

**SB177 ENGROSSED**



1 SB177  
2 11THSLZ-2  
3 By Senators Bell, Gudger, Smitherman, Waggoner, Kelley,  
4 Stewart, Figures, Livingston, Price, Singleton, Chambliss,  
5 Barfoot, Allen, Chesteen, Sessions, Butler, Carnley, Williams,  
6 Stutts, Roberts  
7 RFD: Fiscal Responsibility and Economic Development  
8 First Read: 18-Feb-25



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A BILL  
TO BE ENTITLED  
AN ACT

Relating to the Entertainment Industry Incentive Act of 2009; to amend Sections 41-7A-1, 41-7A-42, 41-7A-43, as last amended by Act 2024-406 of the 2024 Regular Session, and Section 41-7A-48, Code of Alabama 1975, to rename the Alabama Film Office the Alabama Entertainment Office; to increase the maximum expenditure threshold eligible for a rebate; to include music albums as a qualified production; to set minimum expenditure limits for music albums to qualify for incentives; to increase the annual cap on incentives; to set aside a portion of the incentives annually for music albums; and to allow a portion on unspent incentives to be carried forward.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 41-7A-1, 41-7A-42, 41-7A-43, as last amended by Act 2024-406 of the 2024 Regular Session, and Section 41-7A-48, Code of Alabama 1975, are amended as follows:

"§41-7A-1

On September 1, 1995, the management of the Alabama ~~Film~~Entertainment Office shall be vested in a director who



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29 shall be appointed by the secretary of the department and  
30 shall serve at his or her pleasure. The salary shall be  
31 established by the secretary of the department and approved by  
32 the Governor. The director shall have the same rights,  
33 privileges, benefits, and membership status in the Employees'  
34 Retirement System as other unclassified employees in the state  
35 service."

36 "§41-7A-42

37 For purposes of this article, the following terms have  
38 the following meanings:

39 (1) COMPANY. A corporation, partnership, limited  
40 liability company, or any other business entity.

41 (2) DEPARTMENT. The Alabama Department of Commerce.

42 (3) ENTERTAINMENT INDUSTRY. Those persons or entities  
43 engaged in the production of entertainment content as defined  
44 under paragraph (8)a.

45 (4) EXPENDED IN ALABAMA. In the case of tangible  
46 property, property which is acquired or leased from a source  
47 within the State of Alabama; in the case of services, services  
48 performed for a qualified production project in the State of  
49 Alabama.

50 (5) OFFICE. The Alabama ~~Film~~Entertainment Office.

51 (6) PAYROLL. All salary, wages, and other compensation,  
52 including related benefits, including specifically, but not  
53 limited to, compensation and benefits provided to resident and  
54 nonresident producers, directors, writers, actors, and other  
55 personnel involved in qualified production projects in  
56 Alabama.



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57 (7) PRODUCTION EXPENDITURES.

58 a. The term includes preproduction, production, and  
59 postproduction expenditures incurred in the State of Alabama  
60 that are directly used in a state-certified production,  
61 including, but not limited to, the following: Set construction  
62 and operation, wardrobe, makeup, set accessories, and related  
63 services; costs associated with photography and sound  
64 synchronization, lighting, and related services and materials;  
65 editing and related services; rental of facilities and  
66 equipment; leasing of vehicles; costs of food and lodging;  
67 costs of catering; digital or tape editing, film processing,  
68 transfer of film to tape or digital format; transfer direct to  
69 DVD, cable, or satellite for distribution; sound mixing,  
70 special and visual effects including duplication, film  
71 processing digital, DVD, music composition, and satellite  
72 distribution; total aggregate payroll; music; airfare;  
73 insurance costs of bonding; or other similar production  
74 expenditures as determined by rule or regulation.

75 b. The term includes financial contributions or  
76 educational or workforce development in partnership with  
77 related educational institutions, or local industry  
78 organizations, or both, contributed toward the furtherance of  
79 the local entertainment media industries.

80 c. The term does not include postproduction  
81 expenditures for marketing or any amounts that are paid to  
82 persons or entities as a result of their participation in  
83 profits from the exploitation of a motion picture production.

84 (8) QUALIFIED PRODUCTION.



