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HOUSE OF REPRESENTATIVES

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HOUSE APPROVES REP. ALAN BAKER'S BILL TO REVAMP ECONOMIC INCENTIVES PROGRAM

Montgomery – The House of Representatives on Tuesday awarded its approval to the “Alabama Jobs Act,” a measure sponsored by State Rep. Alan Baker (R – Brewton) and designed to improve the state’s economic development efforts by revamping the incentives offered to companies that create jobs here.

The bill is part of the House Republican Caucus’s “Alabama First” legislative agenda and is a priority for Governor Bentley and the Alabama Department of Commerce.

“This legislation will keep Alabama competitive with our sister southeastern states in economic development efforts while ensuring taxpayers receive the highest return on investment by providing incentives only after jobs have actually been created,” Baker said. “The new system will continue to offer fair and generous incentives to companies that come here while protecting tax dollars from being spent on promised jobs that never materialize.”

Unlike previous incentive packages that provide up-front funding to businesses promising to create new jobs, Baker’s “Alabama Jobs Act” provides incentives on a pay-as-you-go basis. This means that incentives are provided only after new jobs come on-line and the state has begun to receive the economic benefits from them.

Provisions and requirements in House Bill 58 include:

- Provides eligible companies a Jobs Credit of 3% of the previous year's wages paid to new employees for a period of 10 years. This incentive could be claimed as a cash rebate or a tax credit.
- Provides an Investment Credit of 1.5% of a company’s investment into the construction, equipment or development of an eligible project that creates new jobs. This credit, paid when a project is placed in service, would be used to offset certain taxes for a period of 10 years.
- The project must create at least 50 new jobs to be eligible for these incentives, with a no limit exception for high-wage jobs in chemical manufacturing, data centers, engineering, design, and research projects.
- The economic benefit of the incentives offered must be more than the cost of the incentives to the state.
- Includes strong clawback provisions if an incentivized company fails to meet all of its obligations under its project agreement with the state. Companies that do not meet all requirements would be required to repay the state for all the unearned portions of the Jobs Credit and/or Investment Credit.