

SB177 INTRODUCED



1 SB177
2 11THSLZ-1
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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SYNOPSIS:

This bill would rename the Alabama Film Office the Alabama Entertainment Office; allows music albums to be included as a qualified production; increases the maximum expenditure threshold eligible for a rebate; establishes a minimum spend threshold for musical albums to qualify for incentives; increases the annual cap for incentives; sets aside incentives for music albums until July 1 of each year; and allows up to three million dollars (\$3,000,000) in unspent incentives to be carried forward each fiscal year, provided that the total amount carried over does not exceed three million dollars (\$3,000,000).

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



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29 include music albums as a qualified production; to set minimum
30 expenditure limits for music albums to qualify for incentives;
31 to increase the annual cap on incentives; to set aside a
32 portion of the incentives annually for music albums; and to
33 allow a portion on unspent incentives to be carried
34 forward.

35 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

40 "§41-7A-1

41 On September 1, 1995, the management of the Alabama
42 ~~Film~~Entertainment Office shall be vested in a director who
43 shall be appointed by the secretary of the department and
44 shall serve at his or her pleasure. The salary shall be
45 established by the secretary of the department and approved by
46 the Governor. The director shall have the same rights,
47 privileges, benefits, and membership status in the Employees'
48 Retirement System as other unclassified employees in the state
49 service."

50 "§41-7A-42

51 For purposes of this article, the following terms have
52 the following meanings:

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

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

56 (3) ENTERTAINMENT INDUSTRY. Those persons or entities



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57 engaged in the production of entertainment content as defined
58 under paragraph (8)a.

59 (4) EXPENDED IN ALABAMA. In the case of tangible
60 property, property which is acquired or leased from a source
61 within the State of Alabama; in the case of services, services
62 performed for a qualified production project in the State of
63 Alabama.

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

65 (6) PAYROLL. All salary, wages, and other compensation,
66 including related benefits, including specifically, but not
67 limited to, compensation and benefits provided to resident and
68 nonresident producers, directors, writers, actors, and other
69 personnel involved in qualified production projects in
70 Alabama.

71 (7) PRODUCTION EXPENDITURES.

72 a. The term includes preproduction, production, and
73 postproduction expenditures incurred in the State of Alabama
74 that are directly used in a state-certified production,
75 including, but not limited to, the following: Set construction
76 and operation, wardrobe, makeup, set accessories, and related
77 services; costs associated with photography and sound
78 synchronization, lighting, and related services and materials;
79 editing and related services; rental of facilities and
80 equipment; leasing of vehicles; costs of food and lodging;
81 costs of catering; digital or tape editing, film processing,
82 transfer of film to tape or digital format; transfer direct to
83 DVD, cable, or satellite for distribution; sound mixing,
84 special and visual effects including duplication, film



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85 processing digital, DVD, music composition, and satellite
86 distribution; total aggregate payroll; music; airfare;
87 insurance costs of bonding; or other similar production
88 expenditures as determined by rule or regulation.

89 b. The term includes financial contributions or
90 educational or workforce development in partnership with
91 related educational institutions, or local industry
92 organizations, or both, contributed toward the furtherance of
93 the local entertainment media industries.

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

98 (8) QUALIFIED PRODUCTION.

99 a. The term means entertainment content created in
100 whole or in part within the state, including motion pictures;
101 soundtracks for motion pictures; documentaries; long-form,
102 specials, miniseries, series, sound recordings, music albums,
103 videos and music videos, and interstitials television
104 programming; interactive television; interactive games; video
105 games; commercials; infomercials; any format of digital media,
106 including an interactive website that is intended for national
107 or international distribution or exhibition to the general
108 public; and any trailer, pilot, video teaser, or demo created
109 primarily to stimulate the sale, marketing, promotion, or
110 exploitation of future investment in either a product or a
111 qualified production via any means and media in any digital
112 media format, film, or videotape, provided such program meets



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113 all the underlying criteria of a qualified production.

114 b. The term does not include any ongoing television
115 program created primarily as news, weather, or financial
116 market reports, a production featuring current events,
117 sporting events, an awards show or other gala event, a
118 production whose sole purpose is fundraising, a long-form
119 production that primarily markets a product or service, a
120 production used for corporate training or in-house corporate
121 advertising or other similar productions; nor does the term
122 include any production for which records are required to be
123 maintained under 18 U.S.C. § 2257 with respect to sexually
124 explicit content; nor does the term mean or include any form
125 of gambling, gaming, wagering, or pari-mutuel wagering
126 activity or enterprise.

127 (9) QUALIFIED PRODUCTION COMPANY.

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

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

133 (10) RESIDENT OF ALABAMA. A natural person and, for the
134 purpose of determining eligibility for the incentives provided
135 by this article, any person domiciled in the State of Alabama
136 and any other person who maintains a permanent place of abode
137 within the state and spends in the aggregate more than six
138 months of each year within the State of Alabama.

139 (11) STATE-CERTIFIED PRODUCTION. A qualified production
140 approved by the office, produced by a qualified production



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141 company."

142 "§41-7A-43

143 (a) Beginning January 1, 2009, a qualified production
144 company shall be entitled to a rebate for production
145 expenditures, as defined in Section 41-7A-42(7), related to a
146 state-certified production. The rebate shall be equal to 25
147 percent of the state-certified production's production
148 expenditures excluding payroll paid to residents of Alabama
149 plus 35 percent of all payroll paid to residents of Alabama
150 for the state-certified production, provided the total
151 production expenditures for a project must equal or exceed at
152 least five hundred thousand dollars (\$500,000), but no rebate
153 shall be available for production expenditures incurred after
154 the first twenty-five million dollars
155 ~~(\$20,000,000)~~ (\$25,000,000) of production expenditures expended
156 in Alabama on a state-certified production.

