

1 HB316
2 184576-1
3 By Representatives Rogers, Garrett and Moore (M)
4 RFD: Ways and Means Education
5 First Read: 02-APR-19

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

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

19
20 A BILL
21 TO BE ENTITLED
22 AN ACT

23
24 To amend Section 41-7A-43 of the Code of Alabama
25 1975, relating to rebated production expenses of a qualified
26 production company; to allow a qualified production company to
27 claim a tax rebate for production expenditures for projects

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

5 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

8 "§41-7A-43.

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

1 expenditures expended in Alabama on a state-certified
2 production.

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

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

1 period of 12 consecutive months at the time the qualified
2 production company applied for the incentives.

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

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

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