

1 SB255
2 127704-2
3 By Senators Dial, Holley, Scofield, Blackwell, Whatley,
4 Keahey, Waggoner, Ward and Marsh
5 RFD: Finance and Taxation General Fund
6 First Read: 22-MAR-11

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4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

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11 To amend Sections 41-7A-43 and 41-7A-45 of the Code
12 of Alabama 1975, relating to the Entertainment Industry
13 Incentive Act of 2009; to further provide for rebates for
14 qualified production companies; to limit the tax exemptions to
15 the state portion of sales, use, and lodging taxes; and to cap
16 the rebate for certain amounts in excess of allowed production
17 expenditures.

18 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

19 Section 1. Sections 41-7A-43 and 41-7A-45 of the
20 Code of Alabama 1975, are amended to read as follows:

21 "§41-7A-43.

22 "(a) Beginning January 1, 2009, a qualified
23 production company shall be entitled to a rebate for
24 production expenditures, as defined in subdivision (7) of
25 Section 41-7A-41, related to a state-certified production. The
26 rebate shall be equal to 25 percent of the state-certified
27 production's production expenditures excluding payroll paid to

1 residents of Alabama plus 35 percent of all payroll paid to
2 residents of Alabama for the state-certified production,
3 provided the total production expenditures for a project must
4 equal or exceed at least five hundred thousand dollars
5 (\$500,000), ~~but must not exceed~~ but no rebate shall be
6 available for production expenditures incurred after the first
7 ten million dollars (\$10,000,000) of production expenditures
8 expended in Alabama on a state-certified production. A single
9 episode in a television series shall be considered a single
10 production project for purposes of this section.

11 "(b) A single episode in a television series or
12 miniseries may be considered a single production project for
13 purposes of this section. However, in determining the total
14 production expenditures incurred by a qualified production
15 company on a qualified production, the total production
16 expenditures of a television series or miniseries, whether a
17 single season or multiple seasons thereof, to be filmed within
18 a period of 12 consecutive months, each individual episode of
19 which separately and independently meets the definition of a
20 qualified production, may be aggregated to meet the monetary
21 requirements set forth in subsection (a) as long as each
22 individual episode within the series pertains to the same
23 subject as the other episodes in the series.

24 "(c) A single commercial may be considered a single
25 production project for purposes of this section. However, in
26 determining the total production expenditures incurred by a
27 qualified production company on a qualified production, the

1 total production expenditures of a series of commercials to be
2 filmed within a period of 12 consecutive months, each of which
3 separately and independently meets the definition of a
4 qualified production, may be aggregated to meet the monetary
5 requirements set forth in subsection (a) as long as each
6 individual commercial within the series pertains to the same
7 subject as the other commercials in the series and was planned
8 as part of a series of commercials to be filmed within a
9 period of 12 consecutive months at the time the qualified
10 production company applied for the incentives.

11 "~~(b)~~ (d) A qualified production company shall be
12 entitled to the rebate for production expenditures as provided
13 in subsection (a) for a qualified project that is limited only
14 to the production of a soundtrack used in a motion picture or
15 documentary, provided that the production expenditures for the
16 soundtrack project must equal or exceed at least fifty
17 thousand dollars (\$50,000), but ~~must not exceed~~ no rebate
18 shall be available for production expenditures incurred after
19 the first three hundred thousand dollars (\$300,000) of
20 production expenditures expended in Alabama.

21 "(e) A qualified production company shall be
22 entitled to the rebate for production expenditures as provided
23 in subsection (a) for a qualified project that is limited only
24 to the production of a music video, provided that the
25 production expenditures for the music video equal or exceed
26 fifty thousand dollars (\$50,000), but no rebate shall be
27 available for production expenditures incurred after the first

1 two hundred thousand dollars (\$200,000) of production
2 expenditures expended in Alabama.

3 ~~"(c)(f)~~ The rebate described in this section may be
4 applied to offset any income tax liability applicable to a
5 qualified production company for the tax year in which
6 production activity in Alabama on the state-certified
7 production concludes.

8 ~~"(d) If the rebate under this section exceeds a~~
9 ~~qualified production company's Alabama income tax liability,~~
10 ~~the excess of rebate over liability shall be rebated to the~~
11 ~~qualified production company.~~

12 ~~"(e)(g)~~ The Commissioner of the Department of
13 Revenue and the office shall promulgate rules necessary to
14 administer this section.

15 "§41-7A-45.

16 "A qualified production company that intends to
17 expend in the aggregate one hundred fifty thousand dollars
18 (\$150,000) or more in connection with ~~one or more~~ a qualified
19 productions in the State of Alabama within a consecutive
20 12-month period, upon making application for, meeting the
21 requirements of, and receiving written certification of that
22 designation from the office, shall be exempted from the
23 payment of the state portion, but not the local portion of
24 sales, use, and lodging taxes levied pursuant to Sections
25 40-23-2, 40-23-61, and 40-26-1, respectively, on ~~funds~~
26 production expenditures expended in Alabama in connection with
27 the ~~qualified production~~ state-certified productions. The

1 exemption provided by this section shall not be available for
2 production expenditures incurred by a qualified production
3 company after the first ten million dollars (\$10,000,000) of
4 production expenditures expended in Alabama on a
5 state-certified project."

6 Section 2. This act shall become effective
7 immediately following its passage and approval by the
8 Governor, or its otherwise becoming law.

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Senate

Read for the first time and referred to the Senate
committee on Finance and Taxation General Fund ... 22-MAR-11

Read for the second time and placed on the calen-
dar 2 amendments..... 06-APR-11

Read for the third time and passed as amended 05-MAY-11

Yeas 26
Nays 2

Patrick Harris
Secretary