ACT #2021 - 240

SB274

208837-5

By Senators Singleton, Sessions, Williams, Jones, Figures, Price, Chesteen, Beasley, Melson, Reed, Whatley, Scofield, Elliott, Orr, Albritton, Barfoot, Gudger, Livingston, Butler, McClendon, Holley, Stutts, Marsh, Waggoner, Chambliss, Allen, Roberts, Smitherman, Givhan and Coleman-Madison

RFD: Finance and Taxation Education

First Read: 25-FEB-21

SB274

ENROLLED, An Act,

To establish the COVID-19 Recovery Capital Credit Protection Act of 2021; to amend Section 40-18-19.1, Code of Alabama 1975; to increase the amount of various types of compensation that may be exempted; and to provide an extension to the employment and wage requirements of the capital credit program and associated penalties.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 2, 3, and 5 shall be known and may be cited as the "COVID-19 Recovery Capital Credit Protection Act of 2021."

Section 2. (a) For the purposes of this act the following terms shall have the assigned meanings:

(1) APPROVED PROJECT ENTITY. An entity that has filed a notice of intent with the Department on or before January 1, 2016, and who has subsequently filed or will file a report of investment in project with the Department to claim a capital credit under the Capital Credit Program.

(2) DEPARTMENT. The Alabama Department of Revenue.

(3) QUALIFYING PROJECT. A project that has been placed into service in calendar years 2019, 2020, and 2021.

Section 3. (a) The one-year period in which to satisfy the initial employment and wage requirements for an approved project entity, shall be extended to a period not to exceed two years for any otherwise qualifying project placed into service in calendar years 2019, 2020, or 2021 that have been directly affected by the COVID-19 pandemic.

(b) An approved project entity's qualifying project, that fails to meet the annual employment and wage requirements for tax years beginning after December 31, 2019, but before January 1, 2022, will not be considered in the determination of disqualification from the capital credit program; provided that the COVID-19 pandemic is the primary cause of the disqualification.

(c) An approved project entity shall not be subject to certain forfeiture penalties imposed on qualifying projects that fail to maintain employment and wage requirements for any tax year ending before January 1, 2022. For tax years beginning on or after January 1, 2022, the applicable forfeiture penalty shall be equal to one hundred percent (100%) of the capital credits claimed in the year immediately preceding the year in which the approved project entity fails to maintain the employment and wage requirements of this section. The forfeiture percentage shall be reduced to twenty percent (20%) for each successive prior year in the five-year forfeiture period.

Section 4. Section 40-18-19.1, Code of Alabama 1975, is amended to read as follows:

"§40-18-19.1.

"(a) Effective for the 1997 state income tax year and ~~each year thereafter~~ through tax year ending December 31, 2019, an amount up to twenty-five thousand dollars ($25,000) received as severance, unemployment compensation or termination pay, or as income from a supplemental income plan, or both, by an employee who, as a result of administrative downsizing, is terminated, laid-off, fired, or displaced from his or her employment, shall be exempt from any state, county, or municipal income tax.

"(b) Effective for tax years beginning after December 31, 2019, an amount up to fifty thousand dollars ($50,000) per tax year received as severance, unemployment compensation or termination pay, or as income from a supplemental income plan, or both, by an employee who, as a result of administrative downsizing, is terminated, laid-off, fired, or displaced from his or her employment, shall be exempt from any state, county, or municipal income tax. The exemption is limited to the amount of the actual payment(s), but in no case shall exceed fifty thousand dollars ($50,000) per tax year.

"~~(b)~~ (c) Notwithstanding subsections (a) and (b), for taxable years 2020 and 2021, any amount received as

unemployment compensation as a result of the federal Coronavirus Aid, Relief, and Economic Securities Act, as provided in, 15 U.S. Code §9021, 15 U.S. Code §9023, or as provided in Section 201 or 203 (Extension of CARES Act Unemployment Provisions) of the Consolidated Appropriations Act, 2021 Pub. L. 116-260, or as a result of further extension of these benefits shall be exempt from any state, county, or municipal income tax.

(d) An employee whose termination from employment is due to misconduct shall not be allowed to take the tax exemption provided in ~~subsection (a)~~this section.

"~~(c)~~ (e) The Department of Revenue shall promulgate rules and regulations to administer this section."

Section 5. The Department of Revenue shall adopt rules for the implementation and administration of this act.

Section 6. This act shall become effective immediately following its passage and approval by the Governor, or upon its otherwise becoming law.

President and Presiding Officer of the Senate

Mac McCutcheon

Speaker of the House of Representatives

SB274

Senate 16-MAR-21

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris,
Secretary.

House of Representatives
Passed: 08-APR-21

By: Senator Singleton

APPROVED 4-20-2021

TIME 8:00 am

Kay Ivey
GOVERNOR

Alabama Secretary Of State

Act Num....: 2021-240
Bill Num...: S-274

Recv'd 04/20/21 10:40amSLF

NSOR

Singleton

PONSORS

essions	19	Butler
illiams	20	McClendon
ones	21	Holley
igures	22	Stutts
rice	23	Marsh
hesteen	24	Waggoner
easley	25	Chambliss
elson	26	Allen
Reed	27	Roberts
Whatley	28	Smitherman
Scofield	29	Givhan
Elliott	30	Coleman-Madison
Orr	31	
Albritton	32	
Barfoot	33	
Sudger	34	
Livingston	35	

SENATE ACTION

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 274.

yeas 30 nays 0 abstain _____

PATRICK HARRIS,
Secretary

I hereby certify that the notice & proof is attached to the Bill, SB _____ as required in the General Acts of Alabama, 1975 Act No. 919.

PATRICK HARRIS,
Secretary

CONFERENCE COMMITTEE

Senate Conferees _____

_____

_____

HOUSE ACTION

DATE: 3.16 **20** 21

RD 1 RFD WAYS ME

REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on Ways & Means Education was acted upon by such committee in session, and returned therefrom to the House with the recommendation that it be Passed, w/amend(s) Ø w/sub Ø. This 1st day of April, 20 21.

Bill Poole, Chairperson

DATE: 4-1 **20** 21

RF **RD 2 CAL**

DATE: **20**__

RE-REFERRED ☐ RE-COMMITTED ☐

Committee _____

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 274.

YEAS 89 **NAYS** 0

JEFF WOODARD,
Clerk