

# INNOVATE ALABAMA

## Tax Credit



The Innovate Alabama Act, found in Section 41-10-840, et seq., of the Code of Alabama, creates an incentive mechanism to provide funds to economic development organizations (EDOs) to stimulate economic growth for certain qualifying activities. Alabama taxpayers who make cash contributions to EDOs for qualifying projects receive an Innovate Alabama Tax Credit that can offset up to 50% of the following tax types:

- Income tax
- State portion of the financial institution excise tax
- Insurance premium tax
- State utility license tax

Taxpayers donating to EDOs for approved projects receive a credit equal to their donation and may carry the credit forward for up to five years. The credit may be passed through to individual owners, shareholders, partners or members of an LLC. Before receiving any cash contributions, the EDO must submit an application to Innovate Alabama. All Innovate Alabama Tax Credit funding allocations must be approved by the Innovate Alabama Board of Directors. Funding is capped at \$25 million per calendar year.

For additional information regarding this program, please email [incentives@innovatealabama.org](mailto:incentives@innovatealabama.org).

## CY 2023 APPLICATION DEADLINE AND BOARD MEETING SCHEDULE\*

### Application Deadline

Friday, August 11  
Friday, October 6  
Friday, November 24

### Innovate Alabama Board Meeting Schedule

August 29  
October 24  
December 12

\*Schedule is subject to change

### **INNOVATE ALABAMA APPLICANT – ECONOMIC DEVELOPMENT ORGANIZATION**

“Economic development organization” is a state or local economic development organization meeting each of these three criteria:

1. Is an Alabama entity not operating for a profit; and
2. Is charged with improving the state or a region of the state; and
3. Has a record of supporting or otherwise participating in economic development efforts in Alabama.

**A state EDO must submit a status letter to confirm eligibility with Innovate Alabama prior to applying.**

**Please send completed applications to [incentives@innovatealabama.org](mailto:incentives@innovatealabama.org).**

# INNOVATE ALABAMA

## Tax Credit



### QUALIFYING ACTIVITIES

#### ELIGIBLE PROGRAMS

- Tech Accelerators: Creation, operation or support of an accelerator program for technology companies.
  - An “accelerator” is defined as a company that, for a fixed term, educates and mentors early-stage technology companies recruited to a location in Alabama, with the goal of accelerating such companies’ development and growth.
  - The program must contain a defined curriculum and mentorship component.
  - Eligible expenditures associated with the program.
- Programs for Innovative Companies: Creation, operation or support of programs designed to provide funding or other resources for innovative companies. An “innovative company” is defined as any company that meets all the criteria in either paragraph (1) or (2) below:
  1. The company is a for-profit business headquartered in a community eligible for investment through the federal New Markets Tax Credit program under 26 USC § 45D(e), predominantly conducting an activity in an innovative industry, has fewer than 15 employees and has average gross revenues of less than \$1 million in the previous three years.
  2. The company is a for-profit business, headquartered in Alabama and predominantly conducting an activity in an innovative industry, has fewer than 75 employees, and is at least 51% owned and controlled by one or more women or African Americans who are citizens of the United States.

As used herein, an “innovative industry” includes advanced manufacturing, aerospace, agriculture, bioscience, biotechnology, electronics, energy and natural resources, engineering, life sciences and information technology industries and any other innovative industry as determined by Innovate Alabama in its sole discretion.