

**HB379 ENROLLED**



1 HB379  
2 SL9RY87-2  
3 By Representative Collins  
4 RFD: Ways and Means Education  
5 First Read: 03-Feb-26



## HB379 Enrolled

1 Enrolled, An Act,

2

3 Relating to the Entertainment Industry Incentive Act of  
4 2009; to amend Sections 41-7A-42, 41-7A-43, 41-7A-46,  
5 41-7A-47, 41-7A-48, and 41-7A-49, Code of Alabama 1975, to  
6 provide an additional incentive program for small productions;  
7 to clarify the eligibility of compensation to loan out  
8 companies; and to extend the deadline for the Entertainment  
9 Industry Incentive Act review and evaluation.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. Sections 41-7A-42, 41-7A-43, 41-7A-46,  
12 41-7A-47, 41-7A-48, and 41-7A-49, Code of Alabama 1975, are  
13 amended to read as follows:

14 "§41-7A-42

15 For purposes of this article, the following terms have  
16 the following meanings:

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

19 (2) DEPARTMENT. The Alabama Department of  
20 ~~Commerce~~Revenue.

21 (3) ENTERTAINMENT INDUSTRY. Those persons or entities  
22 engaged in the production of entertainment content as defined  
23 under paragraph (8)a.

24 (4) EXPENDED IN ALABAMA. In the case of tangible  
25 property, property that is acquired or leased from a source  
26 within the State of Alabama; in the case of services, services  
27 performed for a qualified production project in the State of  
28 Alabama.



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29 (5) OFFICE. The Alabama Entertainment Office.

30 (6) PAYROLL. All salary, wages, and other compensation,  
31 including related benefits, including specifically, but not  
32 limited to, compensation and benefits provided to resident and  
33 nonresident producers, directors, writers, actors, and other  
34 personnel involved in qualified production projects in the  
35 State of Alabama. For the purpose of the rebate for qualified  
36 production companies computed under Section 41-7A-43, other  
37 compensation includes payments to a loan-out company by a  
38 qualified production company only if:

39 a. The qualified production company withheld and  
40 remitted Alabama withholding tax at the highest rate levied in  
41 Section 40-18-71 on all payments to the loan-out company for  
42 services performed in this state. The amount withheld is  
43 considered to have been withheld by the loan-out company on  
44 wages paid to its employees for services performed in this  
45 state; or

46 b. The qualified production company withheld and  
47 remitted Alabama income tax at the highest rate levied in  
48 Section 40-18-5, or Section 40-18-31 in the case of a C  
49 corporation, on all payments to the loan-out company for  
50 services performed in this state. The amount withheld on  
51 payments to the loan-out company and remitted to the State of  
52 Alabama shall satisfy the loan-out company's requirement to  
53 make estimated income tax payments under Section 40-18-80.1 in  
54 the case of C corporation or Electing Pass-Through Entity, and  
55 Section 40-18-80 in the case of an individual, if the loan-out  
56 company is a Single Member LLC or independent contractor, and



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57 the requirement to pay composite tax on nonresident members of  
58 a pass-through entity under Section 40-18-24.2.

59 (7) PRODUCTION EXPENDITURES.

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

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

82 c. The term does not include postproduction  
83 expenditures for marketing or any amounts that are paid to  
84 persons or entities as a result of their participation in



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85 profits from the exploitation of a motion picture production.

86 d. This term does not include other compensation paid  
87 to a loan-out company by a qualified production company if the  
88 qualified production company does not withhold and remit  
89 either the Alabama withholding tax at the highest rate levied  
90 in 40-18-71 or Alabama income tax at the highest rate levied  
91 in Section 40-18-5, or Section 40-18-31 in the case of a C  
92 corporation. A loan-out company shall file the applicable  
93 Alabama withholding tax and/or income tax returns for the  
94 taxable year in which such services were performed. A loan-out  
95 company's failure to file an Alabama income tax return shall  
96 not disqualify payments made to that loan-out company for the  
97 rebate computed under Section 41-7A-43.

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, 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 million dollars (\$20,000,000) of production  
155 expenditures expended in Alabama on a state-certified  
156 production.

157 (b) Each year, the office may reserve up to two million  
158 dollars (\$2,000,000) for small budget qualified productions. A  
159 qualified production company shall be entitled to a rebate  
160 equal to 45 percent of payroll paid to residents of Alabama  
161 for the state-certified production, provided the total  
162 production expenditures for such small budget qualified  
163 production must equal to or exceed at least one hundred  
164 thousand dollars (\$100,000), but shall not be available if the  
165 total production expenditures exceed four hundred ninety-nine  
166 thousand nine hundred ninety-nine dollars (\$499,999).

