

1 HB686  
2 166859-2  
3 By Representative Lindsey  
4 RFD: Economic Development and Tourism  
5 First Read: 19-MAY-15

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8 SYNOPSIS: Under existing law, a qualified production  
9 company shall be entitled to a certain rebate for  
10 production expenditures.

11 This bill would allow a qualified production  
12 company to claim tax rebate for production  
13 expenditures for projects which equal or exceed at  
14 least five hundred thousand dollars (\$500,000)  
15 within 12 months from the date that the production  
16 is approved as a qualified production.

17  
18 A BILL  
19 TO BE ENTITLED  
20 AN ACT

21  
22 To amend Section 41-7A-43 of the Code of Alabama  
23 1975, relating to rebated production expenses of a qualified  
24 production company; to allow a qualified production company to  
25 claim tax rebate for production expenditures for projects  
26 which equal or exceed at least five hundred thousand dollars

1 (\$500,000) within 12 months from the date that the production  
2 is approved as a qualified production.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Section 41-7A-43 of the Code of Alabama  
5 1975, is amended to read as follows:

6 "§41-7A-43.

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

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

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

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

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

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

25           "(g) If the rebate available under this section  
26 exceeds a qualified production company's Alabama income tax  
27 liability for the tax year in which production activity in

1 Alabama concludes on the state-certified production, the  
2 excess of the rebate over a qualified production company's  
3 Alabama income tax liability shall be rebated to the qualified  
4 production company.

5 "(h) The Commissioner of the Department of Revenue  
6 and the office shall promulgate rules necessary to administer  
7 this section."

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