

ACT #2021 - 240

1 SB274

2 208837-5

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

8 RFD: Finance and Taxation Education

9 First Read: 25-FEB-21



1 SB274

2  
3  
4 ENROLLED, An Act,

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

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

22 (2) DEPARTMENT. The Alabama Department of Revenue.

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

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

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

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

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

3           "§40-18-19.1.

4           "(a) Effective for the 1997 state income tax year  
5 and ~~each year thereafter~~ through tax year ending December 31,  
6 2019, an amount up to twenty-five thousand dollars (\$25,000)  
7 received as severance, unemployment compensation or  
8 termination pay, or as income from a supplemental income plan,  
9 or both, by an employee who, as a result of administrative  
10 downsizing, is terminated, laid-off, fired, or displaced from  
11 his or her employment, shall be exempt from any state, county,  
12 or municipal income tax.

13           "(b) Effective for tax years beginning after  
14 December 31, 2019, an amount up to fifty thousand dollars  
15 (\$50,000) per tax year received as severance, unemployment  
16 compensation or termination pay, or as income from a  
17 supplemental income plan, or both, by an employee who, as a  
18 result of administrative downsizing, is terminated, laid-off,  
19 fired, or displaced from his or her employment, shall be  
20 exempt from any state, county, or municipal income tax. The  
21 exemption is limited to the amount of the actual payment(s),  
22 but in no case shall exceed fifty thousand dollars (\$50,000)  
23 per tax year.

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

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

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

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

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

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21

  
\_\_\_\_\_  
President and Presiding Officer of the Senate

  
\_\_\_\_\_  
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

  
\_\_\_\_\_  
GOVERNOR

Alabama Secretary Of State  
Act Num....: 2021-240  
Bill Num....: S-274

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

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

years 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 2021

RD 1 RFD

NAME

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) w/sub. This 1st day of April, 2021.

Bill Poole, Chairperson

DATE: 4-1 2021

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

SPONSOR

Livingston

SPONSORS

- 19 Butler
- 20 McClendon
- 21 Holley
- 22 Statfs
- 23 Marsh
- 24 Waggoner
- 25 Chambliss
- 26 Allen
- 27 Roberts
- 28 Smitherman
- 29 Givhan
- 30 Coleman-Medley
- 31
- 32
- 33
- 34
- 35