167 ~~(b)~~ (c) A single episode in a television series or  
168 miniseries may be considered a single production project for



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169 purposes of this section. However, in determining the total  
170 production expenditures incurred by a qualified production  
171 company on a qualified production, the total production  
172 expenditures of a television series or miniseries, whether a  
173 single season or multiple seasons thereof, to be filmed within  
174 a period of 12 consecutive months, each individual episode of  
175 which separately and independently meets the definition of a  
176 qualified production, may be aggregated to meet the monetary  
177 requirements set forth in subsection (a) as long as each  
178 individual episode within the series pertains to the same  
179 subject as the other episodes in the series.

180 ~~(e)~~ (d) A single commercial may be considered a single  
181 production project for purposes of this section. However, in  
182 determining the total production expenditures incurred by a  
183 qualified production company on a qualified production, the  
184 total production expenditures of a series of commercials to be  
185 filmed within a period of 12 consecutive months, each of which  
186 separately and independently meets the definition of a  
187 qualified production, may be aggregated to meet the monetary  
188 requirements set forth in subsection (a) as long as each  
189 individual commercial within the series pertains to the same  
190 subject as the other commercials in the series and was planned  
191 as part of a series of commercials to be filmed within a  
192 period of 12 consecutive months at the time the qualified  
193 production company applied for the incentives.

194 ~~(d)~~ (e) A qualified production company shall be entitled  
195 to 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 soundtrack used in a motion picture or  
198 documentary, provided that the production expenditures for the  
199 soundtrack project must equal or exceed at least ~~fifty~~thirty  
200 thousand dollars ~~(\$50,000)~~(\$30,000), but no rebate shall be  
201 available for production expenditures incurred after the first  
202 ~~three~~two hundred thousand dollars ~~(\$300,000)~~(\$200,000) of  
203 production expenditures expended in Alabama.

204 ~~(e)~~(f) A qualified production company shall be entitled  
205 to the rebate for production expenditures as provided in  
206 subsection (a) for a qualified project that is limited only to  
207 the production of a music video, provided that the production  
208 expenditures for the music video equal or exceed ~~fifty~~thirty  
209 thousand dollars ~~(\$50,000)~~(\$30,000), but no rebate shall be  
210 available for production expenditures incurred after the first  
211 two hundred thousand dollars (\$200,000) of production  
212 expenditures expended in Alabama.

213 ~~(f)~~(g) A qualified production company shall be entitled  
214 to the rebate for production expenditures as provided in  
215 subsection (a) for a qualified project that is limited only to  
216 the production of a music album, provided that the production  
217 expenditures for the music album equal or exceed thirty  
218 thousand dollars (\$30,000), but no rebate shall be available  
219 for production expenditures incurred after the first two  
220 hundred thousand dollars (\$200,000) of production expenditures  
221 expended in Alabama.

222 ~~(g)~~(h) The rebate described in this section may be  
223 applied to offset any income tax liability applicable to a  
224 qualified production company for the tax year in which



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225 production activity in Alabama on the state-certified  
226 production concludes.

227 ~~(h)~~ (i) If the rebate available under this section  
228 exceeds a qualified production company's Alabama income tax  
229 liability for the tax year in which production activity in  
230 Alabama concludes on the state-certified production, the  
231 excess of the rebate over a qualified production company's  
232 Alabama income tax liability shall be rebated to the qualified  
233 production company.

234 ~~(i)~~ (j) The ~~department~~ Department of Commerce and the  
235 Commissioner of the Department of Revenue shall adopt rules  
236 necessary to administer this section."

237 "§41-7A-46

238 (a) A qualified production company that intends to  
239 produce all or any part of a qualified production project in  
240 Alabama and desires to be exempted from the payment of state  
241 sales, use, and lodging taxes levied pursuant to Sections  
242 40-23-2, 40-23-61, and 40-26-1, respectively, shall provide an  
243 estimate of total expenditures expected to be made in Alabama  
244 in connection with the production project. The estimate of  
245 expenditures shall be filed with the office before the  
246 commencement of the project in Alabama.

247 (b) At the time the qualified production company  
248 provides the estimate of expenditures to the ~~department~~ office,  
249 it also shall designate a member or representative of the  
250 company to work with the office and the department on  
251 reporting of expenditures and other information necessary to  
252 take advantage of the sales, use, and lodging tax exemptions



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253 afforded by this article.

254 (c) (1) An application for the sales, use, and lodging  
255 tax exemptions provided in this article may be accepted only  
256 from those qualified production companies that report  
257 anticipated expenditures in the State of Alabama in the  
258 aggregate equal to or exceeding one hundred fifty thousand  
259 dollars (\$150,000) in connection with the production of one or  
260 more qualified production projects in the State of Alabama  
261 within a consecutive 12-month period.

