

The graphic features a green silhouette of Alabama with a white outline, positioned in the upper left. A beam of light from the silhouette points to a yellow star on a globe of the United States in the lower left. Another globe is visible in the upper right. The background is a colorful, abstract pattern of numbers and symbols.

# Alabama's Advantages

*Alabama Development Office*

[www.ado.state.al.us](http://www.ado.state.al.us)

# ALABAMA

## BUSINESS CLIMATE

Alabama continues working to create one of the most favorable business climates to be found in the United States and to compete globally. It is recognized as a state with a low overall tax structure, streamlined regulatory and environmental permitting procedures, and favorable tax and business development incentives.

Among the factors that support Alabama as a site for new and expanding companies are:

- ✓ Alabama has proven to be a leader in its ability to form partnerships with its communities and private businesses to build special incentive packages as a means of investing in quality companies that locate in the state.
- ✓ Alabama is home to eight Inc. Magazine Top 500 companies (2002). Alabama is also home to 24 manufacturing headquarters and a total of 49 corporate headquarters, which ranks the state 21st nationally.
- ✓ More than 5,200 manufacturing and distribution companies employ 312,500 Alabamians and export over \$8.3 billion worth of goods and services.
- ✓ Major capital investment continues to flow into the state with 57 new company investments and 307 company expansions announced in 2002 – a total of \$3.5 billion in capital investment and more than 17,800 jobs, earning Southern Business and Development's "State of the Year" status for Alabama.
- ✓ The Center for Enterprise Development named Alabama the No. 1 state for business vitality.
- ✓ Alabama has the 3rd highest concentration of High-Tech employees in the Southeast - AEA, Cyberstates (2002).
- ✓ Financial World ranked Alabama as the fifth best in the nation for operating a business when it came to energy, labor and taxes.
- ✓ The state ranks 9th nationally in the percentage of African American-owned firms according to figures released in March 2001 by the U.S. Commerce Department's Census Bureau.
- ✓ Alabama was recently ranked 10th in the Small Business Survival Index compiled by the Small Business Survival Committee 2002.
- ✓ "Alabama has become one of the new leaders of North America's automotive industry," states Area Development magazine in its September 2005 cover story.
- ✓ Plants Sites & Parks magazine (Business Monitor – May 2003) "Top 25 U.S. Business Projects Based on New Jobs" included announcements from four small Alabama cities: Laverne, Enterprise, Oxford and Shorter.
- ✓ Ranked 10th among the Top 20 U.S. States For Small Town Projects for 2000-2002-Site Selection Magazine (March 2003).
- ✓ Expansion Management Magazine 2002 ranked Alabama among the Top 10 for pro-business State Legislatures.
- ✓ Alabama was named one of the 10 best states to start a business by Louis Rukeyser's Book of Lists.
- ✓ Alabama ranks 15th among states for foreign-owned manufacturing investments. More than 200 businesses from 25 nations are represented - Expansion Management Magazine 2002.
- ✓ The School of Medicine at the University of Alabama at Birmingham made the nation's Top 25, according to U.S. News and World Report.
- ✓ The major permitting agencies involving air, sewer, water, solid and hazardous waste are all coordinated through one umbrella agency, a single point of contact for all state environmental regulations.
- ✓ Alabama is a "Right-to-Work" state, which means that employees are free to work for your company without third party representation as a group or as individuals if they choose.



# PROFILE

## ALABAMA ADVANTAGES

Alabama is a state that through its sense of tradition, strong work ethic and determination to succeed has been able to attract world-class companies to locate in the heartland of the South. In recent years, Alabama has proven itself to be a prime location for new and expanding businesses.