157 (b) A single episode in a television series or
158 miniseries may be considered a single production project for
159 purposes of this section. However, in determining the total
160 production expenditures incurred by a qualified production
161 company on a qualified production, the total production
162 expenditures of a television series or miniseries, whether a
163 single season or multiple seasons thereof, to be filmed within
164 a period of 12 consecutive months, each individual episode of
165 which separately and independently meets the definition of a
166 qualified production, may be aggregated to meet the monetary
167 requirements set forth in subsection (a) as long as each
168 individual episode within the series pertains to the same



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169 subject as the other episodes in the series.

170 (c) A single commercial may be considered a single
171 production project for purposes of this section. However, in
172 determining the total production expenditures incurred by a
173 qualified production company on a qualified production, the
174 total production expenditures of a series of commercials to be
175 filmed within a period of 12 consecutive months, each of which
176 separately and independently meets the definition of a
177 qualified production, may be aggregated to meet the monetary
178 requirements set forth in subsection (a) as long as each
179 individual commercial within the series pertains to the same
180 subject as the other commercials in the series and was planned
181 as part of a series of commercials to be filmed within a
182 period of 12 consecutive months at the time the qualified
183 production company applied for the incentives.

184 (d) A qualified production company shall be entitled to
185 the rebate for production expenditures as provided in
186 subsection (a) for a qualified project that is limited only to
187 the production of a soundtrack used in a motion picture or
188 documentary, provided that the production expenditures for the
189 soundtrack project must equal or exceed at least fifty
190 thousand dollars (\$50,000), but no rebate shall be available
191 for production expenditures incurred after the first three
192 hundred thousand dollars (\$300,000) of production expenditures
193 expended in Alabama.

194 (e) A qualified production company shall be entitled to
195 the rebate for production expenditures as provided in
196 subsection (a) for a qualified project that is limited only to



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197 the production of a music video, provided that the production
198 expenditures for the music video equal or exceed fifty
199 thousand dollars (\$50,000), but no rebate shall be available
200 for production expenditures incurred after the first two
201 hundred thousand dollars (\$200,000) of production expenditures
202 expended in Alabama.

203 (f) A qualified production company shall be entitled to
204 the rebate for production expenditures as provided in
205 subsection (a) for a qualified project that is limited only to
206 the production of a music album, provided that the production
207 expenditures for the music album equal or exceed thirty
208 thousand dollars (\$30,000), but no rebate shall be available
209 for production expenditures incurred after the first two
210 hundred thousand dollars (\$200,000) of production expenditures
211 expended in Alabama.

212 ~~(f)~~ (g) The rebate described in this section may be
213 applied to offset any income tax liability applicable to a
214 qualified production company for the tax year in which
215 production activity in Alabama on the state-certified
216 production concludes.

217 ~~(g)~~ (h) If the rebate available under this section
218 exceeds a qualified production company's Alabama income tax
219 liability for the tax year in which production activity in
220 Alabama concludes on the state-certified production, the
221 excess of the rebate over a qualified production company's
222 Alabama income tax liability shall be rebated to the qualified
223 production company.

224 ~~(h)~~ (i) The department and the Commissioner of the



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225 Department of Revenue shall adopt rules necessary to
226 administer this section."

227 "§41-7A-48

228 (a) ~~For the fiscal year ending September 30, 2009, the~~
229 ~~aggregate cap of incentives granted under this article shall~~
230 ~~not exceed five million dollars (\$5,000,000) for all qualified~~
231 ~~production companies. For the fiscal year ending September 30,~~
232 ~~2010, the aggregate cap of incentives granted under this~~
233 ~~article shall not exceed seven million five hundred thousand~~
234 ~~dollars (\$7,500,000) for all qualified production companies.~~
235 ~~For fiscal years ending September 30, 2011, and September 30,~~
236 ~~2012, the aggregate cap of incentives granted under this~~
237 ~~article shall not exceed ten million dollars (\$10,000,000) for~~
238 ~~all qualified production companies. For the fiscal year ending~~
239 ~~September 30, 2013, the aggregate cap of incentives granted~~
240 ~~under this article shall not exceed fifteen million dollars~~
241 ~~(\$15,000,000). For the fiscal year ending September 30, 2014,~~
242 ~~the aggregate cap of incentives granted under this article~~
243 ~~shall not exceed fifteen million dollars (\$15,000,000) and for~~
244 ~~all subsequent fiscal years thereafter~~For the fiscal year
245 ending September 30, 2015, through the fiscal year ending
246 September 30, 2025, the aggregate cap of incentives granted
247 under this article shall not exceed twenty million dollars
248 (\$20,000,000) for all qualified production companies. For the
249 fiscal year ending September 30, 2026, and all subsequent
250 fiscal years, the aggregate cap of incentives granted under
251 this article shall not exceed thirty million dollars
252 (\$30,000,000) for all qualified production expenditures.



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

260 (c) Any unspent incentives under this article in a
261 fiscal year shall be carried over to the following fiscal
262 year, provided that the total amount carried over in any
263 fiscal year does not exceed three million dollars
264 (\$3,000,000)."

265 Section 2. This act shall become effective on October
266 1, 2025.