262 (2) The application shall be approved by the office.

263 (3) Once the application is approved by the office, the  
264 department shall issue sales, use, and lodging tax exemption  
265 certificates to the qualified production company as evidence  
266 of the exemptions. The exemptions are effective on the date  
267 the certificate is issued by the department.

268 (d) A qualified production company that is approved and  
269 receives sales, use, and lodging tax exemption certificates,  
270 but fails to expend one hundred fifty thousand dollars  
271 (\$150,000) within a consecutive 12-month period, is liable for  
272 the sales, use, and lodging taxes that would have been paid  
273 had the approval not been granted; except that the company  
274 must be given a 60-day period in which to pay the sales, use,  
275 and lodging taxes without incurring penalties. The sales, use,  
276 and lodging taxes are considered due as of the date the  
277 tangible personal property was purchased in or brought into  
278 Alabama for use, storage, or consumption for purposes of state  
279 sales and use taxes and due as of the date that lodgings occur  
280 for purposes of state lodging taxes.



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281 (e) Upon completion of a qualified production, the  
282 company shall return the sales, use, and lodging tax exemption  
283 certificates to the department and submit a report to the  
284 office of the actual expenditures made in Alabama in  
285 connection with the qualified production.

286 (f) Notwithstanding Act 98-192, the sales and use tax  
287 exemption provided for in this article shall only apply to the  
288 state sales and use tax."

289 "§41-7A-47

290 ~~The department~~Department of Commerce ~~and the office~~ may  
291 ~~collectively promulgate~~adopt rules as are necessary to  
292 implement and administer this article."

293 "§41-7A-48

294 (a) For the fiscal year ending September 30, 2015,  
295 through the fiscal year ending September 30, 2025, the  
296 aggregate cap of incentives granted under this article shall  
297 not exceed twenty million dollars (\$20,000,000) for all  
298 qualified production companies. For the fiscal year ending  
299 September 30, 2026, and all subsequent fiscal years, the  
300 aggregate cap of incentives granted under this article shall  
301 not exceed twenty-two million dollars (\$22,000,000) for all  
302 qualified production expenditures.

303 (b) For the fiscal year ending September 30, 2026, and  
304 all subsequent fiscal years, two million dollars (\$2,000,000)  
305 of the amounts in subsection (a) shall be reserved for music  
306 albums. In the event applications are not received and  
307 incentives are not allocated for music albums by July 1 of  
308 each year, the funds may be used for rebates to other



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309 qualified production companies.

310 (c) Any unspent incentives under this article in a  
311 fiscal year shall be carried over to the following fiscal  
312 year, provided that the total amount carried over in any  
313 fiscal year does not exceed three million dollars  
314 (\$3,000,000).

315 (d) In addition to any reporting required by existing  
316 law for this article, the Department of Commerce shall  
317 contract with an out-of-state entity to review and evaluate  
318 this program and report the findings to the Legislature by the  
319 1st legislative day of the ~~2027~~2028 Regular Legislative  
320 Session."

321 "§41-7A-49

322 (a) The Entertainment Industry Incentive Act of 2009,  
323 Article 3, commencing with Section 41-7A-40, Chapters 7A, of  
324 Title 41, is repealed effective December 31, 2028, unless  
325 extended by an act of the Legislature. Prior to the repeal of  
326 the incentive, the Department of Commerce shall report to the  
327 Legislature beginning in 2023 and annually thereafter,  
328 regarding the entertainment industry incentives, in accordance  
329 with Section 40-1-50.

330 (b) The repealing of the incentives in subsection (a)  
331 shall only affect the availability of the tax credits after  
332 December 31, 2028, and shall not cause a reduction or  
333 suspension of any credits awarded on or prior to December 31,  
334 2028.

335 (c) On an annual basis, the department shall furnish  
336 the Department of Commerce with a list of each qualified



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337 production company that has claimed the incentive under this  
338 act.

339 (1) The Department of Commerce shall use the  
340 information received under subsection (c) solely for the  
341 purposes of economic development planning and program  
342 evaluation.

343 (2) To ensure taxpayer confidentiality, all information  
344 shared under this section shall remain subject to the  
345 confidentiality provisions of Section 40-2A-10, Code of  
346 Alabama 1975. The Department of Commerce shall implement  
347 safeguards to ensure that taxpayer information is not  
348 disclosed to unauthorized persons or entities."

349 Section 2. This act shall become effective on October  
350 1, 2026.