- ✓ A capable workforce is available at competitive wages.
- ✓ Alabama Industrial Development Training has recruited and trained workers for a variety of aerospace companies, including Mobile Aerospace, Boeing, Sikorsky, Dow-UTC and Rohr. The state offers this service to new and expanding companies in Alabama.
- ✓ A variety of advanced engineering, technology, research, and development facilities and programs is located at various universities and colleges throughout the State.
- ✓ Ranked nationally among the lowest electricity costs for industrial users (Morgan Quitno's State Rankings 2003) and a net exporter of electricity, Alabama's three major electric utilities provide dependable, low-cost power.
- ✓ Water resources are approximately 20 times greater than present usage. One-twelfth of all the ocean-flowing water in the U.S. travels through Alabama.
- ✓ Alabama's forestland covers more acres than the size of Connecticut, Delaware, Maryland, Massachusetts, New Hampshire and Rhode Island combined.
- ✓ One-half (1/2) of the U.S. population lives within a 500-mile radius and over two-thirds (2/3) within 750 miles.
- ✓ A low cost of living complements an enviable quality of life in areas such as recreation, entertainment and cultural diversity.
- ✓ The Alabama Technology Network (ATN), a public/private partnership of the University of Alabama System, Auburn University, the Economic Development Partnership of Alabama and selected two-year technical colleges, provides worker training and technology transfer to industry in Alabama. ATN works to enhance the competitiveness of companies, strengthen the industrial base and improve the effectiveness of the work force through a coordinated network of education, training and technical assistance providers.
- ✓ Official U.S. Customs Ports-of-Entry are located at Birmingham, Mobile, and Huntsville International Airports.
- ✓ NASA's Marshall Space Flight Center is a regional technology transfer hub for government/industry teams who travel to industrial sites. In Alabama, an estimated 1,170 jobs were created or saved over an 18-month period through its programs and 41 new products were created.
- ✓ Auburn University's Industrial Extension Service helps small and medium-sized manufacturers solve technical and business problems, provides work force training and disseminates advanced technology.
- ✓ University of Alabama Birmingham's (UAB) office for the Advancement of Developing Industries is the state's advanced technology business incubator and is nationally recognized as a technology transfer organization.
- ✓ The state income and property taxes are among the lowest found anywhere in the United States. In addition, Alabama offers statutory incentive programs such as a corporate income tax credit for qualifying companies. This includes the cost of land, buildings, machinery and equipment. The program provides an annual corporate income tax credit of five percent of the total capital cost of the project for 20 years. Assuming a total cost of \$20 million in building and equipment, the abatement provides up to \$1 million in credit against Alabama corporate income taxes each year for a term of 20 years.
- ✓ Alabama provides industrial site preparation grants to assist new and expanding manufacturers.
- ✓ The Alabama Enterprise Zone program provides a package of business development incentives which offers businesses some of the most favorable arrangements in the country.



# ALABAMA

## LAND AND CLIMATE

Area:	51,718 square miles (133,949 km <sup>2</sup> ), including 968 sq. mile (2,507 km <sup>2</sup> ) of inland water but excluding 519 sq. mi. (1,344 km <sup>2</sup> ) of coastal water
Elevation:	Highest - Cheaha Mountain, 2,407 ft. (734 m) above sea level Lowest - sea level along the Gulf of Mexico
Coastline:	53 mi (85 km)
Forests:	Second largest commercial forest in the nation with nearly 23 million acres (9.3 million hectares) of timberland growing almost 1.6 billion trees.
Bordering states:	Florida, Georgia, Mississippi, Tennessee
Climate:	Mild year-round; occasional snowfalls in northern sectors of the state; rainfall evenly spread throughout the state.
Record high temp:	112 degrees F (44 degrees C) at Centerville on Sept. 5, 1925.
Record low temp:	27 degrees F (-33 degrees C) at New Market on Jan. 30, 1966.
Average July temp:	80 degrees F (27 degrees C)
Average January temp:	46 degrees F (8 degrees C)
Sources:	U.S. Depart. of Agriculture, Center for Business and Economic Research, University of Alabama; WorldAtlas.com

## DEMOGRAPHICS

*This vital part of the American south is known worldwide for its Southern Hospitality and as a cutting-edge center for U.S. space and defense research, biotechnological and medical research.*

Population:	4,447,100 (2000 Census)	Rank among the states:	23 <sup>rd</sup>
Distribution:	55 percent urban, 45 percent rural		

### Largest cities in Alabama:

Birmingham	242,820
Montgomery	201,568
Mobile	198,915
Huntsville	158,216
Tuscaloosa	77,906
Hoover	62,742
Dothan	57,737
Decatur	53,929

### Metropolitan Statistical Areas (2000 definition)

Birmingham	921,106
Montgomery	333,055
Mobile	540,258
Hartsville	342,376
Tuscaloosa	164,875
Columbus (GA)/Phenix City (AL)	274,624
Decatur	145,867
Florence	142,950
Dothan	137,916
Auburn/Opelika	115,092
Anniston	112,249
Gadsden	103,459

