

1 HB331
2 205131-1
3 By Representatives Lipscomb, Oliver, Brown (K), Nordgren,
4 Estes, Moore (P), Robertson and Isbell
5 RFD: Ways and Means Education
6 First Read: 25-FEB-20

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8 SYNOPSIS: This bill would allow a tax credit against
9 the state income tax for automobile tire
10 manufacturers that manufacture automobile tires in
11 the state of Alabama.

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13 A BILL
14 TO BE ENTITLED
15 AN ACT

16
17 Relating to tax credits; to allow a tax credit to
18 automobile tire manufacturers that manufacture automobile
19 tires in the state of Alabama.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

21 Section 1. This act shall be known and may be cited
22 as the "Automobile Tire Manufacturer Tax Credit Act of 2020".

23 Section 2. The following terms shall have the
24 following meanings for the purposes of this act:

25 (1) AUTOMOBILE TIRE. Rubber that fits around the
26 wheel of a four-wheeled self-propelled vehicle designed for
27 passenger transportation.

1 (2) AUTOMOBILE TIRE MANUFACTURER. Any business
2 described by 2017 North American Industry Classification
3 System (NAICS) Code 326211.

4 (3) ORIGINALLY MANUFACTURED. An automobile tire that
5 was manufactured in the state of Alabama and was not the
6 result of a retread of an existing tire.

7 Section 3. (a) For tax years beginning on or after
8 January 1, 2021, any Automobile Tire Manufacturer shall be
9 allowed a tax credit against the tax imposed by Section
10 40-18-2, Code of Alabama 1975, equal to one dollar (\$1) per
11 automobile tire originally manufactured during the tax year or
12 as may be limited on a pro-rata basis by the Department of
13 Revenue to ensure the total credits awarded do not exceed the
14 cumulative credit limitations provided by this act.

15 (b) Where the taxes owed by the taxpayer are less
16 than the credit, the taxpayer may not be entitled to claim a
17 refund for the difference. Tax credits granted to a
18 partnership, limited liability company, S Corporation, trust,
19 or estate shall be passed through to the partners, members,
20 and owners respectively pro rata or pursuant to an executed
21 agreement among the partners, members, or owner documenting an
22 alternate distribution method without regard to their sharing
23 of other tax or economic attributes of the entity.

24 (c) Any tax credits transferred shall be at a value
25 of at least eighty-five percent (85%) of the present value of
26 the credits. However, once a credit is transferred, only the
27 transferee may utilize such credit and the credit cannot be

1 transferred again. A transferee of the tax credits may use the
2 amount of tax credits transferred to offset any income tax
3 under Chapter 18 of Title 40. The Department shall promulgate
4 a form transfer statement to be filed by the transferor with
5 the Department prior to the purported transfer of any credit
6 issued under this chapter. The transfer statement form shall
7 include the name and federal taxpayer identification number of
8 the transferor and each transferee listed therein along with
9 the amount of the tax credit to be transferred to each
10 transferee listed on the form. The transfer statement form
11 shall also contain such other information as the Department
12 may from time to time reasonably require. For each transfer,
13 the transferor shall file (1) a completed transfer statement
14 form; (2) a copy of the proposed written transfer agreement;
15 and (3) a transfer fee payable to the Department in the amount
16 of one thousand dollars (\$1,000) per transferee listed on the
17 transfer statement form. The transferor shall file with the
18 Department a fully executed copy of the written transfer
19 agreement with each transferee within 30 days after the
20 completed transfer. Filing of the written transfer agreement
21 with the Department shall perfect such transfer with respect
22 to such transferee. Within 30 days after the Department's
23 receipt of the fully executed written transfer agreement, the
24 Department shall issue a tax credit certificate to each
25 transferee listed in such agreement in the amount of the tax
26 credit so transferred. Such certificate shall be used by the
27 transferee in claiming the tax credit pursuant to this act.

1 The Department may promulgate such additional rules as are
2 necessary to permit verification of the ownership of the tax
3 credits but shall not promulgate any rules which unduly
4 restrict or hinder the transfer of the tax credits. Recapture
5 of any of the credit shall apply against the taxpayer who
6 utilizes the credit pursuant to the provisions of §50 IRC.

7 (d) The cumulative amount of tax credits issued
8 pursuant to this act shall not exceed five million dollars
9 (\$5,000,000) annually. The Department of Revenue shall ensure
10 that this cap is not exceeded, shall prescribe the various
11 methods by which these credits are to be issued, shall reserve
12 these tax credits in a manner prescribed by the Department,
13 and shall develop procedures to notify taxpayers at such
14 points in time when the tax credit caps in this subsection
15 have been reached for the applicable tax credit year.

16 (e) Any taxpayer who elects to use the tax credits
17 provided by this act shall certify to the Department of
18 Revenue the number of automobile tires manufactured during the
19 tax year.

20 (f) The tax credit allowed under this act shall
21 continue through the 2026 tax year, unless extended by an act
22 of the Legislature.

23 Section 4. This act shall become effective on the
24 first day of the third month following its passage and
25 approval by the Governor, or its otherwise becoming law.