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85           a. The term means entertainment content created in  
86 whole or in part within the state, including motion pictures;  
87 soundtracks for motion pictures; documentaries; long-form,  
88 specials, miniseries, series, sound recordings, music albums,  
89 videos and music videos, and interstitials television  
90 programming; interactive television; interactive games; video  
91 games; commercials; infomercials; any format of digital media,  
92 including an interactive website that is intended for national  
93 or international distribution or exhibition to the general  
94 public; and any trailer, pilot, video teaser, or demo created  
95 primarily to stimulate the sale, marketing, promotion, or  
96 exploitation of future investment in either a product or a  
97 qualified production via any means and media in any digital  
98 media format, film, or videotape, provided such program meets  
99 all the underlying criteria of a qualified production.

100           b. The term does not include any ongoing television  
101 program created primarily as news, weather, or financial  
102 market reports, a production featuring current events,  
103 sporting events, an awards show or other gala event, a  
104 production whose sole purpose is fundraising, a long-form  
105 production that primarily markets a product or service, a  
106 production used for corporate training or in-house corporate  
107 advertising or other similar productions; nor does the term  
108 include any production for which records are required to be  
109 maintained under 18 U.S.C. § 2257 with respect to sexually  
110 explicit content; nor does the term mean or include any form  
111 of gambling, gaming, wagering, or pari-mutuel wagering  
112 activity or enterprise.



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113 (9) QUALIFIED PRODUCTION COMPANY.

114 a. The term means a company engaged in the business of  
115 producing a qualified production, as that term is defined.

116 b. The term does not mean or include any company owned,  
117 affiliated, or controlled, in whole or in part, by any company  
118 or person that is in default on a loan.

119 (10) RESIDENT OF ALABAMA. A natural person and, for the  
120 purpose of determining eligibility for the incentives provided  
121 by this article, any person domiciled in the State of Alabama  
122 and any other person who maintains a permanent place of abode  
123 within the state and spends in the aggregate more than six  
124 months of each year within the State of Alabama.

125 (11) STATE-CERTIFIED PRODUCTION. A qualified production  
126 approved by the office, produced by a qualified production  
127 company."

128 "§41-7A-43

129 (a) Beginning January 1, 2009, a qualified production  
130 company shall be entitled to a rebate for production  
131 expenditures, as defined in Section 41-7A-42(7), related to a  
132 state-certified production. The rebate shall be equal to 25  
133 percent of the state-certified production's production  
134 expenditures excluding payroll paid to residents of Alabama  
135 plus 35 percent of all payroll paid to residents of Alabama  
136 for the state-certified production, provided the total  
137 production expenditures for a project must equal or exceed at  
138 least five hundred thousand dollars (\$500,000), but no rebate  
139 shall be available for production expenditures incurred after  
140 the first twenty-five million dollars



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141 ~~(\$20,000,000)~~ (\$25,000,000) of production expenditures expended  
142 in Alabama on a state-certified production.

143 (b) A single episode in a television series or  
144 miniseries may be considered a single production project for  
145 purposes of this section. However, in determining the total  
146 production expenditures incurred by a qualified production  
147 company on a qualified production, the total production  
148 expenditures of a television series or miniseries, whether a  
149 single season or multiple seasons thereof, to be filmed within  
150 a period of 12 consecutive months, each individual episode of  
151 which separately and independently meets the definition of a  
152 qualified production, may be aggregated to meet the monetary  
153 requirements set forth in subsection (a) as long as each  
154 individual episode within the series pertains to the same  
155 subject as the other episodes in the series.

156 (c) A single commercial may be considered a single  
157 production project for purposes of this section. However, in  
158 determining the total production expenditures incurred by a  
159 qualified production company on a qualified production, the  
160 total production expenditures of a series of commercials to be  
161 filmed within a period of 12 consecutive months, each of which  
162 separately and independently meets the definition of a  
163 qualified production, may be aggregated to meet the monetary  
164 requirements set forth in subsection (a) as long as each  
165 individual commercial within the series pertains to the same  
166 subject as the other commercials in the series and was planned  
167 as part of a series of commercials to be filmed within a  
168 period of 12 consecutive months at the time the qualified



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169 production company applied for the incentives.

170 (d) A qualified production company shall be entitled to  
171 the rebate for production expenditures as provided in  
172 subsection (a) for a qualified project that is limited only to  
173 the production of a soundtrack used in a motion picture or  
174 documentary, provided that the production expenditures for the  
175 soundtrack project must equal or exceed at least fifty  
176 thousand dollars (\$50,000), but no rebate shall be available  
177 for production expenditures incurred after the first three  
178 hundred thousand dollars (\$300,000) of production expenditures  
179 expended in Alabama.

