Form CO: CAAG
11/15

ALABAMA DEPARTMENT OF REVENUE

Application to Granting Authority for Abatement of Taxes

Under Chapter 9G, Title 40, *Code of Alabama 1975*

Noneducational Sales and Use Taxes, Noneducational Property Taxes, and/or Utility Tax Refund

Reset

This form is to be submitted to the granting authority for consideration in granting an abatement of all state and local noneducational property taxes, all construction related transaction (sales and use) taxes, except those local construction related transaction taxes levied for educational purposes or for capital improvements for education, and/or a utility tax refund in accordance with the provisions of Section 40-9G-1 et seq., *Code of Alabama 1975*.

1. TYPE OF ABATEMENT APPLYING FOR:
☐ Sales & Use Taxes ☐ Property Taxes ☐ Utility Tax Refund

2. PROJECT NAICS CODE:

3. DO PROJECT COSTS MEET OR EXCEED $2,000,000 (CHECK APPLICABLE BOX)
☐ Yes ☐ No

4. PROJECT APPLICANT: DBA:

5. ADDRESS OF APPLICANT: CITY: STATE: ZIP CODE:

6. NAME OF CONTACT PERSON: EMAIL ADDRESS: TELEPHONE NUMBER: ( )

7. DATE COMPANY ORGANIZED:

8. PHYSICAL LOCATION OF PROJECT:

CITY *(IF OUTSIDE CITY LIMITS, PLEASE INDICATE)*: COUNTY: ZIP CODE:

9. BRIEF DESCRIPTION OF PROJECT:
(ATTACH A COMPLETE AND DETAILED LISTING OF PROJECT PROPERTY COSTS TO ENABLE A COST/BENEFIT ANALYSIS BY GRANTING AUTHORITY) SEE INSTRUCTIONS.

10. ESTIMATED DATE CONSTRUCTION WILL BEGIN:

11. ESTIMATED DATE CONSTRUCTION WILL BE COMPLETED:

12. ESTIMATED DATE PROPERTY WILL BE PLACED IN SERVICE:

13. HAVE BONDS BEEN ISSUED FOR PROJECT:
☐ No ☐ Yes If yes, date bonds issued:

14. WILL BONDS BE ISSUED FOR PROJECT
☐ No ☐ Yes If yes, projected date of issue:

15. ESTIMATED NUMBER OF NEW EMPLOYEES	16. ESTIMATED ANNUAL PAYROLL OF NEW EMPLOYEES
INITIALLY	INITIALLY
YEAR 1	YEAR 1
YEAR 2	YEAR 2
YEAR 3	YEAR 3

This form may be used as the application to the granting authority required by Section 40-9B-6(a), *Code of Alabama 1975*. The information requested here is required by Section 40-9B-6 and Section 40-2-11(7), *Code of Alabama 1975*.

Estimated Investment for Project	17. COST OR VALUE FOR **PROPERTY TAX**	18. COST SUBJECT TO **SALES TAX**
a. Land (if donated, show market value)	17a	XXXXXXXXXX
b. Existing Building(s) (if any)	17b	XXXXXXXXXX
c. Existing Personal Property (if any)	17c	XXXXXXXXXX
d. New Building(s) and/or New Additions to Existing Building(s) (18d = building materials *only*)	17d	18d
e. Capitalized Renovations. Rehabilitation and/or Maintenance to Existing Building(s) Market value of existing building(s): (See instructions) (18e = building materials only)	17e	18e
f. New Manufacturing Machinery	17f	18f
g. Replacement and/or Upgraded Manufacturing Machinery (See instructions)	17g	18g
h. Other New Personal Property (non-mfg machinery, office equipment, computers, etc.)	17h	18h
i. Replacement and/or Upgraded Other Personal Property (See instructions) (non-mfg machinery, office equipment, computers, etc.)	17i	18i
j. **TOTALS** (PROPERTY TAX TOTAL MUST EQUAL TOTAL PROJECT INVESTMENT. SALES TAX TOTAL WILL BE LESS.)	17j $ 0	18j $ 0

The abatement of noneducational property taxes is based on the market value of specific assets; therefore, the actual amount of taxes abated is determined each year as the property is assessed and valued. An abatement of noneducational sales and use taxes shall apply only to tangible personal property and taxable services incorporated into private use industrial property, the cost of which may be added to capital account with respect to the property, determined without regard to any rule which permits expenditures properly chargeable to capital account to be treated as current expenses. No abatement of sales and use taxes shall extend beyond the date private use industrial property is placed in service. A verification inspection of qualifying property will be conducted by the Alabama Department of Revenue to insure compliance with Section 40-9G-1 et seq., *Code of Alabama 1975*, as amended.

