

Alabama Enterprise Zone Program

2015 Annual Report



Robert Bentley, Governor

Jim Byard, Jr., Director
Alabama Department of Economic and
Community Affairs

OFFICE OF THE GOVERNOR

ROBERT BENTLEY
GOVERNOR



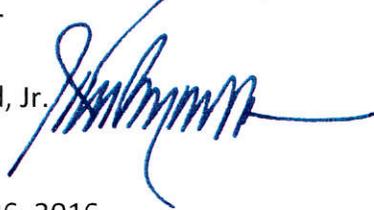
STATE OF ALABAMA

ALABAMA DEPARTMENT OF ECONOMIC
AND COMMUNITY AFFAIRS

JIM BYARD, JR.
DIRECTOR

MEMORANDUM

TO: The Honorable Robert Bentley
Governor

FROM: Jim Byard, Jr. 
Director

DATE: January 26, 2016

RE: Alabama Enterprise Zone Program 2015 Annual Report

Please find attached the 2015 Alabama Enterprise Zone Annual Report for your review. The Alabama Enterprise Zone Act (No. 87-573) was signed into law on July 22, 1987. The purpose of this act is to stimulate business and industrial growth in depressed areas of the state. In accordance with legislative requirements, this report shows the response of the business communities regarding the program benefits during the 2015 calendar year, as well as cumulative and administrative activities.

Should you have any questions pertaining to this report or the Alabama Enterprise Zone Program, do not hesitate to contact Maureen Neighbors, Community Services Unit Chief at (334)242-5467.

JB:MEN:sr

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I. Introduction

The Alabama Enterprise Zone Program (Act No. 87-573) is an economic development/jobs creation program made available to three (3) cities, and twenty-five (25) counties located throughout the State. The program may provide for either State tax credits or tax exemptions to eligible businesses located within these zones. The available credit/exemption is dependent upon the company's capital investments, individuals employed, or training provided by the company to its employees. The Alabama Department of Economic and Community Affairs (ADECA) coordinates administration, marketing, outreach, certification, and public relations for the program. ADECA is required to provide a detailed annual report to the Alabama Legislature. This report provides an analysis of the program and information about job creation, capital investment within the zones, amount of tax dollars forfeited, and costs to the State per job created within the zones during the program year. Alabama's Enterprise Zones are located in the following cities and counties:

City of Birmingham	Lawrence County
City of Montgomery	Lowndes County
City of Prichard	Macon County
Barbour County	Marion County
Bullock County	Mobile County
Butler County	Monroe County
Cherokee County	Pickens County
Clarke County	Pike County
Clay County	Randolph County
Covington County	Russell County
Dallas County	Sumter County
Escambia County	Talladega County
Etowah County	Tallapoosa County
Jackson County	Wilcox County

II. 2015 Alabama Enterprise Zone Program Activities

ADECA received 235 requests for information about the program and tax incentives; however, not all of these requests translated to applications or endorsements. Most of these requests were from tax firms seeking location verification to claim tax credits for industries located within the enterprise zones.

A number of county/city officials and program coordinators have requested technical assistance and information regarding expansion of their current zones to recruit prospective industries. Pike County was the only county that requested and received an enterprise zone expansion for 2015.

ADECA has successfully enhanced online access to the Enterprise Zone Program on its website. As a result, individuals, agencies, and prospective companies will be able to readily view the enterprise zones and precisely determine the location of potential economic sites.

Not only can individuals verify if a company is in the enterprise zone, they can now access an online copy of the annual report. The Alabama Enterprise Zone Procedures Manual can also be accessed online. The manual will explain the Alabama Enterprise Zone Program and assist individuals with the process of applying for the Enterprise Zone Credit. To access the Alabama Enterprise Zone Program web page, users can visit <http://www.adeca.alabama.gov>.

Identifying and displaying the enterprise zones across the state of Alabama will encourage economic growth in areas that are considered to have depressed economies. In addition, many enterprise zones offer innovative packages of local tax and non-tax incentives to encourage businesses to locate or expand in these areas. Information depicting the number of companies that were endorsed for participation in the Alabama Enterprise Zone Program by local governing authorities is listed below. It should be noted that these figures are based on information received from the Alabama Department of Revenue, participating business firms, and local zone coordinators.

Company Endorsements

There were two applications but no approved endorsements for Program Year 2015 due to missed deadlines.

III. Cumulative Enterprise Zone Data (Calendar Years 1988-2015)

The following chart depicts the number of companies that have received endorsement by local governing authorities for participation in Alabama's Enterprise Zone Program since 1988. The figures also reflect cumulative program activities that include the total jobs created and capital investments. It should be noted that these figures are based on information received from the Alabama Department of Revenue, participant companies, and local zone coordinators. In certain cases, the figures may be estimates.

CITY/COUNTY	NUMBER OF COMPANIES	TOTAL JOBS CREATED	CAPITAL INVESTMENT
Birmingham	67	4,601	213,151,920
Montgomery	9	2,270	145,400,000
Butler	13	1,356	47,160,000
Cherokee	1	136	20,113,190
Covington	8	1,245	41,000,000
Dallas	28	1,042	352,907,000
Escambia	1	500	10,000,000
Etowah	18	2,308	162,156,589
Jackson	9	1,202	430,675,592
Lowndes	1	129	561,760
Mobile	4	1,183	21,321,000
Monroe	2	63	3,002,312
Pickens	3	100	12,246,630
Pike	10	1,639	17,869,067
Randolph	5	548	20,028,910
Russell	7	478	108,770,000
Sumter	5	164	22,200,000
Talladega	16	1,144	49,000,300
Tallapoosa	2	50	524,900,000
TOTALS (SINCE PROGRAM'S INCEPTION)	209	20,158	\$2,450,928,141

The City of Prichard and Barbour, Bullock, Clarke, Clay, Lawrence, Macon, Marion, and Wilcox Counties reported no activities for the reporting period.

IV. Economic Impact of Alabama’s Enterprise Zone Program

Companies locating or expanding within Alabama’s Enterprise Zones during the 2015 calendar year have produced the following economic impacts because of their business activities.

- Total Capital Investment in 2015: 0
- Number of Jobs Created in 2015: 0
- Taxes Exempted Through the Program in 2015: 0

Based on records to date, there have been zero tax benefits claimed during the 2015 calendar year.

V. Recommendations

For the past two years, no businesses took advantage of the Enterprise Zone Program benefits. Therefore, it is recommended that options to modify the program be considered. Updating the program guidelines and requirements to meet today’s business needs could improve the effectiveness of the program. Reviewing current enterprise zones for continuation and developing a system to look at other areas for participation should be priorities for the program. Administratively, reviewing the documentation requirements from the enterprise zones regarding job growth and the requirements for designation and endorsement should be reviewed. Furthermore, the incentives themselves may need to be revised and updated.

VI. Conclusion

Participation in the Alabama Enterprise Zone Program decreased during the 2015 program year, thus limiting progress toward achieving the legislative goals of revitalizing distressed areas and increasing employment of area residents. It is expected that the legislature together with ADECA’s assistance will take this opportunity to revise the program’s guidelines to meet today’s business needs. This will allow the Alabama Enterprise Zone Program to become a stronger economic development tool for Alabama’s cities and counties hosting enterprise zones.