

Section 12A

Taxes, Incentives and Financing

Taxes At-A-Glance

UTILITY GROSS RECEIPTS TAX RATE

Telephone and Telegraph Services
6% of all gross sales or gross receipts

OFFICE EQUIPMENT AND SOFTWARE

Subject to general rate of sales tax and ad valorem

INTANGIBLE PROPERTY (Accounts Receivable)

They are not subject to general rate of sales tax

TELEPHONE SALES TAX

Intra-State:	Yes
Inter-State:	No

BUSINESS PRIVILEGE TAX

The tax rate for business privilege tax is graduated, based on the entity's federal taxable income apportioned to Alabama. The rates range from \$.25 to \$1.75 for each \$1,000 of net worth in Alabama.

- The minimum tax is \$100.
- The maximum is \$15,000.

At Least	But Less Than	Tax Rate
\$1	\$200,000	\$1.00 per \$1,000
\$200,000	\$500,000	\$1.25 per \$1,000
\$500,000	\$2,500,000	\$1.50 per \$1,000
\$2,500,000		\$1.75 per \$1,000

AVERAGE SALARY AND INDIVIDUAL TAX BURDEN

Per Capita Local Taxes:	\$556
Per Capita State Taxes	\$1,230

INVENTORY TAX

State of Alabama:	0%
Baldwin County:	0%
City:	0%

UNEMPLOYMENT COMPENSATION

New Employer Rate: 2.7% per \$8,000 of Wages	
Minimum Rate:	0.02%
Maximum Rate:	5.50%

CORPORATE INCOME TAX*

C corporations - Net taxable income from business within the state. Alabama income is determined by a three-factor apportionment formula (property, payroll and sales)	
State:	6.5%
Net Effective Rate	4.5%
Local:	0%
Federal Income Tax Deductions without Limits	Yes
Allowed federal ACRS Depreciation:	Yes

OCCUPATIONAL/LOCAL INCOME TAX

State:	None
Local:	None

PERSONAL INCOME TAX

Per Capita Tax Revenue from Personal Income:	\$385
Federal Income Tax Deduction Without Limit:	Yes

*Deductions allowed for Federal Income Tax

WORKMAN'S COMPENSATION

Minimum Weekly Worker's Comp Payment:	\$136
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Call Center Back Office Report

PROPERTY TAX										
Assessment Rates										
Class of Property	Type of Property							Classification % (Assessment Ratio)		
Class I:	Utilities							30%		
Class II:	Industrial/Commercial							20%		
Class III:	Farm, Forest and Owner Occupied Residential Property							10%		
Class IV:	Motor Vehicles							15%		
Rates Per \$1,000 of Assessed Value										
	State		County			City		Total		
	School	Non-School	School	Non-School	Special Mills	School	Non-School	School	Non-School	TOTAL
Bay Minette:	\$3.00	\$3.50	\$12.00	\$9.50	\$2.00	\$0.00	\$12.50	\$15.00	\$27.50	\$42.50
Daphne:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$15.00	\$15.00	\$28.00	\$43.00
Elberta:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$5.00	\$15.00	\$18.00	\$33.00
Fairhope:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$15.00	\$15.00	\$28.00	\$43.00
Foley:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$5.00	\$15.00	\$18.00	\$33.00
Gulf Shores:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$5.00	\$15.00	\$18.00	\$33.00
Loxley:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$6.00	\$15.00	\$19.00	\$34.00
Orange Beach:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$4.00	\$15.00	\$17.00	\$32.00
Robertsdale:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$5.00	\$15.00	\$18.00	\$33.00
Silverhill:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$10.00	\$15.00	\$23.00	\$38.00
Spanish Fort:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$5.00	\$15.00	\$18.00	\$33.00
Summerdale:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$5.00	\$15.00	\$18.00	\$33.00
Unincorporated north of Stapleton:	\$3.00	\$3.50	\$12.00	\$9.50	\$2.00	\$0.00	\$0.00	\$15.00	\$13.00	\$30.00
Unincorporated south of Stapleton:	\$3.00	\$3.50	\$12.00	\$9.50	\$0.00	\$0.00	\$0.00	\$15.00	\$15.00	\$28.00

