

1 SB255
2 127704-1
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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8 SYNOPSIS: Under existing law, the Entertainment
9 Industry Incentive Act of 2009 provides incentives
10 for qualified production companies to engage in
11 qualified productions by providing certain state
12 rebates and sales, use, and lodging tax exemptions.

13 This bill would clarify the qualifying
14 production expenditures for a television series or
15 miniseries or single commercial.

16 This bill would extend the rebate to certain
17 qualified productions.

18 This bill would allow rebates for the tax
19 year in which the production activity concludes.

20 This bill would add the Alabama Film Office
21 with the Department of Revenue regarding the
22 promulgation of rules concerning the rebate.

23 This bill would require a production to
24 expend \$150,000 in a 12-month period on a single
25 production to qualify for the tax exemptions.

26 This bill would require payment of the local
27 portion of the sales, use, and lodging taxes.

1 This bill would provide maximum expended
2 amounts beyond which rebates would not be allowed.

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4 A BILL
5 TO BE ENTITLED
6 AN ACT

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

15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

18 "§41-7A-43.

19 "(a) Beginning January 1, 2009, a qualified
20 production company shall be entitled to a rebate for
21 production expenditures, as defined in subdivision (7) of
22 Section 41-7A-41, related to a state-certified production. The
23 rebate shall be equal to 25 percent of the state-certified
24 production's production expenditures excluding payroll paid to
25 residents of Alabama plus 35 percent of all payroll paid to
26 residents of Alabama for the state-certified production,
27 provided the total production expenditures for a project must

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

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

21 "(c) A single commercial may be considered a single
22 production project for purposes of this section. However, in
23 determining the total production expenditures incurred by a
24 qualified production company on a qualified production, the
25 total production expenditures of a series of commercials to be
26 filmed within a period of 12 consecutive months, each of which
27 separately and independently meets the definition of a

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

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

18 "(e) A qualified production company shall be
19 entitled to the rebate for production expenditures as provided
20 in subsection (a) for a qualified project that is limited only
21 to the production of a music video, provided that the
22 production expenditures for the music video equal or exceed
23 fifty thousand dollars (\$50,000), but no rebate shall be
24 available for production expenditures incurred after the first
25 two hundred thousand dollars (\$200,000) of production
26 expenditures expended in Alabama.

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

6 "~~(d)~~(g) If the rebate available under this section
7 exceeds a qualified production company's Alabama income tax
8 liability for the tax year in which production activity in
9 Alabama concludes on the state-certified production, the
10 excess of the rebate over a qualified production company's
11 Alabama income tax liability shall be rebated to the qualified
12 production company.

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

16 "§41-7A-45.

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

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

7 Section 2. This act shall become effective on the
8 first day of the third month following its passage and
9 approval by the Governor, or its otherwise becoming law.