



OVERVIEW

The Alabama Enterprise Zone Act, enacted in 1987, provides certain tax incentives to corporations, partnerships and proprietorships that locate or expand within designated Enterprise Zones.

In addition to state-level tax incentives, businesses may also receive local tax and non-tax incentives for locating or expanding within a designated Enterprise Zone.

BENEFITS

The Alabama Jobs Act defines 26 enterprise zones across the state. Each zone has a population of 25,000 or less.

The Jobs Act, # 2016-321, (the Act) states the definition of an Enterprise Zone should be that as described by Section 40-18-376.1(a), Code of Alabama. Per this Section, an Enterprise Zone means any Alabama county that has a population of 25,000 or less. The population is determined by the Commissioner of Labor as of each January 1, using the most current data available from the United States Departments of Labor or Commerce, the United States Bureau of the Census, or any other federal or state agency or department.

Section 5 of the Alabama Enterprise Zone Program offers the following tax incentives:

- Credit based on income tax liability from Enterprise Zone Project Operations
- Credit for new capital investment
- Company may claim a credit of up to \$1,000 per new permanent employee for training new permanent employees in new skill areas

Section 11 of the Alabama Enterprise Zone Program offers certain exemptions from the following:

- Sales and use tax on purchases of construction-related materials, machinery and equipment used in the zone
- Income tax for five years
- Business privilege for five years

