ALABAMA DEPARTMENT OF COMMERCE ADMINISTRATIVE CODE

CHAPTER 281-3-1 ALABAMA FILM OFFICE INCENTIVES

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281-3-1-.01 Scope Of Rules.

(1) Division 281-3-1 of the Administrative Code sets forth the rules to be used by the Department of Commerce in the administration of Acts of Alabama 2009-144, as codified in Code of Ala. 1975, §§41-7A-40, et seq.

(2) The administration of the Rebate, as provided in Code of Ala. 1975, §41-7A-43, and the exemptions from state sales, use, and lodgings taxes pursuant to Code of Ala. 1975, §§40-23-2, 40-23-61, and 40-26-1, respectively, are also governed by the administrative rules issued by the Alabama Department of Revenue. Please refer to those rules for further guidance on the Rebate and related state sales, use, and lodgings tax exemptions provided for in Acts of Alabama 2009-144, 2011-695, 2012-167, 2012-212 and 2013-34.
Author: Department of Commerce/Alabama Film Office
Statutory Authority: Code of Ala. 1975. §§41-7A-40 through -48.
History: New Rule: Filed August 13, 2012; effective September 17, 2012. **Amended:** Filed February 12, 2015; effective March 19, 2015. And Ala. Tourism Dept/Ala. Film Office)

281-3-1-.02 Definitions.

(1) The following definitions apply for purposes of the rules promulgated under Acts of Alabama, 2009-144, known as the Entertainment Industry Incentive Act of 2009:

(a) **ABOVE THE LINE EXPENDITURES.** Actual compensation paid by a Qualified Production Company to individuals who guide, influence and add to the creative direction or creative process of a Qualified Production. These expenditures include but are not limited to compensation paid by a Qualified Production Company to the screenwriter, producer, director and principal actors.

(b) **ACT.** Acts of Alabama 2009-144, known as the Entertainment Industry Incentive Act of 2009 as amended by Act No. 2011-695, Act No. 2012-167, Act No. 2012-212 and Act No. 2013-34.

(c) **ADVISORY BOARD.** Group of individuals to advise the Office in matters related to the administration of the Act.

(d) **ALABAMA-BASED COMPANY.** Any Company organized under the laws of the State of Alabama or qualified to do business in the State of Alabama with the Alabama Secretary of State; which maintains and has maintained throughout the twelve month period immediately preceding the commencement of production of a Qualified Production, a physical office within the State of Alabama staffed by one or more employees who work a minimum of 36 hours for the Company during a typical work week; are paid and supervised directly by the Company and who typically devote all of their workday to performing services for the Company within the State of Alabama.

(e) **APPLICANT.** A Company, intending to produce a Qualified Production that applies for Incentives.

(f) **APPLICATION.** Form to be completed by an Applicant requesting Incentives and submitted to the Office for approval by the Office.

(g) **BELOW THE LINE EXPENDITURES.** Payroll and Production Expenditures other than Above the Line Expenditures. These expenditures include but are not limited to actual compensation paid by a Qualified Production Company to And Ala. Tourism Department/Ala. Film Office) individuals who are non-starring cast members. Examples of the positions in this category are director of photography, assistant directors, gaffer and grips.

(h) **CHART OF PRODUCTION EXPENDITURES.** A list of examples of expense items and whether they constitute Production Expenditures if Expended in Alabama by a Qualified Production Company on a State-Certified Production.

(i) **COMPANY.** A corporation, partnership, limited liability company, or any other business entity.

(j) **CPA.** A certified public accountant, having passed the uniform certified public accountant examination, who is

licensed to practice accountancy by a state board of public accountancy, or its designee, and is in good standing with said state board of public accountancy, or its designee.

(k) **DEPARTMENT.** The Alabama Department of Revenue.

(l) **END CREDIT.** A statement displayed at the end of the credits, where applicable, of a State-Certified Production proclaiming "FILMED ON LOCATION IN ALABAMA," or other comparable form of acknowledgement, along with a state logo submitted and approved by the Alabama Film Office.

(m) **ENTERTAINMENT INDUSTRY.** Those persons or entities engaged in the production of entertainment content.

(n) **EXPENDED IN ALABAMA.** In the case of tangible property, property which is acquired or leased from a source within the State of Alabama; in the case of services, services performed in the State of Alabama for a Qualified Production project.

(o) **FINAL INCENTIVE AUDIT.** An audit, performed by a CPA, of the books and records of a Qualified Production Company performed upon completion of the production activities in the State of Alabama associated with a State-Certified Production. Such audit shall verify each Production Expenditure claimed by a Qualified Production Company.

(p) **INCENTIVES.** The Rebate and exemptions from the state portion, but not the local portion, of any sales, use, and lodgings taxes available to certain Qualified Production Companies for Production Expenditures under the Act. And Ala. Tourism Dept/Ala. Film Office)

(q) **LOAN-OUT AFFIDAVIT.** A form to be designed and distributed by the Alabama Department of Revenue to be completed and delivered by each Loan-Out Company who received payment for goods and services which the Applicant requests to be treated as Qualified Production Expenses for a State-Certified Production.

(r) **LOAN-OUT COMPANY.** A Company, owned in whole or in part by a person performing services for a Qualified Production Company with respect to a State-Certified Production with which a Qualified Production Company contracts and pays for the performance of such services by said person.

(s) **OFFICE.** The Alabama Film Office.

(t) **PAYROLL.** All salary, wages, and other compensation, including specifically, but not limited to, compensation and benefits, related benefits, and any corresponding state and federal income, unemployment, or other payroll tax obligation, and workers compensation provided to resident and non-resident

producers, directors, writers, actors, and other personnel involved in qualified production projects in Alabama.

(u) **PRODUCTION EXPENDITURES.**

1. Preproduction, production, and postproduction expenditures incurred in the State of Alabama subsequent to the approval by the Office as a State-Certified Production, except as provided in Ala. Admin. Code r. 281-3-11-.04(1)(g), that are directly used in a State-Certified Production, including, but not limited to, the following: set construction and operation, wardrobe, makeup, set accessories, and related services; costs associated with photography and sound synchronization, lighting, and related services and materials; editing and related services; rental of facilities and equipment leasing of vehicles; costs of food and lodging; cost of catering; digital or tape editing, film processing, transfer of film to tape or digital format; transfer direct to DVD, cable, or satellite for distribution; sound mixing, special and visual effects including duplication, firm processing digital, DVD, music composition, and satellite distribution; total aggregate payroll; music; airfare; insurance costs of bonding; and or other similar production expenditures.