SALES & USE TAX							
Community	State	County		City	Total		
	Non-School	School	Non-School	Non-School	School	Non-School	TOTAL
Bay Minette:	4.0%	1.55%	0.45%	3.0%	1.55%	7.45%	9.0%
Daphne:	4.0%	1.55%	0.45%	2.5%	1.55%	6.95%	8.5%
Elberta:	4.0%	1.55%	0.45%	2.0%	1.55%	6.45%	8.0%
Fairhope:	4.0%	1.55%	0.45%	0.0%	1.55%	4.45%	6.0%
Foley:	4.0%	1.55%	0.45%	1.0%	1.55%	5.45%	7.0%
Gulf Shores:	4.0%	1.55%	0.45%	3.0%	1.55%	7.45%	9.0%
Loxley:	4.0%	1.55%	0.45%	2.0%	1.55%	6.45%	8.0%
Orange Beach:	4.0%	1.55%	0.45%	2.0%	1.55%	6.45%	8.0%
Robertsdale:	4.0%	1.55%	0.45%	2.0%	1.55%	6.45%	8.0%
Silverhill:	4.0%	1.55%	0.45%	2.0%	1.55%	6.45%	8.0%
Spanish Fort:	4.0%	1.55%	0.45%	1.5%	1.55%	5.95%	7.5%
Summerdale:	4.0%	1.55%	0.45%	3.0%	1.55%	7.45%	9.0%
Not Incorporated:	4.0%	1.55%	0.45%	0.0%	1.55%	4.45%	6.0%

Section 12B

Taxes, Incentives and Financing

Incentives At-A-Glance

- ❑ **Alabama Industrial Development Grant:** State grant for site preparation, access and engineering of publicly controlled sites for qualifying industrial projects. The size of the grant depends on total amount of capital investment. Grant amount range is \$10,000 to \$150,000. Granted to local public authority and subsequently to company. Requires company to meet state SIC* code criteria or be considered a corporate headquarters. A call center must be classified as a headquarters operation in order to qualify for this incentive.
- ❑ **Alabama Industrial Access Road Grant:** State grant to cities and counties to finance construction and improvements of access roads to industrial sites. Amount of grant determined by local and state economic impact analysis and availability of state funds.
- ❑ **CDBG Economic Development Grant:** Eligible applicants may apply for ED grants to provide land, facilities and infrastructure such as water lines, sewer lines, access roads, etc. to facilitate creation and/or retention of jobs by a new or existing business. A grant range of \$200,000 to \$35,000 will apply. A local match of at least 20% is required. The proposed activities (Manufacturers, warehouse or distribution centers, or major economic impact) must be associated with the location of a new business or expansion of an existing business generally creating 15 or more jobs. At least 51% of the project beneficiaries must be persons of low and moderate income.
- ❑ **Waiver of Business License Fees:** Some cities allow a waiver on the cost of a business license for a period of one to three years.
- ❑ **State Corporate Income Tax Deductions:** Deductions for net operating losses with a 15-year carry forward, and for pollution control equipment.
- ❑ **State Corporate Income Tax Credits:** Allows qualifying companies to claim tax credit against Alabama income tax liability generated by or arising out of a qualifying industrial project. Allows company to apply five percent of initial capital cost of the project to state income tax liability for a period of 20 years. Requirements: \$8.00 per hour new hourly/salaried employees or \$10.00 per hour of total compensation; 20 jobs and \$2 million in capital investment. A call center must be classified as a headquarters operation in order to qualify for this incentive.
- ❑ **Workplace Learning State Income Tax Credit:** Allows employers to take a state income tax credit up to 20 percent of the cost of an approved Basic Skills Education Program that enhances basic skills of employees up to, and including, the 12th grade functional level.
- ❑ **Alabama Industrial Development Training:** Helps new or expanding companies find and train workers at no cost to the company. AIDT specializes in program development, recruiting, assessing and training potential employees, providing on-the-job training, developing and producing training materials and videos, and locating facilities and delivering customized service. A call center must be classified as a headquarters operation in order to qualify for this incentive. Minimum starting wage requirement is \$7.00 per hour.
- ❑ **Career Center On-The-Job Training:** Provides businesses a reimbursement of up to 50% on wages for trainees for up to \$10.00 per hour and up to six months of training. Businesses are expected to provide bona fide training, keep an accurate account of each trainee(s) time and attendance and provide workers compensation insurance (or comparable liability insurance). The CareerLink's Job Developer prepares all necessary paperwork.
- ❑ **Land/Building Cost Write Downs/Discounts:** Some cities may provide cost write-downs or discounts based on payroll creation. Some cities may consider master leasing buildings for qualified companies and provide a discounted lease to the company.

