per 12-month period is \$80,000. If the applicant should employ a FTE with a job classification(s) different from an approved job classification identified on the application and desires to request payment for this FTE, the job classification should have a comparable or higher wage rate than the job classification identified and approved by SEDA.

A company may include on its application qualified FTEs employed within thirty (30) days prior to the date SEDA provides the company with an EGP application.

The applicant's base employment level will be set at time of application; the company cannot have had a reduction in FTEs during the three (3) months immediately prior to the date of application.

If approved for funding by the SEDA Board, the company/applicant agrees to forego a request for the abatement of non-educational property and sales taxes for any capital investment made in association with the increased employment stated in the application.

Inducement payment(s) may be requested after a new FTE has been on payroll for six (6) consecutive months.

New FTEs cannot have previously been employed by the applicant, its principals, or a related business in Lauderdale or Colbert counties.

Each applicant is responsible for submitting proper documentation insuring that the employment guidelines have been fully achieved. Upon the acceptance of SEDF funds, each applicant acknowledges that monies received through this grant process are subject to a program compliance audit.

Applicant must be properly licensed to conduct business in the State of Alabama and Lauderdale or Colbert counties and any municipality located therein as may be appropriate.

# TRAINING AND WORKFORCE DEVELOPMENT

## Alabama Technology Network (ATN)

**The Alabama Technology Network (ATN)** is part of the Alabama Community College System and has a team of experts who helps solve the needs of industry and business through innovative, sustainable, cost effective solutions. ATN can conduct detailed needs assessments, outline potential solutions based on the results, and then provide technical assistance to help businesses solve those problems or identify those who can.

ATN is comprised of regional centers that tailor services to meet local needs while providing innovative and cost-effective solutions to enable Alabama's existing industry to be globally competitive. Alabama manufacturers can receive assistance in the following:

- Lean Manufacturing
- Environmental Safety and Health
- Quality Systems
- Business Services/Strategic Management
- Quality Engineering
- Industrial Maintenance
- Information Technology
- Engineering and Technical Services
- Human Resources and Organizational Development

## Alabama Industrial Development Training (AIDT)

**AIDT** was established to build a healthy state economy by recruiting and training a skilled workforce to attract new industries to the state and to expand existing industries. Job specific pre-employment and on the job training programs are provided. The program provides a full range of customized technical training programs that are offered at no cost to the employer or trainees. Leadership training programs are also available. In addition to training, AIDT offers services including trainee recruitment and screening, safety assistance, industrial maintenance assessments and continuous improvement/process improvement assessments. Training is conducted by AIDT staff or contracted instructors and delivered through classrooms or Mobile Training Units customized to meet specific company needs.

## Shoals Career Center

The **Shoals Career Center** assists the employers in the local, intrastate or interstate recruitment of applicants, pre-screens applicants to meet employer qualifications, provides interview facilities for the employers, conducts any desired testing of potential employees to measure aptitudes for specified job skills using validated tests, and performs any related service that might be needed.

The Center also offers training for both new hires and existing employees through the Workforce Investment Act (WIA) program coordinated through the **Alabama Department of Economic and Community Affairs** and the U.S. Department of Labor. The Workforce Investment Act (WIA) is designed to provide training in a real labor market situation. A portion of the trainees' wages may be reimbursed to the employer during the training period. To participate, applicants must meet eligibility requirements that include being economically disadvantaged and/or a dislocated worker as determined by the Alabama Employment Service.

## **Workforce Investment Opportunity Act (WIOA)**

The Workforce Innovation and Opportunity Act (WIOA) is designed to help job seekers access employment, education, training and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. The main focus of the WIOA is to assist eligible citizens to become work ready through Adult Workforce programs, Dislocated Worker programs, Youth Training programs, Adult Education and Vocational Rehabilitation services.

## **University of North Alabama (UNA) and Northwest Shoals Community College (NWSCC)**

Locally, the University of North Alabama and Northwest-Shoals Community College provide specialized training for persons whose skills may require additional instruction. Both institutions have a proven track record in meeting the training needs of industries in the area.

## **OTHER INFORMATION**

### **Alabama E3**

The Alabama E3 (Economy, Energy, Environment) program is a collaboration of the Alabama Department of Economic Affairs (ADECA), the Alabama Technology Network (ATN) and the Alabama Industrial Assessment Center (AIAC), along with local governments, utilities and universities that provide energy and lean assessments to Alabama manufacturers. The program helps communities work with their manufacturing base, providing customized, hands-on assessments of production processes to reduce energy, minimize carbon footprint, prevent pollution, increase productivity, and drive innovation.

### **One-Stop Environmental Permitting**

Alabama has the experience and resources in place to facilitate timely and comprehensive environmental permitting for a facility. Because the Alabama Department of Environmental Management (ADEM) has authority to issue the permits required by all the major federal environmental laws, Alabama can offer "one-stop"

permitting. ADEM has established a Permit Coordination and Development Center (PCDC), which facilitates that permitting process by coordinating communications, conferences and other administrative functions between an applicant and ADEM.

## **Contact**

ADEM Permit & Services Division (334) 271-7714

[permitsmail@adem.state.al.us](mailto:permitsmail@adem.state.al.us)

<http://adem.alabama.gov/moreInfo/permittingInfo.cnt>

## **Right to Work State**

Alabama is a “right to work” state.