TCEDA PROJECT HIGHLANDS FAQs

WHAT DID TCEDA APPROVE AT ITS 9/24/2026 BOARD MEETING?

The Tuscaloosa County Industrial Development Authority, doing business as Tuscaloosa County Economic Development Authority ("TCEDA"), approved a tax abatement for APLD BHM-01 LLC and Kayvens, LLC (known together as Project Highlands) to support the location of a $3.2865 billion dollar data processing center project and more than 100 direct jobs in Brookwood, Alabama. Consideration was given to this project because of the significant tax revenue that will be generated for our local schools through non-abated education ad valorem, sales and use taxes.

WHAT ARE THE DETAILS OF THE TAX ABATEMENT?

Pursuant to the tax abatement statute relating to data processing center projects in the State of Alabama, the TCEDA board approved abating the eligible portion of ad valorem, sales and use taxes on real and personal property. State law allows for a tax abatement to be available for up to 30 years for qualifying data processing centers. TCEDA approved a tax abatement for only a 20-year period. In addition, TCEDA negotiated a Payment in Lieu of Taxes (PILOT) to be paid by the developer to provide future revenue to those local entities whose taxes are being abated.

HOW IS A DATA PROCESSING CENTER TAX ABATEMENT DIFFERENT FROM A STANDARD TAX ABATEMENT?

Tax abatements available to qualifying data processing center projects allow for an abatement of certain ad valorem, sales and use taxes to be applied to eligible purchases throughout the approved abatement period which may be up to thirty (30) years. This includes a refresh of computer equipment that is typical for a data processing center. With a standard tax abatement, the abatement of sales and use taxes on new purchases is available until a project reaches its placed-in-service date (i.e., starts operations), while the ad valorem tax abatement is applied until the end of the approved tax abatement period (up to 10 years) on real and personal property purchased by the project placed-in-service date.

WHAT ARE THE DETAILS OF THE PILOT?

A total PILOT of $270 million to be distributed over 20 years will be paid by the developer to TCEDA. Each annual payment will be shared by local entities whose taxes were abated based upon the tax proceeds which would have been paid if the taxes had not been abated . Local entities include: City of Brookwood, Tuscaloosa County, cities of Tuscaloosa and Northport, DCH Healthcare Authority, and the Tuscaloosa County Road Improvement Commission. Funds from the PILOT will provide additional resources for our community and its citizens.

WHAT TAXES ARE NOT ABATED?

Non-abatable taxes include taxes earmarked for education purposes and taxes directed to the Alabama Development Fund. Estimates based on INITIAL project investment numbers only and for the 20-year abatement period identify more than $131.5 million in education taxes of ad valorem and sales taxes and approximately $29 million for the Alabama Development Fund.

Additional education tax revenue that is not included in the INITIAL project numbers will be generated from future investment in the project by both the developer and tenant.

HOW MANY ACRES ARE INCLUDED IN THE APPROVED TAX ABATEMENT?

TCEDA approved no more than 160 acres of contiguous property of the approximately 1200 acres owned by the developer to be included in the approved tax abatement. A project site with its own parcel ID number for ad valorem purposes of up to 160 acres will be identified for an approximately 1.3 million square foot data processing facility and auxiliary operations. The physical location of the site is described as north of the 17000 block of Brookwood Parkway. The remaining acres owned by the developer are not included in the tax abatement approved by the TCEDA board at its September 2026 board meeting. Any future data processing center campuses at this location would be expected to be identified similarly for an incentives request.

WHAT EVALUATION PROCESS DID TCEDA USE FOR THE PROJECT?

TCEDA employed its typical process for evaluating a request for tax abatement consideration by a project. Two TCEDA committees review capital investment and job numbers provided by the Project and analyze those numbers through an independent cost-benefit analysis to determine the overall costs and benefits to the community. A project is presented to the board for consideration once both committees have finalized their review and findings. In May 2026, the TCEDA board authorized its Executive Committee to negotiate incentive details for Project Highlands.

