

Alabama Entertainment Industry Incentive Act of 2008 HB356 (Companion Bill SB404)

Highlights

- A Qualified Production Company shall be entitled to a rebate for Production Expenditures on funds expended in Alabama
- The rebate shall be equal to 25 percent of the State-Certified Production's Production Expenditures excluding payroll paid to residents of Alabama
- The rebate shall be equal to 35 percent of all payroll paid to residents of Alabama
- Production Expenditures for a project must equal or exceed at least five hundred thousand dollars (\$500,000), but must not exceed ten million dollars (\$10,000,000)
- A Qualified Production Company that intends to expend in the aggregate one hundred fifty thousand dollars (\$150,000) or more in connection with one or more Qualified Productions in the State of Alabama within a consecutive 12-month period, shall be exempted from the payment of state sales, use, and lodging taxes levied pursuant to Sections 40-23-2, 40-23-61, and 40-26-1, respectively, of the Code of Alabama 1975, on funds expended in Alabama in connection with the Qualified Productions.

Supporting Facts

- **Alabama's Entertainment industry is underdeveloped and falling behind as 41 States have passed incentive programs stimulating growth, (see maps on page 2), or has proposed incentives to develop their Entertainment industry in recognition of the role the industry can play in economic development.**
- **Louisiana was the first to enact an aggressive incentive program in 2002 which resulted in catapulting the state's film industry to the top 3 nationally.**
- **Once the Incentive Bill passed in 2002 the Louisiana film industry grew from supporting 5,437 jobs and having \$7.5 million in output in 2003 to supporting 18,882 jobs and producing \$343.8 million in output in 2005.¹**
- **The economic impact of direct in-state spending in Louisiana is dramatically increasing. The percentage of production budgets that stayed in Louisiana was 33 percent in 2005, 72 percent in 2006 and 87 percent in 2007.²**
- **The Shreveport Chamber of Commerce states that the industry infused more than \$360 million into the Louisiana economy in the first half of 2006.³**
- **Total direct impact to Louisiana's economy is \$1.48 billion.⁴**
- **The current significance of the industry in Alabama is a tenth of what it is nationally in terms of gross domestic product and employee compensation and a third in terms of employment.**
- **With the right incentives, Alabama's Entertainment industry will create high quality, high paying jobs and the fiscal impact can be beneficial to the State economy.**
- **Growing the industry can spur small business and entrepreneurship development, generate tax revenue, promote tourism, and help develop infrastructure.**
- **Entertainment Industry growth in the United States will increase from \$582 billion in 2006 to \$745 billion in 2011**
- **Filmed entertainment will expand at a 4.9 percent compound annual rate, rising to \$103 billion in 2011. Digital cinemas will help the expansion of the marketplace. High Definition DVD's will stimulate home video sell-through. This increase will fuel the "production engine."**

¹ Economics Research Associates, "Trends in Film, Music, & Digital Media," submitted to The State of Louisiana Department of Economic Development, ERA Project Number 16686, December 2006.

² New Orleans CityBusiness, Dec 12, 2007 by Jaime Guillet

³ <http://shreveportla.usachamber.com/custom2.asp?pageid=1158>

⁴ New Orleans CityBusiness, Dec 12, 2007 by Jaime Guillet