2. The term includes financial contributions or educational or workforce development in partnership with related educational institutions, or local industry organizations, or And Ala. Tourism Department/Ala. Film Office) both, contributed toward the furtherance of the local entertainment media industries.

3. The term does not include postproduction expenditures for marketing or any amounts that are paid to persons or entities as a result of their participation in profits from the exploitation of a motion picture production.

4. There is a rebuttable presumption that the term does not include expenditures paid by a Qualified Production Company to a Related Party for goods or services.

5. The term does not include finance fees or similar charges.

(v) **QUALIFIED PRODUCTION.**

1. The term means entertainment content created in whole or in part within the state, including motion pictures; soundtracks for motion pictures; documentaries; long-form, specials, miniseries, series, sound recordings, videos and music videos, and interstitials television programming; interactive television; interactive games;

video games; commercials; infomercials; any format of digital media, including an interactive website that is intended for national or international distribution or exhibition to the general public; and any trailer, pilot, video teaser, or demo created primarily to stimulate the sale, marketing, promotion, or exploitation or future investment in either a product or a qualified production via any means and media in any digital media format, film, or videotape, provided such program meets all the underlying criteria of a qualified production.

2. The term does not include any ongoing television program created primarily as news, weather, or financial market reports, a production featuring current events, sporting events, an awards show or other gala event, a production whose sole purpose is fund-raising, a long-form production that primarily markets a product or service, a production used for corporate training or in-house corporate advertising or other similar productions; nor does the term include any production for which records are required to be maintained under 18 U.S.C. §2257 with respect to sexually explicit content; nor does the term mean or include any form of gambling, gaming, wagering, or pari-mutuel wagering activity or enterprise; nor does the term include any music festival, concert, show, commemorative service or And Ala. Tourism Dept/Ala. Film Office) exhibition which is conducted primarily for the entertainment, education or enrichment of a live audience.

(w) **QUALIFIED PRODUCTION COMPANY.**

1. A Company engaged in the business of producing a Qualified Production.

2. The term does not mean or include any Company owned, affiliated, or controlled, in whole or in part, by any Company or person which is in default on a loan.

(x) **REBATE.** Incentive available to a Qualified Production Company equal to 25% of its Production Expenditures, excluding payroll paid to Residents of Alabama, on a State-Certified Production plus 35% of all payroll paid to Residents of Alabama for the State-Certified Production that may be used to offset any Alabama income tax liability of the Qualified Production Company for the tax year during which production activity in Alabama on the State-Certified Production concludes, with the excess by which the Rebate exceeds the Qualified Production Company's Alabama income tax liability being refunded to the Qualified Production Company; provided that such amount shall not exceed the amount of total Incentives available to a Qualified Production Company less the amount of any state, but not local, sales, use, and

lodgings taxes that would have been paid but for the exemption from the same.

(y) **RELATED PARTY.** A person or Company that bears a relationship to a Qualified Production Company described in 26 U.S.C. §§267(b), (c), or (e), as amended or any other person or entity owned by a person with a financial interest in a Qualified Production Company.

(z) **REPORT.** Statement of a CPA issued upon the completion of the Final Incentive Audit that provides a summary of the Production Expenditures Expended in Alabama.

(aa) **RESIDENT OF ALABAMA.** A natural person and, for the purpose of determining eligibility for the Incentives provided by the Act, any person domiciled in the State of Alabama and any other person who maintains a permanent place of abode within the State and spends in the aggregate more than 6 months of each year within the State of Alabama. And Ala. Tourism Department/Ala. Film Office)

(bb) **STATE-CERTIFIED PRODUCTION.** A Qualified Production approved by the Office, produced by a Qualified Production Company.

Author: Department of Commerce/Alabama Film Office
Statutory Authority: Code of Ala. 1975, §§41-7A-40 through -48.
History: **New Rule:** Filed August 13, 2012; effective September 17, 2012. **Amended:** Filed February 12, 2015; effective March 19, 2015.

281-3-1-.03 General Requirements.

(1) Effective January 1, 2009, a Qualified Production Company may be entitled to receive a Rebate for certain Production Expenditures, and also may be entitled to receive an exemption from state, but not local, sales, use, and lodgings taxes.

(a) To receive a Rebate equal to 25% of the State-Certified Production's Production Expenditures, excluding payroll paid to Residents of Alabama, plus a Rebate equal to 35% of all payroll paid to Residents of Alabama for the State-Certified Production, a Qualified Production Company must incur total Production Expenditures of at least $500,000, but no Rebate shall be available for Production Expenditures incurred after the first $20,000,000 of Production Expenditures Expended in Alabama on a State-Certified Production; however, if such project is limited only to the production of a soundtrack used in a motion picture or documentary, such project may qualify provided that the Production Expenditures for the soundtrack project equal or exceed $50,000, but no Rebate shall be available for Production Expenditures incurred after the first

$300,000 of Production Expenditures Expended in Alabama on a State-Certified Production. In addition, if such project is limited only to the production of a music video, such project may qualify provided that the Production Expenditures for the soundtrack project equal or exceed $50,000, but no Rebate shall be available for Production Expenditures incurred after the first $200,000 of Production Expenditures Expended in Alabama on a State-Certified Production.

(b) For purposes of Paragraph (1)(a) above, in determining the total Production Expenditures incurred by a Qualified Production Company on a Qualified Production, the total Production Expenditures of a series of commercials to be filmed And Ala. Tourism Dept/Ala. Film Office) within a period of 12 consecutive months, each of which separately and independently meets the definition of a Qualified Production, may be aggregated to meet the monetary requirements of Paragraph 1(a) above as long as each individual commercial within the series pertains to the same subject as the other commercials in the series and was planned as part of a series of commercials to be filmed within a period of 12 consecutive months at the time the Applicant applied for Incentives, provided however that the amount of Incentives granted shall be consistent with the provisions of Ala. Admin. Code r. 281-3-1-.04(1)(d).

1. Example. During calendar year 2011, a Qualified Production Company is scheduled to film a series of 5 commercials, all of which relate to the same subject. The Qualified Production Company incurs Production Expenditures of $100,000 on each commercial. The Production Expenditures for each individual commercial would not independently satisfy the minimum Production Expenditure requirements of Paragraph (1)(a), above. However, for purposes of determining whether the Qualified Production Company has incurred Production Expenditures of at least $500,000, the Production Expenditures of each commercial in the series may be aggregated. Therefore, the Qualified Production Company's aggregate Production Expenditures for the series of commercials would be $500,000, and would meet the minimum Production Expenditure requirement set forth in Paragraph (1)(a) above.

