

1 SB290
2 136691-1
3 By Senator Dial
4 RFD: Finance and Taxation General Fund
5 First Read: 09-FEB-12

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8 SYNOPSIS: Under existing law, certain tax rebates and
9 sales, use, and lodging tax exemptions are
10 available as economic incentives for qualified
11 production companies in the entertainment industry
12 that engage in qualified productions in the state.

13 This bill would increase the maximum amount
14 of production costs a qualified project could
15 expend and still be eligible to receive a rebate.

16 This bill would increase the annual cap for
17 incentives allowed during any fiscal year.

18
19 A BILL

20 TO BE ENTITLED

21 AN ACT

22
23 Relating to the entertainment Industry Incentives
24 Act of 2009; to amend Sections 41-7A-43, as amended by Act
25 2011-695 of the 2011 Regular Session, and 41-7A-48 of the Code
26 of Alabama 1975, to increase the maximum expended amounts

1 beyond which rebates would not be allowed and increase the
2 annual cap for incentives allowed during any fiscal year.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Sections 41-7A-43, as amended by Act
5 2011-695 of the 2011 Regular Session, and 41-7A-48 of the Code
6 of Alabama 1975, are amended to read as follows:

7 "§41-7A-43.

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

22 "(b) A single episode in a television series or
23 miniseries may be considered a single production project for
24 purposes of this section. However, in determining the total
25 production expenditures incurred by a qualified production
26 company on a qualified production, the total production
27 expenditures of a television series or miniseries, whether a

1 single season or multiple seasons thereof, to be filmed within
2 a period of 12 consecutive months, each individual episode of
3 which 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 episode within the series pertains to the same
7 subject as the other episodes in the series.

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

22 "(d) A qualified production company shall be
23 entitled to the rebate for production expenditures as provided
24 in subsection (a) for a qualified project that is limited only
25 to the production of a soundtrack used in a motion picture or
26 documentary, provided that the production expenditures for the
27 soundtrack project must equal or exceed at least fifty

1 thousand dollars (\$50,000), but no rebate shall be available
2 for production expenditures incurred after the first three
3 hundred thousand dollars (\$300,000) of production expenditures
4 expended in Alabama.

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

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

19 "(g) The Commissioner of the Department of Revenue
20 and the office shall promulgate rules necessary to administer
21 this section.

22 "§41-7A-48.

23 "For fiscal years ending September 30, 2009, the
24 aggregate cap of incentives granted under this article shall
25 not exceed five million dollars (\$5,000,000) for all qualified
26 production companies. For fiscal years ending September 30,
27 2010, the aggregate cap of incentives granted under this

1 article shall not exceed seven million five hundred thousand
2 dollars (\$7,500,000) for all qualified production companies.
3 For fiscal years ending September 30, 2011, ~~and for all~~
4 ~~subsequent fiscal years thereafter,~~ the aggregate cap of
5 incentives granted under this article shall not exceed ten
6 million dollars (\$10,000,000) for all qualified production
7 companies. For fiscal years ending September 30, 2013, the
8 aggregate cap of incentives under the provisions of this bill
9 shall not exceed fifteen million dollars (\$15,000,000). For
10 fiscal years ending September 30, 2014, the aggregate cap of
11 incentives under the provisions of this bill shall not exceed
12 twenty million dollars (\$20,000,000) and for all subsequent
13 fiscal years thereafter, the aggregate cap of incentives
14 granted under the provisions of this bill shall not exceed
15 twenty-five million dollars (\$25,000,000) for all qualified
16 production companies."

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