



ACT #2026-540

- 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 CommerceRevenue.

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



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



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



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



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



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



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.



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.



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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 03-Mar-26.

John Treadwell
Clerk

Senate

07-Apr-26

Passed

APPROVED

4-15-2026

TIME

2:30 pm

Kay Ivey
GOVERNOR

Alabama Secretary Of State

Act Num....: 2026-540
Bill Num....: H-379

SPONSOR _____
 CO-SPONSORS _____
 DIST. NO. 8

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HOUSE ACTION
 DATE: 2-3-2026
 RD 1 RFD NAME

REPORT OF STANDING COMMITTEE
 This bill having been referred by the House to its standing committee on WAYS & MEANS EDUCATION was acted upon by such committee in session, and returned therefrom to the House with the recommendation that it be Passed, w/amend(s) w/sub 0 this 25th day of February 20 26.
Henry Blunt, Chair

DATE: 2-25-2026
 RF RD 2 CAL

DATE: 20
 RE-REFERRED RE-COMMITTED
 Committee _____

DATE: 20
 RE-REFERRED RE-COMMITTED
 Committee _____

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill,
 HB 379
 YEAS 162 NAYS 0
 JOHN TREADWELL,
 Clerk

FURTHER HOUSE ACTION (OVER)

SENATE ACTION AF-72
 DATE: 3-3-2026
 RD 1 RFD AF-72

This Bill was referred to the Standing Committee of the Senate on FATE and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report w/amd(s) _____ w/sub _____ w/eng sub _____ by a vote of _____ years 10 nays 0 abstain 0 this 18th day of March 20 26.
Pat, Chair

DATE: 3-3-2026
 RF F RD2 CAL

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill,
 HB 379
 YEAS 37 NAYS 0
 PATRICK HARRIS,
 Secretary

DATE: 4-9-26 RD 3 at length
 PASSED PASSED AS AMENDED

YEAS 33 NAYS 0
 And was ordered returned forthwith to the House
 PATRICK HARRIS,
 Secretary

DATE: 20
 INDEFINITELY POSTPONED YEAS NAYS
 DATE: 20
 RECONSIDERED YEAS NAYS

FURTHER SENATE ACTION (OVER)