(c) A single episode in a television series or miniseries may be considered a single Qualified Production for purposes of determining the total Production Expenditures incurred by a Qualified Production Company on a Qualified Production for purposes of Paragraph (1)(a) above. However, in determining the total Production Expenditures incurred by a Qualified Production Company on a Qualified Production, the total Production Expenditures of a television series or miniseries, whether a single or multiple seasons thereof, to be filmed

within a period of 12 consecutive months, each individual episode of which separately and independently meets the definition of a Qualified Production, may be aggregated to meet the monetary requirements of Paragraph (1)(a) above, as long as each individual episode within the series pertains to the same subject as the other episodes in the same series. The Office may, at its discretion, grant Incentives to a Qualified Production Company for multiple episodes of a television series at one time, provided however that the amount of Incentives And Ala. Tourism Department/Ala. Film Office) granted shall be consistent with the provisions of Ala. Admin. Code r. 281-3-1-.04(1)(d).

(d) The Qualified Production Company must meet the requirements of any Incentives applied for, and must receive written certification acknowledging its approval for any Incentives from the Office.

(e) To be exempt from state sales, use, and lodgings taxes, a Qualified Production Company must spend, in the aggregate, $150,000 or more in connection with State-Certified Productions in Alabama within a consecutive 12 month period. The exemption from state sales, use, and lodgings taxes provided by Code of Ala. 1975, §41-7A-45 shall not be available for Production Expenditures incurred by a Qualified Production Company after the first $20,000,000 of Production Expenditures Expended in Alabama on a State-Certified Production.

Author: Department of Commerce/Alabama Film Office
Statutory Authority: Code of Ala. 1975, §§41-7A-40 through -48.
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281-3-1-.04 Selection Of State-Certified Productions.

(1) To receive any Incentives available under the Act, an Applicant must submit an Application for approval to the Office. Applications for approval must be received in accordance with deadlines and procedures determined by the Office, but in all circumstances, except as provided in Paragraph (l)(c) below, must be received no later than 30 days prior to the commencement of production activities on the project within the State of Alabama.

(a) Office to Specify Form and Content of Application. The Office shall specify the form and content of the Application. Such Application, shall, at a minimum, include:

1. The name, contact information, and organizational information of the Applicant;

2. The name and contact information of any Related Party of the Applicant who has provided or the Applicant expects to provide goods or services for the Qualified Production; And Ala. Tourism Dept/Ala. Film Office)

3. A description/synopsis of the Qualified Production;

4. One hard copy and an electronic copy, in an industry standard budgeting program approved by the Office, of an estimated itemized budget for the Qualified Production;

5. Estimate of the total expenditures to be Expended in Alabama in connection with the Qualified Production, including the estimated number of Residents of Alabama to be hired on the Qualified Production, and the estimated music and licensing costs;

6. Estimate of the total amount of state sales, use, and lodgings taxes to be incurred during production with respect to Production Expenditures;

7. Information that will permit the Office to make a reasonable cost/benefit analysis as to the proposed Qualified Production, to determine whether such project qualifies for Incentives, and to determine the maximum amount of Incentives to be awarded.

8. Production start date, production schedule, number of total production days, and number of proposed production days in Alabama;

9. Key production personnel;

10. A working script, where applicable, that, to the best of the Applicant's knowledge, represents the actual shooting script or comparable treatment as of the date of the Application;

11. A designated representative of the Qualified Production Company to work with the Office and the Department on the reporting of information necessary to apply for the Incentives provided in the Act;

12. Written consent by the Qualified Production Company to include an End Credit, where applicable, and an on-screen or comparable acknowledgement to the "ALABAMA FILM OFFICE," along with a state logo submitted and approved by the Alabama Film Office, except where that acknowledgement may be And Ala. Tourism Department/Ala. Film Office) prohibited by the Children's Television Act or any other local, state, or federal government policy;

13. A non-refundable Application fee of §100 made payable to the "Alabama Film Office"; and

14. Detailed information regarding how the production will be financed, including any binding financing commitment such as a loan agreement, commitment letter or investment letter. Evidence that a majority of the funding for the production has been secured before an application is submitted.

(b) Office to Approve Applications. The Office shall review each Application submitted for consideration. The Office retains the sole discretion to determine which projects are selected and the amount of Incentives available to each selected project. In approving Applications, the Office shall consider, among other things, the following criteria:

1. The project's economic impact upon the State of Alabama;

2. The project's affect upon workforce development in the State of Alabama;

3. The educational opportunities for the people of the State of Alabama that are created by the project;

(c) Notwithstanding any provision to the contrary, the Office may, in its discretion, approve an Application that it received within 30 days of the commencement of production activities on the project within the State of Alabama. In such instances, the Office shall follow its customary review procedures, taking into consideration those factors provided in Paragraph (1)(b), and may, if it so chooses, convene the Advisory Board for its review and comment on the pending Application.

(d) Amount of Incentives.

1. Upon review of the information provided in the Applicant's Application, if the Office approves such project, the Office shall determine the amount of total Incentives assigned to the Qualified Production Company. Such amount shall be determined based on the project's estimated Production Expenditures, including the estimated state sales, use and And Ala. Tourism Dept/Ala. Film Office) lodgings taxes applicable thereto, and the remaining amount of Incentives available for the fiscal year during which the Application is approved.

2. The amount of total Incentives for which the project qualifies shall be the sum of (i) the state portion, but not the local portion, of sales, use, and lodgings taxes

that otherwise would have been paid but for the exemption from such taxes and (ii) the amount of the Rebate.

3. The Incentives provided under the Act shall not exceed: (i) $5,000,000 for the fiscal year ending September 30, 2009; (ii) $7,500,000 for the fiscal year ending September 30, 2010; (iii) $10,000,000 for fiscal years ending September 30, 2011 and September 30, 2012; (iv) $15,000,000 for the fiscal years ending September 30, 2013 and September 30, 2014 and (v) $20,000,000 for all subsequent fiscal years.

(e) Advisory Board. The Office shall have an Advisory Board that, from time to time, will advise the Office on the selection of projects, the determination of the amount of total Incentives granted to a Qualified Production Company, and other matters related to the administration of the Incentives provided by the Act. The Office shall recommend names of individuals to serve on the Advisory Board to the Office of the Governor of the State of Alabama and the Governor shall appoint the members of the Advisory Board. Any member of the Advisory Board may participate in any meeting of the Advisory Board by means of a telephone conference or other similar means of communication through which all persons participating in such meeting can hear each other, and participation in such a meeting shall constitute presence in person. Where written consent of a member of the Advisory Board may be required, such written consent may be provided electronically, or by facsimile.

