

Alabama

Program	New Markets Development Tax Credit
Enacting Legislation	Click here
CDE Application Process	Needs to be a CDE for federal purposes that has entered into an allocation agreement with the CDFI Fund pursuant to which Alabama is included in the CDE's service area.
Annual State CAP limits	\$20,000,000
Transaction CAP limits	Maximum QLICI per QALICB is \$10,000,000
What is the credit	50 percent of the taxpayer's equity investment
How is the credit claimed	Year 1: 0%, Years 2-7: 8.33%
Credit period (compliance)	7 years (same as federal)
QALICB requirements	Same as federal
Recapture	<p>The following events cause recapture: 1) the federal new market tax credits associated with a QEI are recaptured (recapture amount proportionate to the federal recapture); 2) the CDE fails to invest 85% of a QEI within 12 months and maintain such level of investment until the last credit allowance date for such QEI (recapture amount equal to all credits claimed); and 3) the CDE redeems or makes a principal payment with respect to a QEI prior to the 7th anniversary of a QEI (recapture amount proportionate to the amount of redemption or repayment).</p> <p>90 day cure period for recapture after notice from the Department of Revenue.</p>
Other	<p>Tax credits claimed under this act shall not be saleable or transferable. Tax credits earned by a partnership, limited liability company, S corporation, or other "pass-through" entity may be allocated to the partners, members, or shareholders of that entity for their direct use in accordance with the provisions of any agreement among the partners, members, or shareholders. Any amount of tax credit that the taxpayer, or partner, member, or shareholder thereof, is prohibited from claiming in a taxable year may be carried forward to any of the taxpayer's subsequent taxable years.</p>
Contact	The Alabama Development Office