

State of Alabama Jobs Act Incentives & Tax Abatements

The following information details the parameters of the incentives available through the State of Alabama. All incentives are discretionary and evaluated on a project-by-project basis. The State of Alabama evaluates projects based on direct and indirect revenue returned to the State as well as the commitments of the local agencies. Each project in which the State of Alabama invests must be revenue-positive for the State and the incentives offered cannot exceed or equal the tax liability of the project company.

As with all commitments of the State of Alabama to expend public funds for economic development projects, it is subject to applicable provisions of Alabama law and the Constitution of Alabama of 1901. In addition, the parties must confirm their respective obligations by the execution of a written project agreement setting out the terms and conditions unique to the project as well as those customary for an undertaking of this nature. The customary obligation will include a defined employment ramp-up period, defined incentive period and compliance procedure, an appropriate jobs maintenance period, and appropriate clawbacks for non-performance.

JOBS ACT INCENTIVES

BENEFITS

1. Jobs Credit

- The job creation incentive is an annual cash rebate up to 3% of the previous year's gross payroll (not including fringe benefits) for eligible employees for up to 10 years.
- For companies employing at least 12% veterans in their eligible workforce, up to an additional 0.5% job credit is available for the wages of veterans.
- For companies located in targeted counties (see map on Page 5), up to an additional 1% job credit is available.

2. Investment Credit

- The investment incentive is a credit of up to 1.5% of the qualified capital investment expenses for a qualifying project for up to 10 years. This credit can be taken against the Alabama income tax liability and/or utility tax liability.
- For companies in a targeted county selling their output within 50 miles, the credit is available for up to 15 years.
- Investment Credit may be carried forward for 5 years.
- At the discretion of the Alabama Department of Commerce, the Investment Credit may be transferable for the first 3 years to generate cash for the project. Investment Credit transfers must be at least 85% of face value and must be approved by the Alabama Department of Commerce.

RESTRICTIONS

1. A project must create at least 50 new jobs (exceptions in 3. below).
2. A project in a targeted county must create at least 25 new jobs (exceptions in 3. below).
3. Projects in the following industries are required to create net new jobs, but are not subject to the minimum job creation requirements of the Jobs Act: chemical manufacturing, data centers, metal/machining, engineering, design and research projects.
4. The Jobs Credit includes wages from Alabama residents only.

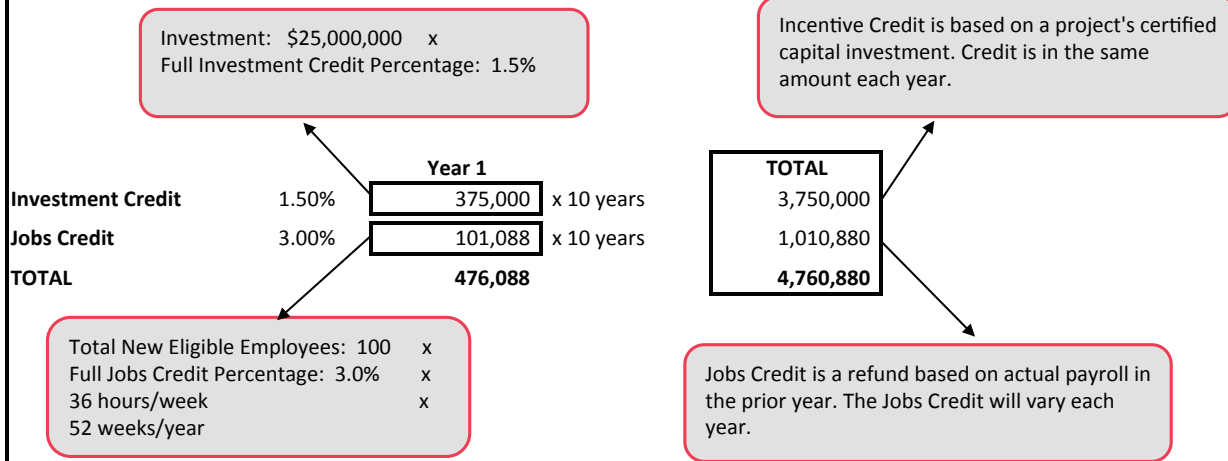
JOBS ACT INCENTIVES EXAMPLES

Below are two scenarios for the same project with different outcomes based on differences in wages and local commitments. **Please be aware these scenarios are examples and for illustration purposes only.** This should not be interpreted as a strict guideline for how incentives will be administered. All incentives are discretionary and evaluated on a project-by-project basis. The State of Alabama evaluates projects based on direct and indirect revenue returned to the State as well as the commitments of the local agencies. Each project in which the State of Alabama invests must be revenue-positive for the State and the incentives offered cannot exceed the tax liability of the project company.