(f) Office to Notify Qualified Production Company and Department. Within 10 days of approval, the Office shall issue a letter to the Qualified Production Company and to the Department notifying both that the Qualified Production has been approved. Such approval letter shall also include notification of the maximum amount of total Incentives for which the project has been approved. Upon receipt of the letter of approval, the Department will issue a state sales, use, and lodgings tax exemption certificate to the Qualified Production Company. The exemption is effective on the date the certificate is issued by the Department. The principal photography for a Qualified Production must begin within ninety (90) And Ala. Tourism Department/Ala. Film Office) days of receiving approval of the application or the approval will expire unless the approval is extended at the discretion of the Office. Such an extension will typically last no longer than thirty (30) days and will typically be granted only when there are facts and circumstances beyond the control of the Qualified Production Company.

(g) Amended Applications.

1. If an Applicant's Application for Incentives is not approved by the Office, or, if approved, is approved for Incentives in an amount less than anticipated by the Applicant, the Applicant may (i) appeal to the Office, in writing, regarding its Application within 45 days of the date of notification of the Office's determination; or (ii) amend and resubmit its Application for further consideration for Incentives pursuant to the procedures established in this rule.

2. If a Qualified Production Company exceeds or anticipates exceeding its estimated Production Expenditures and desires to receive additional Incentives, it may amend its Application to request additional Incentives pursuant to the procedures established in this rule. An amended Application requesting additional Incentives by a previously approved Qualified Production Company with respect to the same State-Certified Production shall, for purposes of calculating the minimum Production Expenditure requirements set forth in the Act and in Ala. Admin. Code. r. 281-X-3-.03, include the total Production Expenditures associated with the State-Certified Production rather than only considering the additional expenditures for which additional Incentives are requested in the amended Application.

3. In the event that a Qualified Production Company amends its previous Application to request additional Incentives and such subsequent Application is approved by the Office, the approval shall reduce the statutorily prescribed aggregate cap set forth in the Act and in Ala. Admin. Code r. 281- 3-1-.04 for the fiscal year in which such approval is granted.

(i) Example. An Applicant's original Application is approved for certain Incentives on July 15, 2010. On August 15, 2010, the Qualified Production Company begins production on its State-Certified Production. During the course of filming the State-Certified Production, the Qualified Production Company incurs Production Expenditures in excess of And Ala. Tourism Dept/Ala. Film Office) that anticipated in its initial Application for Incentives. Consequently, the Qualified Production Company, on September 15, 2010, reapplies for additional Incentives. On October 1, 2010, the Office approves the Qualified Production Company's reapplication resulting in additional Incentives totaling $50,000. The additional $50,000 granted by the Office shall apply to the aggregate cap for the fiscal year ending September 30, 2011 because that was the fiscal year in which the reapplication was approved, rather than the fiscal

year ending September 30, 2010, which was when the original Application was approved and when the production activities began. This result remains unchanged even if the aggregate cap for the fiscal year ending September 30, 2010 was not fully utilized.

(ii) Example. Same facts as in Example (i) above, except that the Office approves the Qualified Production Company's reapplication in an amount totaling $50,000 on September 30, 2010. The additional $50,000 granted by the Office shall reduce the aggregate cap for the fiscal year ending September 30, 2010 because that was the fiscal year in which the reapplication was approved.

(h) Notice. Correspondence between the Office or the Department, and the Qualified Production Company shall be deemed to have been delivered on the date of the United States postmark stamped on the cover in which the correspondence is mailed. Thus correspondence is considered timely filed if postmarked by the due date. If a due date falls on a Saturday, Sunday or a declared state holiday, correspondence must be filed the next working day. However, if the due date for correspondence falls on a day that is a federal holiday, but not a state holiday, the due date is not extended.

1. Registered Mail. If the correspondence is sent by United States registered mail, such registration shall be prima facie evidence that the correspondence was delivered and the date of registration shall be deemed the postmark date.

2. Certified Mail. If the correspondence is sent by United States certified mail, return receipt requested showing to whom and when delivered; and the receipt reflects receipt of the mailing by the proper official, the mailing will be considered as if sent by registered mail as provided in subparagraph 1 above. And Ala. Tourism Department/Ala. Film Office)

3. Treatment of Private Delivery Services. Any reference in this rule to the United States Postal Service shall be deemed to include a reference to any designated delivery service, as defined by 26 U.S.C. §7502(f), any U.S. Treasury Department Regulations promulgated thereunder, or any such designated delivery service listed in Internal Revenue Service Revenue Notice 97-26, 1997-1 C.B. 413, or any successor Notice or similar pronouncement b; the Internal Revenue Service.

Author: Department of Commerce/Alabama Film Office
Statutory Authority: Code of Ala. 1975, §§41-7A-40 through -48.

History: New Rule: Filed August 13, 2012; effective September 17, 2012. **Amended:** Filed February 12, 2015; effective March 19, 2015.

281-3-1-.05 Continuing Requirements.

(1) Compliance with the Laws of Alabama. Within 60 days of commencing operations in the State of Alabama, a Qualified Production Company shall register with the Secretary of State, comply with all requirements of doing business within the State of Alabama, and must provide written evidence of doing so to the Office before completion of production activities within the State of Alabama on the State-Certified Production.

(2) Filing Alabama Tax Returns. A Qualified Production Company must file any and all tax returns required by the laws of the State of Alabama (e.g., an initial business privilege tax return, as provided by §40-14A-29, Code of Ala. 1975, or a composite income tax return as provided by the Act and §40-18-24.2, Code of Ala. 1975, which requires a Qualified Production Company taxed under Subchapter K of the Internal Revenue Code to file a composite income tax return and make a composite income tax payment on behalf of its nonresident owners at the highest marginal tax rate).

(3) Biannual Review. Once production activities on a State-Certified Production have commenced, the Office shall, at least twice during each 12-month period thereafter, at intervals of not less than 5 months, nor greater than 7 months, review the Qualified Production Company's progress towards completion of production activities on the State-Certified Production. If the Office, in its discretion, determines that the Qualified Production Company has not made reasonable progress towards completion of the State-Certified Production, the Office may And Ala. Tourism Dept/Ala. Film Office) revoke, or suspend any Incentives for which the project was approved until such time the Qualified Production Company is able to demonstrate reasonable progress.

(4) Completion of Production Activities in Alabama.

(a) Within 60 days of completion of production activities within the State of Alabama on the State-Certified Production, the Qualified Production Company shall return the state sales, use, and lodgings tax exemption certificate to the Department.