Section 12C

Taxes, Incentives and Financing

Financing At-A-Glance

- **Industrial Revenue Bonds:** Long-term, low interest financing, federally taxable, for fixed assets and soft costs secured by a bank letter of credit. May finance up to 100% of the cost of a project with minimum amount of \$1,000,000.
- **USDA B&I Loan:** Guarantee loans by eligible local lenders. The primary purpose of this loan is to create and maintain employment and improve the economic climate in rural communities. Any legal entity may borrow and there is no size restriction. Eligible loan purposes are: business and acquisitions, constructions, expansion, repair, modernization, developing costs, working capital and start-up costs. Loan guarantees are limited to a maximum of \$20 million per borrower. Advantage of the program is that it allows longer term financing: up to 30 years for real estate.
- **Tax Increment Financing:** A contiguous area created by a local governing body for capital improvements that may include property clearance, redevelopment, and rehabilitation. The funding of the improvements are from bonds that are repaid from tax revenue generated by the project.
- **Special Improvement District Bonds:** A private developer or company would request a municipality or county to designate the proposed development as an improvement district. Revenue bonds can be issued to finance the improvements which would be secured by assessments or special taxes or fees against the property in the district. The revenue bonds can be used to finance certain improvements within those districts, such as land purchases, streets, water systems, sewers, drainage, parking lots, and sidewalks, and office and industrial buildings.
- **Venture/Seed Capital Network:** The Capital Formation Committee of the BCEDA has identified a number of individual sources of investment and seed capital that have indicated an interest to invest in technology related businesses in Baldwin County. The Committee will consider potential applicants. The minimum information required is a completed business plan and a proposal that includes the amount and form of the investment being sought.
- **HUD 108 Loan:** Long term, federal, low interest financing which can be used for the acquisition of real property, rehabilitation of publicly owned real property, relocation, clearance and site improvements. Eligible activities include manufacturing, major warehousing/ distribution and other activities that have a significant economic impact. Terms are 10 to 20 years.
- **CDBG Float Loans:** Short-term, federal, low interest loans ranging from \$1,000,000 to \$10,000,000. Terms are up to 2 years for fixed assets. Eligible activities include manufacturing and distribution. Of the jobs created (or retained), at least 51% must be occupied by or made available to low and moderate income families.
- **SBA 504:** Fixed rate, long term financing below conventional market rates for real estate acquisition, construction, expansion, renovation and equipment. Source of funds is 50% bank loan, 40% SBA and 10 to 20 percent cash or equity from the company. Terms are from 10 to 15 years from bank and 15 to 20 years from the SBA portion. Limited to \$750,000 participation by SBA and based on job creation of one job per \$35,000 of SBA funding.
- **SBA 7A:** Long term financing for fixed assets, inventory and working capital by guarantee or direct loan. Terms range from 10 years for equipment, 25 years on real estate and buildings, and 7 years on inventory and working capital. Guarantee is limited to 75% up to a maximum loan amount of \$750,000.