I hereby affirm that, to the best of my knowledge and belief, the information in this application and any accompanying statement, schedules, and other information is true, correct and complete. I also hereby affirm that no project agreement has been or will be entered into with the Governor of Alabama for the provision of other incentives for this project.

____
NAME (PRINT)

______________________________ ______________________________ ______________________________
SIGNATURE TITLE DATE

Instructions for Preparing Application to Granting Authority for Abatement of Taxes (Form CO: CAAG)

Under Chapter 9G of Title 40, *Code of Alabama 1975*

GENERAL INSTRUCTIONS

Chapter 9G, Title 40, *Code of Alabama 1975*, provides for an abatement of all state and local noneducational property taxes, all construction related transaction taxes (sales and use taxes), except those local construction related transaction taxes levied for educational purposes or for capital improvements for education, and/or a utility tax refund for qualifying projects. A qualifying project under Chapter 9G is any project that 1) spends at least $2M in capital expenditures as part of any addition, expansion, improvement, renovation, re-opening, or rehabilitation of a facility, or replacement of any existing equipment or tangible personal property, 2) predominately involves an approved activity as defined below, and 3) for which no project agreement has been entered into with the Governor for the provision or other incentives.

This form is to be submitted to the granting authority for consideration in granting an abatement of noneducational sales and use taxes and/or noneducational property taxes. Chapter 9G sales and use tax abatements may be granted by the same granting authority authorized to grant abatements under Section 40-9B-5(b)(1). Chapter 9G property tax abatement may be granted as follows: county noneducational property taxes may be abated only with the consent by resolution of the governing body of the county; municipal noneducational property taxes may be abated only with the consent by resolution of the governing body of the municipality; and State noneducational property taxes may be abated only with the consent of the Governor. The governing body of a county or a municipality may separately authorize one or more public industrial authorities to provide by resolution for such consent on its behalf.

Chapter 9G abatements are subject to and shall follow the same procedures, provisions, limitations and definitions under Section 40-9B-1 et al., *Code of Alabama 1975* with the following exceptions. For sales and use tax purposes, capitalized repairs, rebuilds, maintenance, and replacement equipment shall qualify for abatement. For property tax purposes, capitalized repairs, rebuilds, maintenance, and replacement equipment shall qualify for abatement and the amount of the property tax abatement for such property will be equal to the excess amount of property taxes owed for the real or personal property that is being replaced, upgraded or improved, for the applicable tax year that is greater than the amount of property taxes owed on such property for the tax year immediately before the qualifying project was placed in service.

A complete and detailed listing of any and all project costs for the addition, expansion, improvements, renovation, re-opening, or rehabilitation of a facility or replacement of any existing equipment should be attached to this application in order for the granting authority to make a cost/benefit analysis in accordance with Section 40-9B-6(a). For personal property abatement purposes, a listing of all existing personal property, including manufacturing equipment, non-manufacturing equipment, office equipment, and computers, affected by this project must be attached to this application and must be listed by original acquisition date, original acquisition cost and description of asset as reported on Form ADV-40 as of the October 1 lien date immediately preceding the date the project is placed in service. For real property abatement purposes, attach a copy of the assessment sheet, as provided by the tax assessing official, that provides the market value of the existing property affected by this project as of the Oct 1 lien date immediately preceding the date the project is placed in service. The application will not be complete if the required real and/or personal property listing(s)s is not attached.

If you have any questions about this form or the abatement of taxes in general, please contact the Alabama Department of Revenue at (334) 242-1175.