Sources: U.S. Bureau of the Census, 2000 Census of Population, PL 94-171 file; Center for Business and Economic Research, The University of Alabama

# PROFILE

## COMPETITIVE TAXES & INCENTIVES

### *State Corporate Income Tax*

- ✓ The rate of corporate income taxation is 6.5%. With a net effective rate (after the federal income tax deduction) of 4.42%, Alabama still maintains one of the lowest corporate income tax rates in the nation. (Alabama Constitution, Amendment 212)
- ✓ The Capital Investment Tax Credit, available each year for 20 years, is calculated at five percent (5%) of the total capital costs of the qualifying project and the credit begins in the year the qualifying project is "placed in service." The capital credit is available to all types of business entities, including, but not limited to: C corporations, S corporations, limited liability companies (LLCs), partnerships, trusts, and sole proprietorships.
- ✓ Act 2001-955 amended the income tax capital credit law to allow for lower thresholds for the requirements for new employees and for capital costs for projects locating or expanding in a "favored geographic area."

### *Inventory Tax*

- ✓ Unlike many other states, Alabama does not levy property tax on inventory (Section 40-9-1 (23), Code of Alabama 1975). There are also exemptions for raw materials inventory (Section 40-9-1(13), Code of Alabama 1975) and finished goods inventory (Section 40-9-1(14), Code of Alabama 1975).

### *Sales and Use Tax*

- ✓ Alabama's sales and use tax statutes contain four state rate differentials which include: a 1-1/2% rate for manufacturing and farm machinery, a 2% rate for automotive vehicles, a 3% rate for food sold through vending machines, and a 4% general rate for all other items. Local governments may also impose sales and/or use tax.
- ✓ The state sales and use taxes and non-education portions of local taxes on building construction materials and equipment may be abated for eligible projects, subject to local approval.

### *Property Tax*

- ✓ Real and personal property is subject to property tax unless specifically exempted by law. Section 214 of the Alabama Constitution limits the state millage rate on both real and personal property to 6.5 mills or \$6.50 for every \$1,000 of assessed value. In addition, counties and cities may levy additional millage rates.
- ✓ Amendment 373 provides that business property, both real and personal, will be taxed on 20% of its fair market value.
- ✓ Cities, counties, and public authorities are granted the ability to abate non-educational state, county, and city property taxes; state sales and use taxes; and non-educational county and city sales and use taxes for up to 10 years except school taxes.

### *Enterprise Zones*

- ✓ Twenty-seven designated areas throughout the state offer a tax credit/exemption to help encourage economic growth in areas considered to have depressed economies.

### *Educational Tax Credits*

- ✓ Employers who provide or sponsor a program which enhances basic educational skills of employees up to and including the 12th grade level qualify to receive a 20% tax credit.

### *Pollution Control Equipment*

- ✓ All equipment, facilities, or materials constructed or acquired primarily for the control, reduction, or elimination of air or water pollution are statutorily exempt from property taxation (Section 40-9-1 (20) Code of Alabama 1975).



# ALABAMA

## TRANSPORTATION

### Highway Network

Almost 80,000 miles of all-weather state and local roads are anchored by 23,500 miles of federal highways.

- ✓ Five interstates and a strong network of four-lane highways connect every major city and most other communities throughout the state.
- ✓ Diversified motor freight services for business and industry are available through more than 1,600 trucking and warehousing firms.

### Railroad System

Five Class I and twenty-three Class III, or shortline, competitively priced railroad companies operate in Alabama along approximately 4,728 miles of rail lines handling 93.5 million tons of cargo annually.

- ✓ These mainline railroads provide the majority of Alabama's service:
  - ✓ Norfolk Southern Corporation
  - ✓ Burlington Northern/Santa Fe Railway
  - ✓ CSX Transportation
  - ✓ Illinois Central Railroad
  - ✓ Kansas City Southern

