

APA-1

TRANSMITTAL SHEET FOR NOTICE OF INTENDED ACTION

Control: 810
Department or Agency: Alabama Department of Revenue
Rule No.: 810-17-1-.02
Rule Title: Sweet Home Alabama Tourism Investment Act - General Guidelines
Intended Action: New

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? No

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? Yes

Is there another, less restrictive method of regulation available that could adequately protect the public? No

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved? No

To what degree?: N/A

Is the increase in cost more harmful to the public than the harm that might result from the absence of the proposed rule? NA

Are all facets of the rule-making process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? Yes

Does the proposed action relate to or affect in any manner any litigation which the agency is a party to concerning the subject matter of the proposed rule? No

Does the proposed rule have an economic impact? No

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975, and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Services Agency.

Signature of certifying officer

Cameran Clark
Cameran Clark

Date

Friday, September 20, 2024

REC'D & FILED

SEP 20, 2024

LEGISLATIVE SVC AGENCY

ALABAMA DEPARTMENT OF REVENUE

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Department of Revenue

RULE NO. & TITLE: 810-17-1-.02 Sweet Home Alabama Tourism Investment Act - General Guidelines

INTENDED ACTION: New

SUBSTANCE OF PROPOSED ACTION:

In accordance with the passage of Act 2024-34, the Sweet Home Alabama Tourism Investment Act, this rule is being promulgated to provide guidance and procedures in relation to the tax rebates to qualifying approved companies.

TIME, PLACE AND MANNER OF PRESENTING VIEWS:

A public hearing will be conducted at 1:30 P.M. on Tuesday, November 5, 2024 via web-conference. To participate in the upcoming web-conference public hearing please contact the Tax Policy and Governmental Affairs Division at Taxpolicy@revenue.alabama.gov or 334-242-1380 to obtain the appropriate sign-in information for a specific public hearing date. Copies of the rule(s) can be obtained at <http://www.revenue.alabama.gov/tax-policy/>.

All interested parties may present their views in writing to the Secretary of the Alabama Department of Revenue, Room 4131, Gordon Persons Building, 50 N Ripley Street, Montgomery, Alabama 36132 at any time following publication of the notice up until the conclusion of the hearing. Interested parties may also may present their views during the web-conference.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

Tuesday, November 5, 2024

CONTACT PERSON AT AGENCY:

Nicci Adams
Alabama Department of Revenue
4131 Gordon Persons Building
Montgomery, Alabama 36132
(334) 242-1380

Cameran Clark

Cameran Clark

(Signature of officer authorized
to promulgate and adopt
rules or his or her deputy)

**Sweet Home Alabama Tourism Investment Act -
General Guidelines.**

(1) Purpose. This rule sets forth guidelines and procedures to be used by the department in the administration of the Sweet Home Alabama Tourism Investment Act, as codified in Article 22A of Chapter 18 of Title 40, Code of Ala.1975, which provides for a tax rebate to qualifying approved companies.

(2) Definitions. For purposes of this rule, all terms except the terms explicitly provided below, are defined in §40-18-470.

(a) DEPARTMENT - The Alabama Department of Revenue.

(b) PROJECT - Certified Tourism Destination Project as defined in §40-18-470.

(c) TRANSACTIONAL TAXES - State and local sales tax, state and local lodgings tax, and state and local rental tax, generated by or arising within the approved tourism destination project.

(d) TOURISM FUND - Tourism Project Sales Tax Incentive Fund.

(3) Local Resolution. The municipality or taxing district issuing the resolution in support of the project within their jurisdiction must specify the percentage of municipal taxes committed to the project.

(a) Non-state administered localities must outline in their resolution the mechanism by which they intend to disburse the rebates within their jurisdiction to the approved company for those local transactional taxes not administered by the department.

(b) Within 30 days of receiving approval for the project from the Tourism Department, the approved company must submit a copy of the local resolution to the department.

(4) Tourism Project Tax Accounts. Once the project phases open for business, the approved company must provide the

department with a list of all state and local transactional tax accounts associated with the project online through the department's My Alabama Taxes. In the month following this notification from the approved company, the department shall begin making the required diversions into the Tourism Fund.

(a) The department shall divert 100% of the state transactional taxes generated by or arising within the project to the Tourism Fund until 80% of the state's maximum annual diversion is reached.

(b) (i) Unless otherwise specified in the local resolution, the department shall divert 100% of the state administered local transactional taxes generated by or arising within the project to the Tourism Fund until the 20% of the municipality's maximum annual diversion is reached.

(ii) The department shall make reports available to each state administered locality on the total monthly amounts diverted to the Tourism Fund and the tax accounts for which the diversions were made. The department shall notify each state administered locality on the total rebate amount and related tax accounts issued to the approved company 14 days after each rebate is issued.

(c) (i) If a local transactional tax is non-state administered, the locality must provide a mechanism to disburse the rebate, within their jurisdiction, generated by or arising within the project to the approved company no later than July 31 and December 31 of every year the rebate is valid.

(ii) The department shall make reports available to each non-state administered locality on any monthly amounts and accounts filed in One Spot that are identified as attributable to the project.

(d) The department shall only redirect transactional taxes from state and local sales tax accounts with permanent presence within the project. Taxes from temporary or passing vendors, such as those setting up booths for specific events, will not be diverted to the Tourism Fund.

(e) The approved company bears the responsibility of promptly notifying the department of any changes to the state and local transactional tax accounts associated with their project within 14 business days of the change.

(5) Rebate Disbursement. To initiate the rebate process, the department must receive the certification from The Alabama Tourism Department approving the project, a copy of the corresponding resolution from the local municipality, and the list of state and local transactional tax accounts from the approved company. The certification must include the maximum rebate awarded to the approved company.

(a) The department shall issue two rebate payments each year on July 31 and December 31 over a period of 10 years commencing on the date the tourism attraction opens for business and begins collecting transactional taxes generated by or within the project, or until the full certified award has been rebated to the approved company. All tax rebates must be first applied to any outstanding tax obligations of the approved company that is due and payable to the state. An approved company may receive a total rebate up to the amount certified by the Tourism Department, with a maximum annual rebate in a calendar year of up to \$1,000,000.

(b) The approved company must provide any new or updated state and local transactional tax account numbers to ensure rebate payments are made from those accounts.

(c) Non-state administered localities must certify to the department, on or before the rebate due date, the amounts of local rebates to be issued and the scheduled date for rebate payments to the approved company.

(d) In no event will any rebates be issued until the project is certified by the Tourism Department and before the project commences business and begins to collect taxes generated by or within the tourism destination project.

(6) Examination of Records. The department may examine records, books, or other relevant information maintained by the taxpayer for the purpose of computing and determining the correct amount of the rebate.

Author: Preeti Gratz and Kelly Graham

Statutory Authority: § 40-2A-7(a)(5), and Chapter 18 of Title 40, Code of Ala. 1975.

History: New Rule: Published _____; effective _____.