(b) Within 60 days of completion of the State-Certified Production, the Qualified Production Company shall provide the Office with a complete list of crew, cast, and vendors employed in the State-Certified Production.

Author: Department of Commerce/Alabama Film Office

Statutory Authority: Code of Ala. 1975, §§41-7A-40 through -48. **History: New Rule:** Filed August 13, 2012; effective September 17, 2012. **Amended:** Filed February 12, 2015; effective March 19, 2015.

281-3-1-.06 Final Incentive Audit And The Report.

(1) The Qualified Production Company shall engage a CPA to perform the Final Incentive Audit of the Qualified Production Company's Production Expenditures on the State-Certified Production and such CPA shall prepare a Report verifying each Production Expenditure.

(2) A CPA engaged to perform a Final Incentive Audit shall:

(a) be independent, as that term is used in Generally Accepted Auditing Standards, from the Qualified Production Company and any of its owners or affiliates;

(b) plan and perform the Final Incentive Audit using due professional care; and

(c) obtain sufficient appropriate audit evidence by performing audit procedures to afford a reasonable basis for the Report, verifying each individual expenditure claimed by the Qualified Production Company. And Ala. Tourism Department/Ala. Film Office)

(3) A Final Incentive Audit may commence upon completion of a Qualified Production Company's production activities associated with the State-Certified Production in the State of Alabama, or at any time prior thereto.

(4) The Qualified Production Company shall provide the CPA performing the Final Incentive Audit with the following information:

(a) a complete chart of accounts;

(b) a complete general ledger;

(c) a final cost report relating to all expenditures claimed as qualified Production Expenditures;

(d) payroll expense reports which identify, trace and reconcile payroll costs for each employee to a final payroll register, identify on which payments and in what amounts withholdings of Alabama income tax have been made and document that appropriate corresponding payments and filings have been made to the State of Alabama;

(e) copies of all paid invoices and receipts relating to each expenditure claimed as a Production Expenditure;

(f) a completed crew list, including the last four digits of their social security numbers or other employer identification numbers;

(g) a completed cast list, including the last four digits of their social security numbers or other employer identification numbers;

(h) any and all records verifying and confirming the residency of employees;

(i) a completed vendor list, including the amount received for goods delivered and/or services performed as well as the last four digits of the vendors' social security numbers or other employer identification numbers;

(j) copies of issued W-2s and 1099s relating to all activities within the State of Alabama on the State-Certified Production, but if the Qualified Production Company has not And Ala. Tourism Dept/Ala. Film Office) issued any W-2s or 1099s prior to completion of the Final Incentive Audit, then it shall provide other comparable documentation to verify payment;

(k) documentation or other verification that a vendor is an Alabama-Based Company;

(1) documentation showing that any Loan-Out Companies that received payments for services performed by their owners on the State-Certified Production, to include a Loan-Out Affidavit for each Loan-Out Company that received payments for services performed by their owners on the State-Certified Production that shall be furnished to the Alabama Department of Revenue prior to issuance of the Rebate;

(m) documentation showing that any and all Loan-Out Companies that received payments for services performed by their owners on the State-Certified Production have paid Alabama estimated income taxes on behalf of their owners, and documentation shall be furnished to the Alabama Department of Revenue prior to issuance of the Rebate;

(n) documentation showing that the Qualified Production Company has registered to do business with the Alabama Secretary of State; and

(o) any other documentation needed to confirm Production Expenditures during the Final Incentive Audit and produce the Report.

(5) The Report shall identify, on a city-by-city and county-by-county basis, the amount of total Incentives attributable to state sales, use, and lodgings taxes in addition to specifically identifying the amount of the total Production Expenditures eligible for the Rebate.

(6) The CPA performing the Final Incentive Audit may not include a Production Expenditure on the Report unless the Qualified Production Company has provided a receipt of payment or other evidence that the expenditure has been paid and was Expended in Alabama.

(7) The Qualified Production Company shall submit the Report to both the Office and to the Department within 120 days of completion of production activities in the State of Alabama on the State-Certified Production; provided however, that the And Ala. Tourism Department/Ala. Film Office) Qualified Production Company may request an extension of up to 45 days to submit the Report to the Office.

(8) Failure of a Qualified Production Company to timely submit the Report may, at the Office's discretion, cause the Qualified Production Company to:

(a) become liable for the state sales, use, and lodgings taxes that would otherwise have been paid had the Incentives not been granted; and

(b) forfeit any Incentives otherwise awarded to and/or set aside for the Qualified Production Company's Rebate.

(9) At the discretion of the Qualified Production Company, it may provide a confidentiality agreement to the CPA engaged to perform the Final Incentive Audit, which limits the CPA's ability to discuss the State-Certified Production to only those designated representatives of the Qualified Production Company and the Office.

Author: Department of Commerce/Alabama Film Office
Statutory Authority: Code of Ala. 1975, §§41-7A-40 through -48.
History: **New Rule:** Filed August 13, 2012; effective September 17, 2012. **Amended:** Filed February 12, 2015; effective March 19, 2015.

281-3-1-.07 Payment Of The Rebate And Failure To Meet Qualifications.

(1) To the extent that the Qualified Production Company has been approved for Incentives in an amount exceeding the actual amount of state sales, use, and lodgings taxes that would have been paid had the exemption from the same such taxes not been granted, the Qualified Production Company shall be entitled to a Rebate in an

amount equal to the excess Incentives for which it was approved by the Office; provided that the Production Expenditures actually incurred on the State-Certified Production when multiplied by the appropriate percentage (i.e., 25% or 35%) for each type of Production Expenditure equal or exceed the amount of Rebate for which the Qualified Production Company was approved.

(2) Upon receipt of the Report, the Office shall review the Report and determine the amount of the Rebate, if And Ala. Tourism Dept/ Ala. Film Office) any, to be paid. Within 45 days from the date upon which the Office determines the amount of the Rebate available to the Qualified Production Company, the Office shall notify the Department of the amount of any Rebate available to the Qualified Production Company.

(3) A Qualified Production Company shall claim its Rebate by filing its annual Alabama income tax return for the tax year(s) during which production took place. The Rebate may be used to offset any Alabama income tax liability of the Qualified Production Company, as determined pursuant to Title 40, Chapter 18 of the Code of Ala. 1975, for the tax year(s) during which such expenditures were paid or incurred, with the excess by which the Rebate exceeds the Qualified Production Company's Alabama income tax liability being refunded by the Department to the Qualified Production Company.

(4) The Rebate may be claimed by the Qualified Production Company pursuant to the rules promulgated by the Department pursuant to the Act.