OTHER THAN SCHOOL TAX REVENUE, WHAT FACTORS WERE CONSIDERED IN THE EVALUATION PROCESS?

Support of the two governmental entities in whose jurisdiction the project site is located was a priority, as is the case for all projects considered by TCEDA. The project plans to use a closed-loop cooling system to support its IT equipment which will limit the annual consumption of water. TCEDA staff investigated and reported the effect of Project Highlands on the availability of electric power to consumers, as well as both existing and potential industries. Company generators will be housed within structures to limit sound levels. The developer has demonstrated to be a good community partner in other locations.

WERE LOCAL GOVERNMENTS INVOLVED IN THE DECISION-MAKING PROCESS?

TCEDA worked in conjunction with representatives of Tuscaloosa County and the City of Brookwood, as the governing jurisdictions for the site, throughout the Authority's project consideration process. Both governments support the incentives approved by the TCEDA board.

WERE OTHER COMPANY INCENTIVES APPROVED BY TCEDA FOR THE PROJECT?

No other company incentives were approved by the TCEDA board. The Authority is aware that the developer may pursue training assistance from AIDT, Alabama's nationally recognized workforce training agency under the Alabama Department of Commerce.

WHAT OTHER TAX REVENUE IS EXPECTED FROM THE PROJECT?

The City of Brookwood would be expected to receive revenue that is typically paid to a municipality by a business located within its jurisdiction. This might include building permits, business license fees, and a utility license tax. Additional revenue is expected during the construction phase of the project with a potential influx of thousands of workers to the area, which will benefit our cities, county and state. Site work is expected to start October 2026, and construction is scheduled to be completed by the end of 2028.

DEFINITIONS/TERMS

Developer: APLD BHM-01 LLC (Applied Digital)

Tenant: Kayvens LLC

Hyperscale data center: A large, highly scalable computing facility engineered to support significant data processing, storage, and networking workloads.

TCEDA: TCEDA is the lead public economic development agency responsible for industrial recruitment, business expansion, and job retention in Tuscaloosa County, Alabama. The Authority was established in 1973 for the purpose of promoting industry and trade and was incorporated in 1976 and re-incorporated in 1989 pursuant to Act 89-404 of the 1989 Regular Session of the Legislature of the State of Alabama.

TCEDA Board: The board of directors of TCEDA includes 22 voting members representing communities throughout the county and appointed by local governmental entities as outlined in the Authority's Articles of Reincorporation. Representation includes: six appointments by the Tuscaloosa County Commission, two appointments by the County Probate Judge, seven appointments by the City of Tuscaloosa, three appointments by the City of Northport, and two appointments each by the cities of Brookwood and Vance. In addition, the board is supported by a number of ex-officio members that serve in an advisory capacity.

Tax Abatements: Under Alabama's Tax Incentive Reform Act of 1992, cities, counties, and public industrial authorities may grant tax abatements of certain ad valorem and sales and use taxes for new and expanding qualifying projects. Tax abatements are a forgiveness of eligible taxes and are not a refund or rebate.

Non-abatable Taxes: Taxes not eligible for abatement under the Tax Incentive Reform Act of 1992 include state and local educational ad valorem, sales and use taxes and state ad valorem, sales and use taxes designated for the Alabama Development Fund.

Data Processing Center Abatements: Tax abatements for data processing centers granted under the Tax Incentive Reform Act of 1992 on or after January 1, 2027 will reflect a maximum allowed abatement period of 20 years, which reduces the current number of available years by 10.

Alabama Development Fund: A sustainable, long-term funding source created by Governor Kay Ivey to power Alabama's economic development efforts including economic growth, infrastructure, and workforce development. It captures a small portion of taxes previously abated in qualified economic development projects—specifically 0.75% of state sales tax abatements and 1 mill of state property tax abatement. It was effective June 1, 2026. (*Source: Made in Alabama*)