180 (e) A qualified production company shall be entitled to  
181 the rebate for production expenditures as provided in  
182 subsection (a) for a qualified project that is limited only to  
183 the production of a music video, provided that the production  
184 expenditures for the music video equal or exceed fifty  
185 thousand dollars (\$50,000), but no rebate shall be available  
186 for production expenditures incurred after the first two  
187 hundred thousand dollars (\$200,000) of production expenditures  
188 expended in Alabama.

189 (f) A qualified production company shall be entitled to  
190 the rebate for production expenditures as provided in  
191 subsection (a) for a qualified project that is limited only to  
192 the production of a music album, provided that the production  
193 expenditures for the music album equal or exceed thirty  
194 thousand dollars (\$30,000), but no rebate shall be available  
195 for production expenditures incurred after the first two  
196 hundred thousand dollars (\$200,000) of production expenditures





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197 expended in Alabama.

198 ~~(f)~~ (g) The rebate described in this section may be  
199 applied to offset any income tax liability applicable to a  
200 qualified production company for the tax year in which  
201 production activity in Alabama on the state-certified  
202 production concludes.

203 ~~(g)~~ (h) If the rebate available under this section  
204 exceeds a qualified production company's Alabama income tax  
205 liability for the tax year in which production activity in  
206 Alabama concludes on the state-certified production, the  
207 excess of the rebate over a qualified production company's  
208 Alabama income tax liability shall be rebated to the qualified  
209 production company.

210 ~~(h)~~ (i) The department and the Commissioner of the  
211 Department of Revenue shall adopt rules necessary to  
212 administer this section."

213 "§41-7A-48

214 (a) ~~For the fiscal year ending September 30, 2009, the~~  
215 ~~aggregate cap of incentives granted under this article shall~~  
216 ~~not exceed five million dollars (\$5,000,000) for all qualified~~  
217 ~~production companies. For the fiscal year ending September 30,~~  
218 ~~2010, the aggregate cap of incentives granted under this~~  
219 ~~article shall not exceed seven million five hundred thousand~~  
220 ~~dollars (\$7,500,000) for all qualified production companies.~~  
221 ~~For fiscal years ending September 30, 2011, and September 30,~~  
222 ~~2012, the aggregate cap of incentives granted under this~~  
223 ~~article shall not exceed ten million dollars (\$10,000,000) for~~  
224 ~~all qualified production companies. For the fiscal year ending~~



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225 ~~September 30, 2013, the aggregate cap of incentives granted~~  
226 ~~under this article shall not exceed fifteen million dollars~~  
227 ~~(\$15,000,000). For the fiscal year ending September 30, 2014,~~  
228 ~~the aggregate cap of incentives granted under this article~~  
229 ~~shall not exceed fifteen million dollars (\$15,000,000) and for~~  
230 ~~all subsequent fiscal years thereafter~~For the fiscal year  
231 ending September 30, 2015, through the fiscal year ending  
232 September 30, 2025, the aggregate cap of incentives granted  
233 under this article shall not exceed twenty million dollars  
234 (\$20,000,000) for all qualified production companies. For the  
235 fiscal year ending September 30, 2026, and all subsequent  
236 fiscal years, the aggregate cap of incentives granted under  
237 this article shall not exceed thirty million dollars  
238 (\$30,000,000) for all qualified production expenditures.

239 (b) For the fiscal year ending September 30, 2026, and  
240 all subsequent fiscal years, two million dollars (\$2,000,000)  
241 of the amounts in subsection (a) shall be reserved for music  
242 albums. In the event applications are not received and  
243 incentives are not allocated for music albums by July 1 of  
244 each year, the funds may be used for rebates to other  
245 qualified production companies.

246 (c) Any unspent incentives under this article in a  
247 fiscal year shall be carried over to the following fiscal  
248 year, provided that the total amount carried over in any  
249 fiscal year does not exceed three million dollars  
250 (\$3,000,000).

251 "(d) In addition to any reporting required by existing  
252 law for the Entertainment Industry Incentive Act of 2009, the



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253 Department of Revenue shall contract with an out-of-state  
254 entity to review and evaluate this program and report the  
255 findings to the Legislature by the 1st legislative day of the  
256 2027 Regular Legislative Session.

257 Section 2. This act shall become effective on October  
258 1, 2025.



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261 Senate

262 Read for the first time and referred .....18-Feb-25  
263 to the Senate committee on Fiscal  
264 Responsibility and Economic  
265 Development  
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267 Read for the second time and placed .....20-Feb-25  
268 on the calendar:  
269 0 amendments  
270  
271 Read for the third time and passed .....18-Mar-25  
272 as amended  
273 Yeas 30  
274 Nays 0  
275 Abstains 0  
276  
277

Patrick Harris,  
Secretary.

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