(5) If the Qualified Production Company, which is producing a State-Certified Production other than a music video or a soundtrack to be used in a motion picture or documentary, incurs Production Expenditures in excess of $500,000, but less than the amount of Production Expenditures estimated in its Application, then the Office may adjust the amount of "the Rebate available to the Qualified Production Company, such that the total amount of the Rebate granted by the Office is reduced by the difference between the total estimated Production Expenditures and the actual Production Expenditures multiplied by the appropriate percentage (i.e., 25% or 35%) for each type of Production Expenditure.

(6) If the Qualified Production Company, which is producing a State-Certified Production other than a music video or a soundtrack to be used in a motion picture or documentary, incurs Production Expenditures in excess of $150,000, but less than $500,000, then the Qualified Production Company shall not be liable for the state sales, use, and lodgings taxes that would have been paid had the exemption from the same such taxes not been granted, but the Qualified Production Company shall not be entitled to any Rebate otherwise awarded to and/or set aside for the Qualified Production Company. And Ala. Tourism Department/Ala. Film Office)

(7) If the Qualified Production Company, which is producing a State-Certified Production other than a music video or soundtrack to be used in a motion picture or documentary, incurs Production Expenditures in an amount less than $150,000, then the Qualified Production Company shall be liable for the state sales, use, and lodgings taxes that would have been paid had the exemption from the same such taxes not been granted; provided, however, that if the Qualified Production Company pays the state sales, use, and lodgings taxes due within 60 days of date the Report was submitted, the Qualified Production Company shall incur no penalties. In addition, the Qualified Production Company shall not be entitled to any Rebate otherwise awarded to and/or set aside for the Qualified Production Company.

(8) In the event the State-Certified Production is a music video or soundtrack to be used in a motion picture or documentary ,and the Qualified Production Company incurs Production Expenditures in excess of $50,000, but less than $150,000, then the Qualified Production Company shall be liable for the state sales, use, and lodgings taxes that would have been paid had the exemption from the same such taxes not been granted, but the Qualified Production Company shall be entitled to any Rebate otherwise awarded to and/ or set aside for the Qualified Production Company subject to an adjustment as set forth in Paragraph (5) above if the Qualified Production Company incurs Production Expenditures in an amount less than the amount of Production Expenditures estimated in its Application.

(9) In the event the State-Certified Production is a music video or soundtrack to be used in a motion picture or documentary, and the Qualified Production Company incurs Production Expenditures in an amount less than $50,000, then the Qualified Production Company shall be liable for the state sales, use, and lodgings taxes that would have been paid had the exemption from the same such taxes not been granted; provided, however, that if the Qualified Production Company pays the state sales, use, and lodgings taxes due within 60 days of date the Report was submitted, the Qualified Production Company shall incur no penalties. In addition, the Qualified Production Company shall not be entitled to any Rebate otherwise awarded to and/or set aside for the Qualified Production Company.
Author: Department of Commerce/Alabama Film Office
Statutory Authority: Code of Ala. 1975, §§41-7A-40 through -48.
History: New Rule: Filed August 13, 2012; effective September 17, 2012. **Amended:** Filed February 12, 2015; effective March 19, 2015. And Ala. Tourism Dept/Ala. Film Office)

281-3-1-.08 Production Expenditures.

(1) Additional Production Expenditures. In addition to the items listed in the Act, the term Production Expenditures shall also

include expenditures Expended in Alabama that are directly used in a State-Certified Production, including, but not limited to, the following items:

(a) Expenditures listed in the Chart of Production Expenditures, found in Ala. Admin. Coder. 281-3-1-09.

(b) Expenditures for a CPA to perform the Final Incentive Audit, but only to the extent the CPA is physically present in the State of Alabama while performing the Final Incentive Audit.

(c) Expenditures for any equipment or other item that is brought into the State of Alabama: if said equipment or other item is rented or otherwise procured directly from an Alabama Based Company, subject to the conditions set forth in subparagraph 1, below.

1. There is a rebuttable presumption that an expenditure paid or incurred by a Qualified Production Company to an Alabama-Based Company shall not qualify as a Production Expenditure if:

(i) The Alabama-Based Company is a Related Party with respect to the Qualified Production Company;

(ii) The Alabama-Based Company does not, in the ordinary course of its business, sell, rent, or otherwise procure goods or services of a nature that is similar to the subject of the Production Expenditure;

(iii) The Alabama-Based Company does not have an established physical location in the State of Alabama that operates with regular business hours, as evidenced by a prior presence of at least one year, or a planned future presence of not less than one year; or

(iv) The Alabama-Based Company does not charge a mark-up or other form of premium or fee, consistent with industry And Ala. Tourism Department/Ala. Film Office) standards, on the product, good, or service it is procuring for, or on behalf of, the Qualified Production Company.

2. Example: A Qualified Production Company needs a widget. Widgets are not available within the State of Alabama. An Alabama-Based Company, which is unrelated to the Qualified Production Company and has had its principal place of business physically located in the State of Alabama for the past 3 years, may import the widget into Alabama and then rent the widget to the

Qualified Production Company for use in a State-Certified Production. If the procurement of the widget, or similar device, is in the normal course of the Alabama-Based Company's business, the payment to the Alabama-Based Company by the Qualified Production Company for the use of the widget shall qualify as a Production Expenditure, as shall any mark-up, premium, or other fee charged by the Alabama-Based Company associated with the procurement of the widget.

3. A Qualified Production Company may submit a written application or request to the Office that this presumption not be applied with respect to a particular expenditure paid to an Alabama-Based Company, and the Office shall consider such written application or request on a case-by-case basis.

(d) Payroll and Other Personnel Expenditures.

1. The Qualified Production Company shall maintain records confirming the residency of all employees in order to determine the proper percentage of payroll to apply to the Qualified Production Company's Rebate. The Declaration of Residency Form provided by the Office shall constitute indicia of an employee being a Resident of Alabama.

2. Salary, wages or other compensation for services which qualify as an Above-the-Line Expenditure paid to a nonresident of Alabama for services performed within Alabama associated with a State-Certified Production, on which Alabama income tax has been withheld and paid or estimated income taxes have been paid, qualify for a Rebate equal to 25% of the first $1,000,000 payment to each nonresident person multiplied by the ratio of total number of days worked in Alabama on the State-Certified Production to the total number of days of employment by the Qualified Production Company or work otherwise performed on the State-Certified Production. Salary, wages or other compensation for services which qualify as a And Ala. Tourism Dept/Ala. Film Office) Below-the-Line Expenditure paid to a nonresident of Alabama for services performed within Alabama associated with a State-Certified Production, on which Alabama income tax has been withheld and paid or estimated income taxes have been paid, qualify for a Rebate equal to 25% of the first $500,000 payment to each nonresident person multiplied by the ratio of total number of days worked in Alabama on the State-Certified Production to the total number of days of employment by the Qualified Production Company or work otherwise performed on the State-Certified Production. Notwithstanding the above, if a nonresident person receives salary, wages or other compensation for

services that constitute Above-the-Line Expenditures and Below-the-Line Expenditures, the total amount of payments eligible for the 25% Rebate shall not exceed $1,000,000.