### Air Service

- ✓ Birmingham International Airport is home to 11 airlines (6 major and 5 regional carriers), operating at 19 gates. With 72 departing and 72 arriving flights daily, Birmingham International Airport handles over 3,000,000 passengers annually. Birmingham International Airport has 3 cargo carriers, INS, U. S. Customs on site, plus a Foreign Trade Zone.
- ✓ Located within minutes of downtown Mobile, and an easy drive from anywhere in southwest Alabama, west Florida, and southeast Mississippi, Mobile Regional Airport offers all the services and amenities you expect without the stress of expansive terminals, delays, and huge crowds. With our growing schedule of flights connecting to six major hub airports—Atlanta, Dallas, Houston, Memphis, Orlando and Charlotte—you have access to domestic and international destinations throughout the world.
- ✓ The Port of Huntsville is an inland port comprised of Huntsville International Airport, the International Intermodal Center and Jetplex Industrial Park. In addition to convenient passenger service provided by American Airlines, American Eagle, ASA, COMAIR, Continental Express, Delta Air Lines, Northwest Airlink, US Airways and US Airways Express, they also offer air and rail cargo services and business location opportunities.
- ✓ Dothan, Tuscaloosa and the Shoals also provide regional air service. In addition, Alabama communities are served by ninety-six public-use airfields in the state.

### Waterways

- ✓ The Port of Mobile is the global deepwater gateway for Alabama. The Port handles a variety of cargos, including containers, forest products, metals, and bulk cargo. The Mobile ship channel has a maximum depth of 45 feet, able to handle most of the world's ships. The Port of Mobile is one of the largest deepwater ports in the U.S., served by more than 130 steamship lines providing substantial shipping capabilities connected to 14 public and 155 private inland dock facilities.
- ✓ The Alabama State Docks, which comprise the public facilities of the Port of Mobile, are located along the Intercoastal Waterway approximately 32 miles from the Gulf of Mexico. The Alabama State Docks also has ten inland docks on four river systems (Tennessee, Chatahoochee, Alabama, and Warrior/Tombigbee).
- ✓ The entire port complex has direct access to more than 1,500 miles of navigable inland barge routes, as well as to the 16,000 miles of interstate barge lanes in the Tennessee-Tombigbee Waterway. Channel depths in the Port range from 40 feet to 45 feet.
- ✓ Extensive system of water transportation includes approximately 1,300 miles of navigable water on six different waterways.

### United States Interstate Network

Alabama boasts a system of 905 miles (1456 kilometers) of interstate highways, including five major interstates and direct routes to many important US markets.



# PROFILE

## TRAINING, WORKFORCE & EDUCATION

Alabama can provide a capable workforce at competitive wages.

- ✓ Alabama Industrial Development Training (AIDT) was established to recruit, assess and train qualified potential employees at no cost to the industry and based on company criteria for both new and expanding industries. Job-specific pre-employment and on-the-job training programs are provided in addition to trainee recruitment and screening; and a full range of customized technical training programs that are free to the employers and to the trainees. Management and supervisory training programs such as Total Quality Management (TQM) and ISO 9000 are also available.
- ✓ The Alabama Department of Postsecondary Education (DPE) oversees the state's system of 21 community colleges, 5 technical colleges and an upper division college, offering a host of economic and workforce development programs. DPE provides a unified system of technical education, customized business and industry training and adult education with programs that use the best available technology and offer easy access to lifelong education and training for all Alabamians and corporate citizens.
- ✓ Seventeen state-sponsored universities and sixteen independent colleges and universities, include:
  - o Highly respected schools of accountancy, engineering, medicine, pharmacy, and veterinary programs;
  - o Internationally recognized optometry, dental, agricultural, and forestry schools.
- ✓ A long-term strategic alliance between Alabama's higher education community and advanced electronics firms guarantee a steady stream of technologically capable workers.
- ✓ Training and retaining a qualified and productive workforce also remains a challenge. The Alabama Technology Network provides hands-on business and technical assistance using experts located at seven centers of excellence and at the University of Alabama, Auburn University, and the University of Alabama in Huntsville.
- ✓ The Workforce Development Division of the Alabama Department of Economic and Community Affairs (ADECA) administers three workforce initiatives: Alabama's Career Center System, Alabama School-to-Careers System and the Alabama Welfare-to-Work Program. In addition to these initiatives, the Division administers the state level Workforce Investment Act and workforce investment programs in the 65-county Alabama Workforce Investment Area.
- ✓ The Safe State Occupational Safety and Health Consultation Program is designed to help employers control costs by reducing accidents, illnesses, and problems with regulatory compliance.
- ✓ Employment, unemployment and occupational statistics are readily available for all 67 Alabama counties.
- ✓ Birmingham, Huntsville and Tuscaloosa all host certified Japanese Saturday Schools.
- ✓ Advanced schools such as the Alabama School of Fine Arts (one of only three state-supported creative arts schools in the nation) and the Alabama School for Mathematics & Sciences nurture impassioned students by guiding and inspiring them to discover and fulfill their individual intellectual and creative abilities.