APPROVED BUSINESS ACTIVITIES FOR CHAPTER 9G ABATEMENTS

- Any trade or business in the 2012 North American Industrial Classification System (NAICS), promulgated by the Executive Office of the President of the United States, Office of Management and Budget as: 1133, 115111, 2121, 22111, 221330, 31, (except National Industry 311811), 32, and 33, 423, 424, 482, 4862, 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, 511, 5121 (other than 51213), 51221, 517, 518, 51913, 52232, 54133, 54134, 54138, 5415, 541614, 5417, 55 (if not for the production of electricity), 561422 (in bound call centers only), 562213, 56291, 56292, 611512, 927 or 92811.
- Any plant, property or facility for the production of biofuel as such term is defined in *Code of Alabama 1975 Section* 2-2-90(c)(2).
- Research & Development Facility – An establishment of original investigations undertaken on a systematic basis to gain new knowledge or the application of research findings or other scientific knowledge to create new or significantly improved products or processes.
- Headquarters Facility – The national or regional headquarters for a company that conducts significant business operations outside the state and that will serve as the principal office of the company's principal operating officer with chief responsibility for the daily business operations of the company.
- Any of the 11 targeted business sectors under the Accelerate Alabama Strategic Economic Development Plan adopted in January 2012 by the Alabama Economic Development Alliance, created by Executive Order Number 21 of the Governor on July 18, 2011, which include Advanced Manufacturing in Aerospace/Defense, Automotive, Agricultural Products/Food Production, Steel/Metal, Forestry Products and Chemicals; Technology in Biosciences, Information Technology and Enabling Technologies; Distribution/Logistics; and Corporate Operations.

LINE BY LINE INSTRUCTIONS

Item 1. Indicate the type(s) of abatement(s) being requested.

Sales and Use Taxes – Chapter 9G, Title 40, *Code of Alabama 1975*, provides for the abatement of certain noneducational sales and use taxes imposed by Chapter 23 of Title 40, *Code of Alabama 1975*. The abatement applies to the tangible personal property and taxable services incorporated into the project, to include capitalized repairs, rebuilds, maintenance, and replacement equipment, the cost of which may be added to the capital account with respect to the project. However, only the state and local noneducational sales and use taxes may be abated. No sales and use tax abatement shall extend beyond the date the project is placed in service. The abatement may be granted by the granting authority.

Property Taxes – Chapter 9G, Title 40, *Code of Alabama 1975*, provides for the abatement of noneducational property taxes imposed by the state, counties, municipalities and other taxing jurisdictions in Alabama. For any property abatement that is granted, the noneducational municipal taxes can only be abated by the City Government, noneducational county taxes can only be abated by the County Government, and state taxes can only be abated by the Governor. The governing body of the municipality and county can authorize a public industrial authority to provide by resolution for such consent on its behalf. The amount of the property tax abatement will be equal to the excess amount of property taxes owed for the property for the applicable tax year that is greater than the amount of property taxes owed on such property for the tax year immediately before the qualifying project was placed in service.

Utility Tax Refund – Chapter 9G, Title 40, *Code of Alabama 1975*, provides for an abatement of utility taxes imposed by Ala. Code Sections 40-21-82 and 40-21-102. The abatement is a refund of utility taxes paid for up to ten years. The refund shall be equal to the utility taxes paid, minus the utility taxes paid on average during the three tax years immediately before the qualifying project was placed in service and can only be granted by the Governor based on the recommendation by the Alabama Department of Commerce. For more information, contact the Incentives Manager at the Alabama Department of Commerce at 334-242-0400.

Item 2. If the predominant business activity is an approved business activity as defined in Section 40-9G-1(a), enter the 2007 North American Industrial Classification System (NAICS) code for the project.

Item 3. Indicate if project costs meet or exceed $2,000,000 in accordance with Section 40-9G-1(4).

Item 4. Enter the name of the private user requesting abatement. If project is doing business under another name, also enter the name of the company under "Doing Business As (DBA)."

Item 5. Enter the address of the private user requesting abatement.

Item 6. Enter the name, email address, and telephone number of the person to which all correspondence should be directed regarding the abatement.

Item 7. Enter the date the company was organized.

Item 8. Enter the physical location of the project. Please include a detailed location, including the City, County and Zip Code.

Item 9. Describe the type of business that the project will be engaged in. For projects that do not require a NAICS code, provide a detailed description that will identify the activities as qualifying activities. Attach a complete and detailed listing of any and all project costs for the addition, expansion, improvements, renovation, re-opening, or rehabilitation of a facility or replacement of any existing equipment in order for the granting authority to make a cost/benefit analysis in accordance with the statute.

Item 10. Enter the estimated date the construction of the project will begin.

Item 11. Enter the estimated date the construction of the project will be completed.

Item 12. Enter the estimated date the project will be placed in service. If revenue bonds are issued, "placed in service," for property tax purposes, is determined as of the date of the initial issuance of such bonds. Otherwise, "placed in service" for sales and use tax and property tax purposes is determined as the later of 1) the date on which title to the property was acquired by or vested in a county, city, or public authority, or 2) the date on which the property is or becomes owned, for federal income tax purposes, by a private user.