3. Payments to a Loan-Out Company that employs a nonresident person providing services on a State-Certified Production, where such person owns the Loan-Out Company in whole or in part, shall qualify as Production Expenditures for the first $1,000,000.00 of Above-the-Line Expenditures to the extent that the payments directly relate to the performance of services within the State of Alabama on a State-Certified Production; provided that Alabama estimated state income taxes have been paid related to such payments, by either the Loan-Out Company or a third party payroll company. Payments to a Loan-Out Company that employs a nonresident person providing services on a State-Certified Production, where such person owns the Loan-Out Company in whole or in part, shall qualify as Production Expenditures for the first $500,000.00 of Below-the-Line Expenditures to the extent that the payments directly relate to the performance of services within the State of Alabama on a State-Certified Production; provided that Alabama estimated state income taxes have been paid related to such payments, by either the Loan-Out Company or a third party payroll company. Notwithstanding the above, if a Loan-Out Company receives compensation for the services of a nonresident person who receives salary, wages or other compensation for services that constitute Above-the-Line Expenditures and Below-the-Line Expenditures the total amount of payments eligible for the 25% Rebate shall not exceed $1,000,000. A payment to a Loan-Out Company shall be a Production Expenditure qualifying for a Rebate of 35% if such person for whose services payment is made is a Resident of Alabama.

(i) Example. A Qualified Production Company hires an actor to star in a State-Certified Production. The entire And Ala. Tourism Department/Ala. Film Office) filming of the State-Certified Production will occur within the State of Alabama and the actor will only perform services within the State of Alabama. The actor is the sole shareholder of Actor, Inc., a C-corporation that employs the actor. All payments made by the Qualified Production Company for the actor's services are made to Actor, Inc. Because the only services provided by the actor were performed in Alabama, for a payment made by the Qualified Production Company to Actor, Inc. for the actor's services to qualify as a Production Expenditure, Actor, Inc. estimated income taxes must have been paid related to such payments.

(e) Any other expenditure of a Qualified Production Company Expended in Alabama for production purposes as may be determined from time to time by the Office.

Author: Department of Commerce/Alabama Film Office
Statutory Authority: Code of Ala. 1975, §§41-7A-40 through -48.
History: **New Rule:** Filed August 13, 2012; effective September 17, 2012. **Amended:** Filed February 12, 2015; effective March 19, 2015.

281-3-1-.09 Chart Of Production Expenditures.

(1) Below is a Chart of Production Expenditures. It lists examples of expense items and indicates whether they will constitute Production Expenditures. To qualify, a Qualified Production Company must acquire or lease the items shown below from a source within the State of Alabama (i.e., a Resident of Alabama or an Alabama-Based Company) or, if services, such services must be provided within the State of Alabama for direct use in a State-Certified Production. In order to qualify these items must also qualify with any other applicable provisions of this chapter.

(2) The Chart of Production Expenditures below is not intended to be all-inclusive. The exclusion of an expense item from the Chart of Production Expenditures shall not preclude an expense item from constituting a Production Expenditure. The Office may designate any other expenditure of a Qualified Production Company that is Expended in Alabama for production purposes on a State-Certified Production as a Production Expenditure.

DESCRIPTION	QUALIFIED	COMMENTS
Costs Incurred Prior to Approval by Alabama Film Office	NO	
Post-Production Costs Related to Marketing	NO	
Distribution Expenses	NO	
ABOVE-THE-LINE		
STORY RIGHTS		
Purchase	NO	
Expenses of Acquisition	NO	

Writers	YES	Expenditures may qualify if incurred after the production has been approved
Editors & Consultants	YES	Expenditures may qualify if incurred after the production has been approved
Research/Copyright	NO	
Licensing Fee	NO	
Materials/Supplies	NO	
Photocopying	NO	
PRODUCER		
Producer	YES	
Executive Producer	YES	
Line Producer	YES	
Co-Producer	YES	
Associate Producer	YES	
Production Executive	YES	
Secretaries & Assistants	YES	
DIRECTOR		
Director	YES	
Second Unit Director	YES	
Dialogue Coach	YES	
Dance Director/ Choreographer	YES	
Secretaries & Assistants	YES	

CAST		
Principal Cast/Voices	YES	
Supporting Cast/Voices	YES	

DESCRIPTION	QUALIFIED	COMMENTS
Day Player	YES	
Weekly Player	YES	
Stunt Players	YES	
Stunt Coordinators	YES	
REHEARSALS		
Non-Casted Readers	YES	
Cast "Models"	YES	
CASTING		
Casting Director	YES	
Casting Assistant	YES	
SOUND & LOOPING		
Looping Group	YES	
Rental & Purchases	YES	
ABOVE-THE-LINE MISCELLANEOUS EXPENDITURES		
Travel	YES	The cost of vehicles *purchased* for transportation do not qualify
Meals	YES	
Per Diems	YES	

Rentals	YES	
Purchases	YES	
Materials/Supplies	YES	
OtherMiscellaneous Office Expenses	YES	
Fringe Benefits	YES	

BELOW-THE-LINE

EXTRAS		
Guild Extras	YES	
Waiver/Non-Union Extras	YES	
Stand-ins	YES	
Special Ability Extras	YES	
Extras Casting Director	YES	
Extras Assistant Casting Director	YES	
PRODUCTION STAFF		
Production Manager	YES	
Production Supervisor	YES	
Assistant Directors	YES	
Production Assistants	YES	
Script Supervisor	YES	
Production Coordinator	YES	
Assistant Production Coordinator	YES	
Technical Advisors	YES	
Location Manager	YES	

Assistant Location Manager	YES	
Location Scouts	YES	
Production Accountant	YES	

DESCRIPTION	QUALIFIED	COMMENTS
Assistant Production Accountant	YES	
Construction Accountant	YES	
Payroll Accountants	YES	
Secretaries & Assistants	YES	
ART		
Production Designer	YES	
Art Director	YES	
Assistant Art Director	YES	
Set Designer	YES	
Sketch/Storyboard Artist	YES	
Set Model Builders	YES	
Art Department Coordinator	YES	
Other Art Department Labor	YES	
Illustrator	YES	
Blue Printing	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	

