Remove tax incentives for companies that break child labor laws in Alabama

By Dev Wakeley, worker policy advocate | January 2025

Overview

Companies that accept public money through economic development incentives should be held accountable when breaking laws that protect workers.

But because Alabama's historical development model caters to big companies at the expense of workers, consequences for bad actors are too light.

The state's development philosophy is heavy on tax breaks and light on accountability for companies that accept them.

These tax incentives can climb to hundreds of millions of dollars per company. But policymakers too often don't demand good wages, fair treatment of workers, or worker input into decisions when handing out incentives.

Further, the state doesn't take public money away when companies and their subsidiaries break labor laws, including laws that prohibit employing children in dangerous work.

The scourge of child labor violations in Alabama

Child labor scandals have plagued the state recently, and the number of children illegally employed nationally has increased significantly in recent years. Bad employers often seek out cheap labor to maximize profits, and that profit-above-all mentality can result in worker abuses.

In 2024, the U.S. Department of Labor sued multiple companies in the Hyundai supply chain for violations occurring at a facility in Luverne. The lawsuit alleged that Hyundai, its subsidiary SL Alabama and temporary worker agency Best Practice Service jointly employed a 13-year-old to work 60-hour weeks in auto manufacturing.

Hyundai received more than a quarter of a billion dollars in tax incentives for the initial plant buildout, and the company has received millions more since then in expansion incentives.

At the same time Alabama has refused to force accountability on companies for breaking child labor laws, the state has stripped incentive eligibility from companies that voluntarily recognize unions.

Many lawmakers voted to strip incentives from companies that choose to support workplace democracy. But the Legislature so far has not extended the same financial consequences for companies that break child labor laws.

Hyundai's supply chain is not alone in violations of child labor laws. Alabama's agricultural industry, particularly chicken processing plants, has a recurring problem with employers exploiting child labor in dangerous work settings.

And child labor violations can be deadly for workers victimized by bad employers. As one example, Apex Roofing paid a $117,175 fine in 2024 after a 15-year-old boy in Cullman County fell to his death on his first day illegally working to install a roof on an industrial building.

Not all companies with child labor problems have gotten generous state incentives like Hyundai has received. But common sense dictates that Alabama shouldn't be using public money – much of which ironically is diverted from the Education Trust Fund – to subsidize companies that illegally employ children in dangerous work.

How Alabama lawmakers can fix this problem

SB 22, sponsored by Sen. Merika Coleman, D-Pleasant Grove, would be an important step toward corporate accountability in Alabama. This bill would allow removal of tax incentives from companies that violate either state human trafficking laws or child labor provisions in the federal Fair Labor Standards Act.

This bill would provide an important enforcement avenue for basic standards of human decency from employers and important protections for Alabama's children.

Bottom line

Companies that break child labor laws shouldn't receive public money while they're doing so. The people of Alabama deserve good jobs and responsible employers. Economic development does not require that we accept bad actor companies taking dangerous, illegal shortcuts. Bad employers harm their workers and the overall economy, and they shouldn't be rewarded for exploitative business practices.

SB 22's removal of tax incentives from child labor law violators would help protect Alabama children from dangerous economic exploitation. And it would force companies to act more fairly toward workers and communities across our state.