

ALABAMA DEPARTMENT OF REVENUE
**Report of Investment in Project
for Income Tax Capital Credit**

This form is used to report the actual costs of a capital project and date the project was placed in service. The project number originally assigned by the Alabama Department of Revenue must be indicated.

Project Number: _____ Project Name: _____

Project Entity: _____ FEIN: _____

Address: _____ Telephone No.: () _____

City: _____ State: _____ ZIP: _____ NAICS: _____

Project Location (if different from above): _____

Project filing status: (✓ *only one*) S Corporation Partnership LLC C Corporation Estate/Trust Sole Proprietorship

1a. Type of project: Industrial, Warehousing, or Research Activity Small Business Addition Headquarters Facility Data Processing Center
 Research and Development Facility Renewable Energy Facility State Docks Tourism Destination Attraction
 Hydropower Electricity Production Warehousing or Storage Alternative Energy Resources Electricity Production

1b. Is project located in a Favored Geographic Area? Yes No

2. Type of trade or business conducted at the project: _____

3. Description of project (Attach additional sheets if necessary. If project was phased, describe each phase.):

4. Date project was placed in service (If project was phased, enter actual date last phase placed in service.): _____

5. Actual Project Costs:		7. Number of new employees employed by this project:	
a. Building		8. Average hourly wage for new employees employed by this project:	
b. Land			
c. Equipment			
d. Architectural and Engineering			
e. Landscaping			
f. Other			
6a. Total Actual Project Costs			
6b. Annual Credit Available (multiply line 6a by 5%)			

9. Has investing company reduced its workforce in Alabama within two years of project being placed in service? Yes No

10. Has an investing company in the project closed a facility in Alabama within two years of project being placed in service? Yes No If yes, complete the following:
 Date of closure: _____ Number of employees at the date of closure: _____
 Location of facility: _____

11. Has any of the property identified in line 5 been previously placed in service in Alabama by an investing company or a related party? Yes No

12. Contact person for capital credit and to whom all correspondence will be sent: _____

Allocations of Capital Credit

A **complete** list of all participants in the project entity entitled to receive the Capital Credit must be provided. (Attach additional sheets if necessary.)

1. Name: _____	2. Name: _____
Address: _____	Address: _____
City: _____ State: _____ Zip: _____	City: _____ State: _____ Zip: _____
Social Security No. or FEIN: _____	Social Security No. or FEIN: _____
Percentage Allocation of Credit: _____ %	Percentage Allocation of Credit: _____ %

Under penalties of perjury, I declare that I am duly authorized to complete this form and that I have listed all the participants of the project entity. I have examined the above statements and to the best of my knowledge and belief they are true, correct, and complete.

Your Signature: _____ Title: _____ Date: _____

Instructions for Preparing Report of Investment in Project for Income Tax Capital Credit (Form INT-2)

GENERAL INSTRUCTIONS

Title 40, Chapter 18, Articles 7 and 9, *Code of Alabama 1975* provide for an annual capital cost credit against Alabama income tax liability generated by or arising out of a qualifying project in the amount of five percent of capital costs for 20 years, beginning in the year the qualifying project is placed in service. For certain qualifying projects, the credit can be applied against the financial institution excise tax generated by or arising out of a qualifying project.

This form is to serve as the written statement of the actual investment (capital costs) in a project in accordance with the provisions of Section 40-18-190 et seq. and Section 40-18-240 et seq., and should be filed when these costs are known and after the project is placed in service. The forms submitted by the project entity will constitute a filing on behalf of all shareholders, partners, members, owners, or beneficiaries of the investing company(ies) entitled to the capital credit.

If you have any questions pertaining to the administration of this form or related to the capital credit in general, please contact the Alabama Department of Revenue at (334) 242-1175. Mail this completed form to: Alabama Department of Revenue, ATTN: Capital Credit Program Administrator, P.O. Box 327001, Montgomery, AL 36132-7001.