Item 13. Indicate if bonds have been issued in financing the project. If bonds have been issued, enter the issuance date.

Item 14. Indicate if bonds will be issued for financing the project. If bonds will be issued, enter the projected issuance date.

Column 15. Enter the estimated number of new employees to be hired at the project. The law requires the number of employees to be employed at the project initially and in each of the succeeding three years.

Column 16. Enter the estimated annual payroll for employees at the project. The law requires the estimated payroll of new employees initially and in each of the succeeding three years.

Column 17.

17a. Enter all costs or value for project land. If land is donated, enter the market value of the land.

17b. Enter all costs or value for existing building(s), if any. Only real property not previously placed in service by the private user or a related party can be included. Capitalized renovations, remodeling, rehabilitation and/or maintenance to a building that has been placed in service by the owner of the property shall be included on line 17e.

17c. Enter all costs or value for existing personal property to be incorporated into project. Only personal property not previously placed in service in Alabama by the private user or a related party can be included. If a private user is including existing equipment from outside of Alabama, the existing equipment should be entered here at its original cost.

17d. Enter the total cost for new building(s) and/or new additions to existing building(s). Total cost includes building materials, construction costs, engineering costs, etc. Costs associated with improving, renovating, remodeling, re-opening or rehabilitating an existing facility(ies) of an operating industrial or research enterprise should be included on 17e.

17e. Enter the total costs for capitalized improvements, renovations, remodeling, re-opening, rehabilitation, and/or maintenance to existing building(s). The amount of property taxes that can be abated shall be equal to the excess amount of property taxes owed for the applicable tax year that is greater than the amount of taxes owed for the existing property for the tax year immediately before the qualifying project is placed in service. Attach a copy of the assessment sheet, as provided by the tax assessing official, that provides the market value of the existing property affected by this project as of the Oct 1 lien date immediately preceding the date the project is placed in service, and include the market value in the space provided.

17f. Enter the total cost for new manufacturing equipment to be incorporated into the project. Replacement equipment and new equipment that is defined as upgraded equipment should be included on 17g.

17g. Enter the total costs for replacement equipment and/or upgraded equipment. Upgraded equipment is equipment that replaces existing equipment, and performs not only the same functions, but also an additional function. A listing of all existing manufacturing equipment affected by this project must be attached to this application and must be listed by **original** acquisition date, **original** acquisition cost and description of asset as reported on Form ADV-40 as of the October 1 lien date immediately preceding the date the project is placed in service.

17h. Enter the total cost for all other new personal property. Other new personal property may include, but is not limited to, non-manufacturing machinery, office equipment, computers, vehicles, etc. Replacement and/or upgraded personal property costs should be included on 17i. Only personal property that is a depreciable item can be included.

17i. Enter the total cost for all other new property that is replacing and/or upgrading existing personal property. Other new personal property may include, but is not limited to, non-manufacturing machinery, office equipment, computers, vehicles, etc. Only personal property that is a depreciable item can be included. A listing of all existing other personal property affected by this project must be attached to this application and must be listed by **original** acquisition date, **original** acquisition cost and description of asset as reported on Form ADV-40 as of the October 1 lien date immediately preceding the date the project is placed in service.

17j. Add 17a through 17i and enter total here. This is the total amount on which the initial property taxes will be based. This total must be the total value of the cost or investment in the project. This total must agree with the total investment amount in the abatement resolution and the total investment amount in the abatement agreement.

Column 18.

18d. Enter the cost of the building materials (subject to sales tax) that become a part of realty for new building(s) and/or new additions to existing building(s). Other building costs (labor, engineering) are not subject to sales tax.

18e. Enter the cost of the building materials (subject to sales tax) for the capitalized improvements, renovations, remodeling, re-opening, rehabilitation and/or maintenance that become a part of realty of the existing building(s). Other building costs (labor, engineering) are not subject to sales tax.

18f. Enter the cost of new manufacturing equipment for the project. For sales tax purposes, manufacturing equipment is taxed at a lower rate. Equipment that is purchased used from another company in an isolated transaction is not subject to sales tax and should not be included. Replacement and/or upgraded manufacturing equipment should be included on 18g.

18g. Enter the cost of replacement and/or upgraded manufacturing equipment.

18h. Enter the cost of all other new personal property. Replacement and/or upgraded other personal property should be included on 18i.

18i. Enter the cost of all other personal property that is replacing and/or upgrading existing personal property.

18j. Add 18d through 18i and enter total here.