

1 HB408
2 205429-1
3 By Representatives Rogers, Moore (M), Daniels, Johnson, Hurst,
4 Oliver, Lipscomb, Hall, Hollis, McCampbell, Rafferty, Wilcox,
5 Ingram, Rowe, Gaston, Faust, Lee, Jones (S), Crawford,
6 Chestnut, Hatcher, Hanes, Shiver, Simpson, McMillan, Brown
7 (C), Stringer, Howard, Estes, Drummond, Clarke, Allen,
8 Dismukes and Morris
9 RFD: Ways and Means Education
10 First Read: 05-MAR-20

SYNOPSIS: Under existing law, the Entertainment Industry Incentive Act of 2009, provides that a qualified production company is entitled to a certain rebates for qualified production expenditures.

This bill would allow a qualified production company to claim a tax rebate for production expenditures for projects which equal or exceed at least \$500,000 within 12 months from the date that the production is approved as a qualified production and would allow state certified productions to aggregate their budgets to surpass the threshold limit.

A BILL
TO BE ENTITLED
AN ACT

To amend Section 41-7A-43 of the Code of Alabama 1975, relating to rebated production expenses of a qualified

1 production company; to allow a qualified production company to
2 claim a tax rebate for production expenditures for projects
3 which equal or exceed at least \$500,000 within 12 months from
4 the date that the production is approved as a qualified
5 production; and to allow state certified productions to
6 aggregate their budgets to surpass the threshold limit.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8 Section 1. Section 41-7A-43 of the Code of Alabama
9 1975, is amended to read as follows:

10 "§41-7A-43.

11 "(a) Beginning January 1, 2009, a qualified
12 production company shall be entitled to a rebate for
13 production expenditures, as defined in subdivision (7) of
14 Section 41-7A-42, related to a state-certified production. The
15 rebate shall be equal to 25 percent of the state-certified
16 production's production expenditures excluding payroll paid to
17 residents of Alabama plus 35 percent of all payroll paid to
18 residents of Alabama for the state-certified production,
19 provided the total production expenditures for ~~a project must~~
20 ~~equal or exceed~~ one or more projects equal or exceed at least
21 five hundred thousand dollars (\$500,000) ~~, but no~~ within 12
22 months from the date of certification of the initial
23 production. State-certified productions may aggregate their
24 budgets to surpass the five hundred thousand dollar (\$500,000)
25 threshold, provided none of the aggregated productions meet or
26 exceed the threshold individually. No rebate shall be
27 available for production expenditures incurred after the first

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

4 "(b) A single episode in a television series or
5 miniseries may be considered a single production project for
6 purposes of this section. However, in determining the total
7 production expenditures incurred by a qualified production
8 company on a qualified production, the total production
9 expenditures of a television series or miniseries, whether a
10 single season or multiple seasons thereof, to be filmed within
11 a period of 12 consecutive months, each individual episode of
12 which separately and independently meets the definition of a
13 qualified production, may be aggregated to meet the monetary
14 requirements set forth in subsection (a) as long as each
15 individual episode within the series pertains to the same
16 subject as the other episodes in the series.

17 "(c) A single commercial may be considered a single
18 production project for purposes of this section. However, in
19 determining the total production expenditures incurred by a
20 qualified production company on a qualified production, the
21 total production expenditures of a series of commercials to be
22 filmed within a period of 12 consecutive months, each of which
23 separately and independently meets the definition of a
24 qualified production, may be aggregated to meet the monetary
25 requirements set forth in subsection (a) as long as each
26 individual commercial within the series pertains to the same
27 subject as the other commercials in the series and was planned

1 as part of a series of commercials to be filmed within a
2 period of 12 consecutive months at the time the qualified
3 production company applied for the incentives.

4 "(d) A qualified production company shall be
5 entitled to the rebate for production expenditures as provided
6 in subsection (a) for a qualified project that is limited only
7 to the production of a soundtrack used in a motion picture or
8 documentary, provided that the production expenditures for the
9 soundtrack project must equal or exceed at least fifty
10 thousand dollars (\$50,000), but no rebate shall be available
11 for production expenditures incurred after the first three
12 hundred thousand dollars (\$300,000) of production expenditures
13 expended in Alabama.

14 "(e) A qualified production company shall be
15 entitled to the rebate for production expenditures as provided
16 in subsection (a) for a qualified project that is limited only
17 to the production of a music video, provided that the
18 production expenditures for the music video equal or exceed
19 fifty thousand dollars (\$50,000), but no rebate shall be
20 available for production expenditures incurred after the first
21 two hundred thousand dollars (\$200,000) of production
22 expenditures expended in Alabama.

23 "(f) The rebate described in this section may be
24 applied to offset any income tax liability applicable to a
25 qualified production company for the tax year in which
26 production activity in Alabama on the state-certified
27 production concludes.

1 "(g) If the rebate available under this section
2 exceeds a qualified production company's Alabama income tax
3 liability for the tax year in which production activity in
4 Alabama concludes on the state-certified production, the
5 excess of the rebate over a qualified production company's
6 Alabama income tax liability shall be rebated to the qualified
7 production company.

8 "(h) The Commissioner of the Department of Revenue
9 and the office shall promulgate rules necessary to administer
10 this section."

11 Section 2. This act shall become effective on the
12 first day of the third month following its passage and
13 approval by the Governor, or its otherwise becoming law.