STATUTORY REQUIREMENTS FOR QUALIFYING PROJECTS

Industrial, Warehousing or Research Activity Project. A project at which the predominant trade or business activity conducted will constitute industrial, warehousing, or research activity, with capital costs not less than \$2,000,000. The project must create a minimum of 20 jobs for new employees and the average hourly wage of all new employees at the project must not be less than the base wage requirement. If the project is located in a Favored Geographic Area, capital costs are not less than \$500,000, minimum job creation is five (5) and the project is subject to a lower base wage requirement. Industrial, warehousing, or research activity is defined in Section 40-18-190(a)(8) as any trade or business in the 2007 North American Industrial Classification System (NAICS), promulgated by the Executive Office of the President of the United States, Office of Management and Budget as: Sectors 31 (except National Industry 311811), 32, and 33, Subsectors 423, 424, 511 and 927, Industry Groups 2121, 5417, 5415, and 5182, Industries 11331 and 48691, National Industries 115111, 517110, 541380, and 561422 (in bound call centers only). Also included is any process or treatment facility which recycles, reclaims, or converts materials, which include solids, liquids, or gases, to a reusable product.

Small Business Addition Project. A project at which the predominant trade or business activity conducted will constitute industrial, warehousing, or research activity as defined in Section 40-18-190(a)(8), with capital costs not less than \$1,000,000. The project must create a minimum of 15 jobs for new employees and the average hourly wage of all new employees at the project must not be less than the base wage requirement. A small business addition is an addition to an existing facility, to be used as a part of any existing facility of a business located in the state that, prior to the date on which the addition is placed in service, had 100 or fewer full-time employees.

Headquarters Facility Project. A project described in the 2007 North American Industrial Classification System (NAICS) National Industry 551114, with capital costs not less than \$2,000,000. The project must create a minimum of 50 jobs for new employees and the average hourly wage of all new employees at the project must not be less than the base wage requirement. Headquarters facility projects do not have Favored Geographic Area status.

Data Processing Center Project. An establishment engaged in the provision of complete processing and specialized reports from data, the provision of automated data processing and data entry services, the provision of an infrastructure for hosting or data processing services, the provision of specialized hosting activities, the provision of application service provisioning, the provision of general time-share mainframe facilities, or some combination of the foregoing, without regard to whether any other activities are conducted at the establishment, with capital costs not less than \$2,000,000. The project must create a minimum of 20 jobs for new employees and the average hourly wage of all new employees at the project must not be less than the base wage requirement. If the project is located in a Favored Geographic Area, capital costs are not less than \$500,000, minimum job creation is five (5) and the project is subject to a lower base wage requirement.

Research & Development Facility Project. An establishment engaged in conducting original investigations undertaken on a systematic basis to gain new knowledge and/or applying research findings or other scientific knowledge to create new or significantly improved products or processes, with capital costs not less than \$2,000,000. The project must create a minimum of 20 jobs for new employees and the average hourly wage of all new employees at the project must not be less than the base wage requirement. If the project is located in a Favored Geographic Area, capital costs are not less than \$500,000, minimum job creation is five (5) and the project is subject to a lower base wage requirement.

Renewable Energy Facility Project. Any plant, property, or facility that either 1) produces electricity or natural gas, in whole or in part, from biofuels as such term is defined in Section 2-2-90(c)(2) or from renewable energy resources as such term is defined in Section 40-18-1(30) with the exception that hydropower production shall be excluded from such definition; or 2) produces biofuel as such term is defined in Section 2-2-90(c)(2), with capital costs not less than \$2,000,000. The project must create a minimum of 20 jobs for new employees and the average hourly wage of all new employees at the project must not be less than the base wage requirement. If the project is located in a Favored Geographic Area, capital costs are not less than \$500,000, minimum job creation is five (5) and the project is subject to a lower base wage requirement.

Warehousing or Storage Activity Project. A project falling within Subsector 493 of the 2007 North American Industry Classification System, where the project will provide logistics services related to the distribution of goods, with capital costs not less than \$5,000,000. The project must create a minimum of 50 jobs for new employees and the average hourly wage of all new employees at the project must not be less than the base wage requirement. If the project is located in a Favored Geographic Area, capital costs are not less than \$1,000,000 and the project is subject to a lower base wage requirement.

Tourism Destination Attraction Project. A project as defined in Section 40-18-190(a)(19), with capital costs not less than \$20,000,000. The project must create a minimum of 50 jobs for new employees and the average hourly wage of all new employees at the project must not be less than the base wage requirement. If the project is located in a Favored Geographic Area, capital costs are not less than \$5,000,000, minimum job creation is 20 and the project is subject to a lower base wage requirement.

