

1 SB49  
2 146160-2  
3 By Senator Dial  
4 RFD: Finance and Taxation Education  
5 First Read: 05-FEB-13  
6 PFD: 01/22/2013

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8 SYNOPSIS: Certain production expenses of a qualified  
9 production company that exceed the company's  
10 Alabama income tax liability are rebated to the  
11 qualified production company.

12 This bill would clarify that qualifying  
13 expenses would be rebated to qualifying production  
14 companies, retroactively effective to June 14,  
15 2011.

16  
17 A BILL  
18 TO BE ENTITLED  
19 AN ACT  
20

21 To amend Section 41-7A-43, as amended by Act  
22 2012-212, of the Code of Alabama 1975, relating to rebated  
23 production expenses of a qualified production company; to  
24 clarify that certain qualified production expenses shall be  
25 rebated to qualified production companies, retroactively  
26 effective to June 14, 2011.

27 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1                   Section 1. Section 41-7A-43, as amended by Act  
2                   2012-212, of the Code of Alabama 1975, is amended to read as  
3                   follows:

4                   "§41-7A-43.

5                   "(a) Beginning January 1, 2009, a qualified  
6                   production company shall be entitled to a rebate for  
7                   production expenditures, as defined in subdivision (7) of  
8                   Section 41-7A-42, related to a state-certified production. The  
9                   rebate shall be equal to 25 percent of the state-certified  
10                  production's production expenditures excluding payroll paid to  
11                  residents of Alabama plus 35 percent of all payroll paid to  
12                  residents of Alabama for the state-certified production,  
13                  provided the total production expenditures for a project must  
14                  equal or exceed at least five hundred thousand dollars  
15                  (\$500,000), but no rebate shall be available for production  
16                  expenditures incurred after the first twenty million dollars  
17                  (\$20,000,000) of production expenditures expended in Alabama  
18                  on a state-certified production.

19                  "(b) A single episode in a television series or  
20                  miniseries may be considered a single production project for  
21                  purposes of this section. However, in determining the total  
22                  production expenditures incurred by a qualified production  
23                  company on a qualified production, the total production  
24                  expenditures of a television series or miniseries, whether a  
25                  single season or multiple seasons thereof, to be filmed within  
26                  a period of 12 consecutive months, each individual episode of  
27                  which 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 episode within the series pertains to the same  
4 subject as the other episodes in the series.

5 "(c) A single commercial may be considered a single  
6 production project for purposes of this section. However, in  
7 determining the total production expenditures incurred by a  
8 qualified production company on a qualified production, the  
9 total production expenditures of a series of commercials to be  
10 filmed within a period of 12 consecutive months, each of which  
11 separately and independently meets the definition of a  
12 qualified production, may be aggregated to meet the monetary  
13 requirements set forth in subsection (a) as long as each  
14 individual commercial within the series pertains to the same  
15 subject as the other commercials in the series and was planned  
16 as part of a series of commercials to be filmed within a  
17 period of 12 consecutive months at the time the qualified  
18 production company applied for the incentives.

19 "(d) A qualified production company shall be  
20 entitled to the rebate for production expenditures as provided  
21 in subsection (a) for a qualified project that is limited only  
22 to the production of a soundtrack used in a motion picture or  
23 documentary, provided that the production expenditures for the  
24 soundtrack project must equal or exceed at least fifty  
25 thousand dollars (\$50,000), but no rebate shall be available  
26 for production expenditures incurred after the first three

1 hundred thousand dollars (\$300,000) of production expenditures  
2 expended in Alabama.

3 "(e) A qualified production company shall be  
4 entitled to the rebate for production expenditures as provided  
5 in subsection (a) for a qualified project that is limited only  
6 to the production of a music video, provided that the  
7 production expenditures for the music video equal or exceed  
8 fifty thousand dollars (\$50,000), but no rebate shall be  
9 available for production expenditures incurred after the first  
10 two hundred thousand dollars (\$200,000) of production  
11 expenditures expended in Alabama.

12 "(f) The rebate described in this section may be  
13 applied to offset any income tax liability applicable to a  
14 qualified production company for the tax year in which  
15 production activity in Alabama on the state-certified  
16 production concludes.

17 "(g) If the rebate available under this section  
18 exceeds a qualified production company's Alabama income tax  
19 liability for the tax year in which production activity in  
20 Alabama concludes on the state-certified production, the  
21 excess of the rebate over a qualified production company's  
22 Alabama income tax liability shall be rebated to the qualified  
23 production company.

24 "~~(g)~~ (h) The Commissioner of the Department of  
25 Revenue and the office shall promulgate rules necessary to  
26 administer this section."

1                   Section 2. Subject to its passage and approval, or  
2                   its otherwise becoming a law, this act shall be effective  
3                   retroactively to June 14, 2011.