Non-Targeted County
 Investment 25,000,000
 New Jobs 100

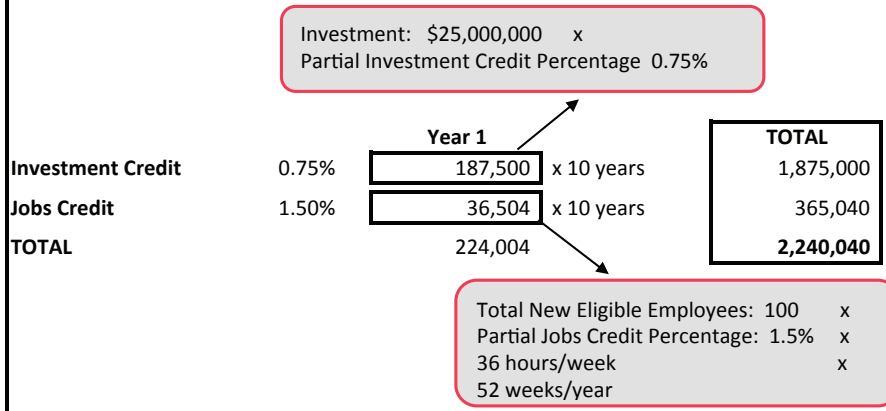
EXAMPLE #1

Wages \$ 18.00 /hour
 High Local Commitment



EXAMPLE #2

Wages \$ 13.00 /hour
 Low Local Commitment



TAX ABATEMENTS

BENEFITS

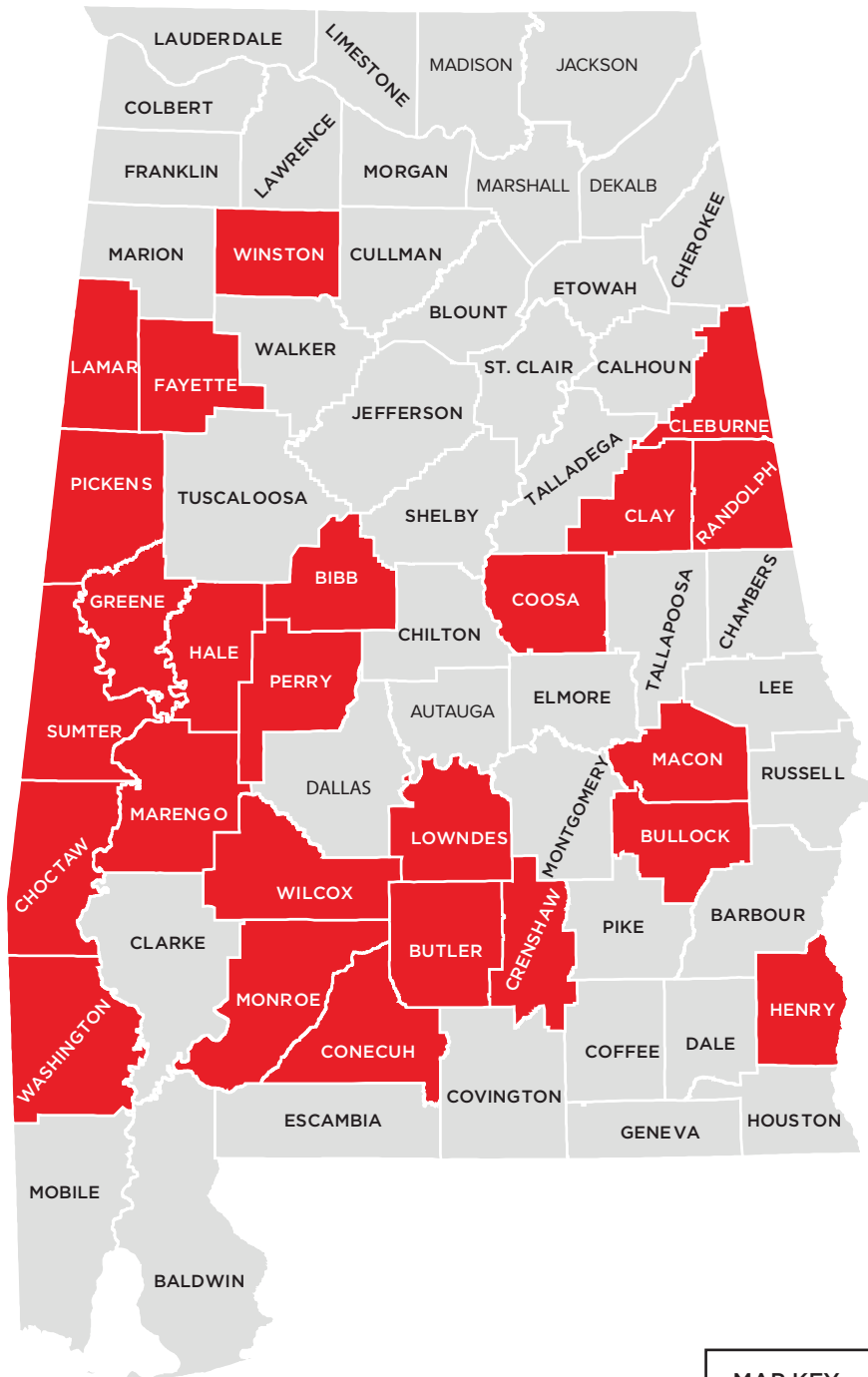
New Facility and Expansion

1. Abatement of non-education portion of sales and use taxes on construction materials.
2. Extends the Property Tax Abatement from 10 years to up to 20 years on the non-educational portion of property tax.
3. For property tax abatements for years 11 to 20, cities will abate city non-educational property taxes, counties will abate county non-educational property taxes, and the Governor will abate state non-educational property taxes.

Existing Facility: Refurbishments, Upgrades, or Placed Back in Service

1. Abatement of non-educational sales and use taxes on construction materials and equipment.
2. Abatement of non-educational property taxes for up to 20 years of the incremental property tax increases.
3. For all years, cities will abate city non-educational property taxes, counties will abate county non-educational property taxes, and the Governor will abate state non-educational property taxes.
4. Exemption from taxes for increased utility services for up to 10 years.
5. AIDT worker training.
6. RESTRICTION: Associated capital investment must be at least \$2,000,000.

STATE OF ALABAMA TARGETED COUNTIES



MAP KEY
■ Counties with population under 25,000