Call Center Back Office Report

- **USDA Rural Utility Service - Zero Interest Loans:** Federal, low interest loans made through Baldwin EMC for project feasibility studies, start-up costs, incubator projects and other reasonable expenses. Amount for loans ranges from \$10,000 to \$400,000. Loan requires a letter of credit from the borrowing company. Terms are up to 10 years and deferrals of payments are possible. Selection of recipients is based on job creation, unemployment rates and other factors.
- **AMEA Zero Interest Capital Fund:** Zero percent interest, short-term loans to public and non-profit organizations through Alabama Municipal Electrical Authority (City) Member Systems. Funds can be used for fixed assets, utilities, design and construction of industrial parks and shell buildings. Source of funds is AMEA and is limited to \$200,000 and/or 75% of project costs. Repayment term is 5 years. Limited to geographic areas served by AMEA member cities.
- **Baldwin County EMC Revolving Loan Fund:** Low interest, short term loan which can be used for acquisitions, construction and rehabilitation of commercial and industrial buildings, purchase of capitalized machinery and equipment with a useful life of 5 years, and real property. Terms are up to 5 years with interest of prime, from \$20,000 to \$200,000.
- **BCEDA Revolving Loan Fund:** Low interest loan which can be used for 1) acquisitions or construction of industrial and commercial buildings and structures; 2) purchase of capitalized machinery and equipment, acquisition of real property for economic development purposes only; and rehabilitation of deteriorated buildings. The maximum amount of the loan may not exceed \$200,000 or 50% of the entire project costs, whichever is less, and the minimum loan amount is \$20,000. The job ration for the project should average at least \$20,000 per job of RLF funds.
- **Linked Deposit Low Interest Program:** Low interest, state financing program which uses a small portion of Alabama's investment portfolio to deposit with Alabama banks and link these to individual loans. Results in a 2% lower rate than conventional rates for the borrower. Can be used for fixed assets, repairs, renovations, utilities, wages and inventory. Term of decreased rate is two years. Based on job creation of \$10,000 to \$15,000 per job.
- **SARPC Revolving Loan Fund:** Loans to small businesses and industries that are financially healthy and growing, but need gap financing. The loan's primary goal is to create jobs. The loan amount range between \$10,000 and \$125,000, but limited to 33% of project and \$10,000 per job. Funds can be used for purchase and development of land and facilities, construction of new buildings or renovation of existing buildings, purchasing equipment, and working capital needs. No more than 30% of a loan may be for working capital.

Section 12D

Taxes, Incentives and Financing

Land / Building Cost Discount

**FOLEY BEACH EXPRESS INDUSTRIAL PARK &
BAY MINETTE AIRPORT COMMERCE PARK
LAND DISCOUNT SCHEDULE**

Annual Payroll	Effective Price/Acre	Annual Lease Rate/10 yrs./ 10 Acres
\$100,000	\$20,000	\$20,000.00
\$200,000	\$18,000	\$18,000.00
\$300,000	\$16,000	\$16,000.00
\$400,000	\$14,000	\$14,000.00
\$500,000	\$12,000	\$12,000.00
\$750,000	\$10,000	\$10,000.00
\$1,000,000	\$9,000	\$7,500.00
\$1,500,000	\$7,500	\$7,500.00
\$2,000,000+	\$5,000	\$5,000.00

Section 12E

Taxes, Incentives and Financing

Goodwill Incentives

These incentives are available for qualifying companies

- Discounted moving services for relocating employees.
- Discounted hotel rooms for house hunting trips.
- Use of local school facilities for training.
- Temporary use of Chamber facilities for office purposes during construction and start-up.
- Discounted banking services for employees relocating.
- Resume referral service.
- Special realtor services and benefits.
- Tour of the area for relocating.
- Corporate headquarters visits by community to orient employees relocating to Baldwin County.