Alternative Energy Resources Electricity Production Project. A project owned by a utility described in Section 37-4-1(7)a, Code of Alabama 1975, or owned by an investing company which is itself owned by a utility, at which the predominant trade or business activity conducted will be the production of electricity from alternative energy resources as defined in Section 40-18-1(2) *Code of Alabama 1975*, with capital costs not less than \$100,000,000.

The project must create a minimum of 20 jobs for new employees and the average hourly wage of all new employees at the project must not be less than the base wage requirement. If the project is located in a Favored Geographic Area, minimum job creation is five (5) and the project is subject to a lower base wage requirement.

Hydropower Electricity Production Project. A project owned by a utility described in Section 37-4-1(7)a, or owned by an investing company which is itself owned by a utility, at which the predominant trade or business activity conducted will be the production of electricity from hydropower production as defined in Section 40-18-1(16), with capital costs not less than \$5,000,000. The project must create a minimum of 20 jobs for new employees and the average hourly wage of all new employees at the project must not be less than the base wage requirement. If the project is located in a Favored Geographic Area, minimum job creation is five (5) and the project is subject to a lower base wage requirement.

Alabama State Docks Project. A project with capital costs which are not less than \$8,000,000, and at which the predominant trade or business activity conducted will constitute industrial, warehousing, or research activity as defined in Section 40-18-240(4) as North American Industry Classification System (NAICS) Subsector 493 (Warehousing and Storage), or Industry Number 488320 (Marine Cargo Handling), when the trade or business is conducted on premises in which the Alabama State Port Authority has an ownership, leasehold, or other possessory interest and such premises are used as part of the operations of the Alabama State Port Authority. The state docks project is provided under Section 40-18-240 et seq., *Code of Alabama 1975*.

LINE BY LINE INSTRUCTIONS

Project Number – Enter the project number assigned by the Alabama Department of Revenue.

Project Entity – Enter the name of the entity that will receive the capital credit. The entity qualifying for the capital credit must be the entity meeting the requirements for the capital credit. If the qualifying project is a joint venture, a legal project entity must be created in order for the investing companies to receive the capital credit.

Single Member Limited Liability Companies (“SMLLC”) will be classified as they are classified for federal income tax purposes under the Internal Revenue Service’s (IRS) “check-the-box” regulations. If the investing company is a SMLLC that elects to be treated as a corporation for federal tax purposes, enter the SMLLC as the project entity. If the investing company is a SMLLC that does not “check-the-box” for federal income tax purposes, the SMLLC shall be treated as a disregarded entity for Alabama tax purposes and the parent must be entered as the project entity.

Qualified Subchapter S Subsidiaries (Q-sub) under 26 U.S.C. Section 1361(b)(3) shall be treated as disregarded entities for Alabama income tax purposes. If the investing company is a Q-sub, the parent must be entered as the project entity.

Project Name – Enter name of project if identified as a division or project name. Enter company Doing Business As (DBA) if project is doing business under another name. Enter the name of the SMLLC if the qualifying project is a SMLLC treated as a disregarded entity for tax purposes. Enter the name of the Q-sub if the qualifying project is a Q-sub.

Address – Enter the address to which all correspondence should be directed regarding the project.

Location of Project – Enter the project’s physical address.

FEIN – Enter the Federal Employer Identification Number.

NAICS Code – If the predominant business activity is an industrial, warehousing or research activity as defined in *Code of Alabama 1975* Section 40-18-190(a)(8), a warehousing or storage activity, a headquarters facility, or a state docks project as defined in Section 40-18-240(4), enter the 2007 North American Industrial Classification System (NAICS) code for the project.

Project Filing Status – Check the applicable box.

Line 1a – Check the applicable box. See “Statutory Requirements for Qualifying Projects” for project descriptions.

Line 1b – Indicate if project is located in a Favored Geographic Area (FGA). This designation is determined at the time the Form INT is filed for the project. A project that qualifies in a FGA will continue to be a qualified FGA project, even if the county later loses its designation as a FGA as long as the project otherwise remains in compliance with the law.

Line 2 – Briefly describe the type of trade or business that the project is engaged in. For projects that do not require a NAICS code, provide a detailed description that will identify the activities as qualifying activities. Attach additional sheets if necessary.

Line 3 – Enter a full description of the activities of the project. Please be detailed in the activities of the project. If the project was completed in

multiple stages (i.e., phases), identify all phases in the description. Attach additional sheets if necessary.