## ECONOMY

### Chief Products and Services

<b>Agriculture:</b>	Poultry, cattle and calves, greenhouse, nursery and sod products, cotton and peanuts
<b>Manufacturing:</b>	Paper products, chemicals, textiles, primary metals, food products and clothing, wood products, printing, and motor vehicles and other transportation equipment (19% of Gross State Product – GSP)
<b>Wholesale and Retail Trade:</b>	(18% of GSP)
<b>Services:</b>	Hotels and lodging, personal and business, health, educational and legal services (16.7% of GSP) Finance, Insurance and Real Estate (13.8% of GSP)
<b>Mining:</b>	Coal, natural gas, petroleum, crushed stone and limestone (1.0% of GSP)

Source: Alabama Agricultural Statistics Service 2000-2002; US Bureau of the Census, Center for Business and Economic Research, the University of Alabama

*More than 100,000 businesses  
are located in Alabama*



## INTERNATIONAL INVESTMENT & TRADE

- ✓ Alabama is situated in the center of the fastest-growing region in the country, the Southeast United States.
- ✓ Located on the Gulf of Mexico, Alabama is a gateway to the rapidly growing markets in Mexico, Central America and South America. The state is capitalizing on NAFTA through participation in such agreements as the States of the Gulf of Mexico Initiative, a regional effort designed to promote economic, educational and cultural exchanges between Mexican and U.S. states bordering the Gulf of Mexico.
- ✓ More than 200 internationally-based manufacturers from 27 countries account for more than \$16.8 billion dollars in capital investment.
- ✓ The state's top export sectors include automotive, computers and electronic products, forest products, industrial machinery and organic chemicals.
- ✓ Alabama ranks 27<sup>th</sup> in the U.S. for exports with companies shipping products to 208 countries.
- ✓ Some 2,200 Alabama companies provide high-quality Alabama-made products and services ready for export. These significant industries include automotive, aerospace, agribusiness and forestry products, chemicals medical and biotechnology, electronics and steel.
- ✓ Alabama is an important producer and exporter of agricultural products. Top agricultural exports include poultry, cotton, peanuts, live animals, red meats and feed products.
- ✓ Alabama's main imports include mineral fuel, apparel, industrial machinery, electronic machinery and aluminum articles.
- ✓ Alabama's exports of goods and services directly and indirectly support approximately 115,000 jobs in the state.
- ✓ The Alabama State Port Authority operates a full-service port on the Mobile River, 33 miles from the Gulf of Mexico. Transportation advantages include unencumbered access, adjacent to two main interstate highways, 5 class I railroads, 15,000 miles of barge lane, container/intermodal general cargo & bulk terminals with dedicated truck control gate, 27 general cargo berths dredged to 40 foot water depth, over 2.4 million square feet of warehouses and over 4 million square feet of covered and open storage. State Port expansion plan features a 40-acre container and multi-user intermodal terminal, two 2,000-foot berths on 45 ft. channel, adjacent to two major interstate highways and air cargo terminal, with dedicated value-added warehousing and distribution areas.
- ✓ The U.S.-Mexico rail-ferry service from the ports of Mobile, Alabama and Coahuacoales, Mexico, features multi-vessel sailings and fast transit time (3 days on the water).
- ✓ The Port of Huntsville is an innovative and unique inland port comprised of Huntsville International Airport, the International Intermodal Center and Jexplex Industrial Park. The Port provides a single hub location that specializes in a wide range of services.
- ✓ Six Foreign Trade Zones (FTZ) and numerous sub-zones currently operate in Alabama.
- ✓ Public/private grant programs are designed to assist Alabama companies in expanding export activities.
- ✓ Six Alabama banks provide complete international banking services for companies located throughout the Southeast.
- ✓ Additional export assistance is available through a number of non-profit trade associations, chambers of commerce, customhouse brokers, foreign freight forwarders, university programs, federal agencies and honorary consulates.
- ✓ Alabama Development Office offers trade promotion services to Alabama manufacturers, including
  - o participation in overseas catalog shows, trade shows, and trade missions
  - o opportunities to meet one-on-one with foreign buyers visiting Alabama; and
  - o a listing in the Alabama International Trade Directory, a worldwide publication.