

1 HB30
2 170926-1
3 By Representative Morrow
4 RFD: Ways and Means Education
5 First Read: 03-AUG-15

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8 SYNOPSIS: Under existing law, the Entertainment
9 Industry Incentive Act of 2009 authorizes tax
10 incentives for qualified production companies based
11 on production expenditures in Alabama on a
12 state-certified production. Incentives for
13 production expenditures expended in Alabama on a
14 state-certified production are limited to the first
15 twenty million dollars (\$20,000,000) of production
16 expenditures.

17 This bill would increase the production
18 expenditures eligible for incentives for the fiscal
19 year ending September 30, 2016, by an additional
20 ten million dollars (\$10,000,000) to a qualified
21 production company having production expenditures
22 in Alabama on a state-certified production for a
23 motion picture or television series relating to a
24 previously released documentary based on the music
25 industry in north Alabama.

26
27 A BILL

1 TO BE ENTITLED

2 AN ACT

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4 To amend Section 41-7A-43 of the Code of Alabama
5 1975, relating to the Entertainment Industry Incentive Act of
6 2009, to further provide for an increase in the production
7 expenditures eligible for incentives for qualified production
8 companies for the fiscal year ending September 30, 2016, for a
9 motion picture or television series relating to a previously
10 released documentary based on the music industry in north
11 Alabama.

12 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

13 Section 1. Section 41-7A-43 of the Code of Alabama
14 1975, is amended to read as follows:

15 "§41-7A-43.

16 "(a) (1) Beginning January 1, 2009, a qualified
17 production company shall be entitled to a rebate for
18 production expenditures, as defined in subdivision (7) of
19 Section 41-7A-42, related to a state-certified production. The
20 rebate shall be equal to 25 percent of the state-certified
21 production's production expenditures excluding payroll paid to
22 residents of Alabama plus 35 percent of all payroll paid to
23 residents of Alabama for the state-certified production,
24 provided the total production expenditures for a project must
25 equal or exceed at least five hundred thousand dollars
26 (\$500,000), but no rebate shall be available for production
27 expenditures incurred after the first twenty million dollars

1 (\$20,000,000) of production expenditures expended in Alabama
2 on a state-certified production.

3 "(2) In addition to the rebates provided in
4 subdivision (1), for the fiscal year ending September 30,
5 2016, rebates shall be available for an additional ten million
6 dollars (\$10,000,000) of production expenditures expended in
7 Alabama on a state-certified production over the first twenty
8 million dollars (\$20,000,000) of production expenditures for a
9 motion picture or television series related to a previously
10 released documentary on the music industry in north Alabama.

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 "(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 no rebate shall be available
18 for production expenditures incurred after the first three
19 hundred thousand dollars (\$300,000) of production expenditures
20 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 "(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 "(g) If the rebate available under this section
9 exceeds a qualified production company's Alabama income tax
10 liability for the tax year in which production activity in
11 Alabama concludes on the state-certified production, the
12 excess of the rebate over a qualified production company's
13 Alabama income tax liability shall be rebated to the qualified
14 production company.

15 "(h) The Commissioner of the Department of Revenue
16 and the office shall promulgate rules necessary to administer
17 this section."

18 Section 2. This act shall become effective
19 immediately following its passage and approval by the
20 Governor, or its otherwise becoming law.