Line 4 – Enter the date project was placed in service. The credit begins on the actual date the project is placed in service. Placed in service is defined as the earlier of the date on which either a) the period for depreciation with respect to the project begins; or b) the project begins a specifically designed function for the production of revenue. If the project was completed in multiple stages (i.e., phases), enter the actual date the last phase was placed in service. **NOTE: If the project is a phased project, the capital credit will not begin until the last phase is placed in service and any tax liability incurred prior to the last phase being placed in service will not be subject to the credit.**

Line 5 – Enter the actual capital costs of the project. If the project is a phased project, enter the actual costs of all phases. To verify these costs, the asset depreciation schedule is required to be attached to the Form INT-2. The schedule should include the description, in-service date and cost of each asset. See Section 40-18-190(2), Departmental Rule 810-2-7-.01(2)(c), or Section 40-18-240(1) for specific inclusions and exclusions of capital costs.

Line 6a – Add 5a through 5j and enter total here. The qualifying project must meet the minimum capital investment for the type of project indicated.

Line 6b – Multiply line 6a by 5%. This is the maximum amount of capital credit available to be applied against the income tax or financial institution excise tax liability generated by or arising out of the qualifying project each year for 20 years, beginning in the year the project is placed in service.

Line 7 – Enter the number of new employees hired at this project. The qualifying project must meet the minimum job requirement for the type of project indicated. New employees are those persons who have not previously been employed at the site on which the project is or will be placed in service or have not been employed by the investing company or companies in this state; will be employed full-time as a direct result of the project being placed in service; and will be subject to the personal income tax imposed by Section 40-18-2, *Code of Alabama 1975*, upon commencement of employment at the project. Jobs must be provided beginning with the date which is not later than one (1) year after the project is placed in service and continuing each year thereafter. For warehousing or storage activity projects, jobs must be provided beginning with the date which is not later than two (2) years after the project is placed in service and continuing each year thereafter.

Line 8 – Enter the average hourly wage of the new employees of the project. Section 40-18-193(a) requires the average hourly wages for all new employees at the qualifying project be not less than the base wage requirement no later than one year after the project is placed in service and during each year the capital credit is available. For projects whose Form INT was filed after May 22, 2009, the base wage requirement is the lesser of the indexed hourly wage or the average hourly wage of the county where the project is located, excluding benefits. For these projects, the base wage requirement is determined as of the date the Form INT for the project was filed with the Department and will remain constant

throughout the life of the credit. To verify the wage and new employee requirements, a list of all employees working at the project should be attached to Form INT-2. The list should include employee name, social security number, date of hire, date of termination (if applicable) and average hourly wage.

Projects whose Form INT was filed on or before May 22, 2009, the base wage requirement is either an average hourly wage of not less than eight dollars (\$8) per hour or an average total compensation of not less than ten dollars (10) per hour, including benefits.

The above wage requirements do not include employees of direct processors of agriculture food products. These employees' wages shall be determined by the local labor market or a source established by the Department of Revenue if reliable local labor market statistics is not available.

Line 9a – Check the applicable box. The qualifying project must create new jobs and those jobs must be a net increase in employment for the investing company. If the investing company reduced its workforce within two years of the qualifying project being placed in service, only the number of employees in excess of the Alabama employee level prior to the reduction shall be treated as new employees for purposes of meeting the employee requirements. A two year look back period from the placed in service date may be required to determine if the existing employee base decreased prior to or during the com-

mencement of the project.

Line 9b – Check applicable box. If the investing company closed a facility in Alabama within two years of the project being placed in service, list the date of the closure for the facility, the number of employees at the facility on the date of closure, and the location of the facility. If an investing company places a qualifying project in service within two years following a facility closure, only the number of employees in excess of the number of employees who worked at the existing facility at the time of the closure shall be treated as new employees for purposes of meeting the employee requirements.

Line 10 – Check applicable box. Property previously owned or leased before the commencement of the qualifying project by the investing company or a related party shall not be included as a part of the project's capital cost unless such property was located outside of Alabama at least one year prior to the date the project is placed in service.

Line 12 – Enter the name of the person to which all correspondence should be directed regarding the project. Include a telephone number if different from the number indicated on the top of this form.

Allocations of Capital Credit – List all participants of the project entity entitled to receive the capital credit. Attach additional sheets if necessary.