Materials/Supplies	YES	
PHOTOGRAPHY		
Director of Photography	YES	
Camera Operator	YES	
Assistant Cameramen & Operators	YES	
Loaders	YES	
Steadicam Operator	YES	
Still Photographer	YES	
Video Playback	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
SPECIAL PHOTOGRAPHY		
Process Operating	YES	
Matte Shots Contract	YES	
Matte Crew Expenses	YES	
Animation	YES	
Miniature Contract Labor	YES	
Computer Graphics	YES	
Equipment Rental	YES	
SET CONSTRUCTION		
Construction Coordinator	YES	
Construction Carpenter Foreman	YES	

Construction Carpenter	YES	
Construction Paint Foreman	YES	

DESCRIPTION	QUALIFIED	COMMENTS
Construction Painters	YES	
Construction First Aid	YES	
Construction Labor	YES	
Construction Set Costs	YES	
Scaffolding	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
SET DRESSING		
Set Decorator	YES	
On-Set Dressers	YES	
Leadman/Buyer	YES	
Set Dressing Labor	YES	
Swing Crew	YES	
Drapery/Carpet	YES	
Loss, Damage, Cleaning	YES	
Manufacturing Materials	YES	
Fixtures	YES	
Rentals & Purchases	YES	
Equipment	YES	

Tools	YES	
Materials/Supplies	YES	
GRIP/SET OPERATIONS		
Key Grip	YES	
Best Boy Grip	YES	
Company Grips	YES	
Crane Grips	YES	
Dolly Grips	YES	
Additional Grip Labor	YES	
Rigging & Striking Grips	YES	
Standby Painter	YES	
Greensman	YES	
Craft Service	YES	
First Aid/Medics	YES	
Grip Package	YES	
Truck Package	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
PRODUCTION SOUND		
Mixer	YES	
Boom	YES	
Sound Package	YES	
Cable Men	YES	

DESCRIPTION	QUALIFIED	COMMENTS
B.oom Operator	YES	
Audio Playback Operator	YES	
Audio Playback Assistant	YES	
Additional Sound/ Audio Crew	YES	
Rentals & Purchases	YES	
ELECTRICAL/SET LIGHTING		
Gaffer	YES	
Best Boy Electrician	YES	
Lamp Operators	YES	
Generator Operator	YES	
Generator Assistant	YES	
Electrician	YES	
Rigging & Striking Electrician	YES	
Electric Current/Tie-Ins	YES	
Chief Lighting Technician	YES	
Special Equipment Operator	YES	
Electric Hookup	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
SPECIAL EFFECTS		

Special Effects Coordinator	YES	
Special Effects Foreman	YES	
Special Effects Labor	YES	
Special Effects Rigging & Striking	YES	
Special Effects Manufacturing	YES	
Special Effects Assistants	YES	
Rentals & Purchases	YES	Tangible personal property (including, but not limited to automobiles, boats, or aircraft) may qualify if the script calls for the property to be destroyed or consumed during production.
Equipment	YES	Tangible personal property (including, but not limited to automobiles, boats, or aircraft) may qualify if the script calls for the property to be destroyed or consumed during production.
Tools	YES	
Materials/Supplies	YES	
CREATURE/MECHANICAL EFFECTS		
Creature/Mechanical Effects Coordinator	YES	

DESCRIPTION	QUALIFIED	COMMENTS
	YES	

Creature/Mechanical Effects Foreman		
Creature/Mechanical Effects Labor	YES	
Creature/Mechanical Effects Rigging & Striking	YES	
Rentals & Purchases	YES	Tangible personal property (including, but not limited to automobiles, boats, or aircraft) may qualify if the script calls for the property to be destroyed or consumed during production
Equipment	YES	Tangible personal property (including, but not limited to automobiles, boats, or aircraft) may qualify if the script calls for the property to be destroyed or consumed during production.
Tools	YES	
Materials/Supplies	YES	
ANIMAL/HANDLERS		
Head Wrangler/Gang Boss	YES	
Wrangler	YES	
Ramrods	YES	
Wild Animal Trainer/ Handler	YES	
Domestic Animal Trainer/ Handler	YES	
Veterinarian	YES	

Additional Trainers/ Handlers	YES	
Purchases/Rentals of Animals	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	
WARDROBE		
Costume Designer	YES	
Wardrobe Labor	YES	
Designer Staff	YES	
Costumes & Materials	YES	
Costumers & Assistants	YES	
Cleaning & Dying	YES	
Kit Rental	YES	
Alterations & Repairs	YES	
Costume Sketch Artist	YES	
Seamstress/Tailor	YES	
Washing Machine/Dryer	YES	
MAKEUP & HAIRDRESSING		
Makeup Artists	YES	
Body Makeup Artists	YES	

DESCRIPTION	QUALIFIED	COMMENTS
Hairstylists	YES	
Prosthetic Makeup Artists	YES	

Chair Rental	YES	
Wig Purchase/Rentals	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	
LOCATIONS		
Site Fees & Rentals	YES	
Police/Firemen/Watchmen	YES	
Other Local Hires	YES	
Set Security	YES	
Survey Costs	YES	
Permits/Licenses/Fees	YES	
Scouting	YES	
Certain Travel	YES	Point of departure or arrival must be in Alabama for air travel to qualify and any travel agent fees must be paid to an Alabama based company.
Hotels	YES	
Per Diems	YES	
Meals	YES	
Catering	YES	
Film Shipping	YES	Expenditures may qualify if shipping cost is paid to an Alabama office, branch, or division of an entity doing business in Alabama

Baggage/Equipment Shipping	YES	Expenditures may qualify if shipping cost is paid to an Alabama office, branch, or division of an entity doing business in Alabama
Location Restoration	YES	
Cleaning	YES	
Utilities and Telephone Charges	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
TRANSPORTATION		
Transportation Coordinator	YES	
Captains & Co-Captains	YES	
Studio Drivers	YES	
Location Drivers	YES	
Repairs & Maintenance	YES	
Car Wash	YES	
Pickup Service	YES	
Taxis	YES	

DESCRIPTION	QUALIFIED	COMMENTS
Location Vehicles - Rental	YES	Within Alabama Only
Tolls & Road Permits	YES	Within Alabama Only

Honeywagon	YES	
Motor Homes	YES	
Production Trucks & Vehicles -Rental	YES	
Camera Cars - Rental	YES	
Fuel/Oil/Liquids	YES	
Mileage Allowances	YES	
Department of Transportation Filings	YES	
Rentals & Purchases	YES	Tangible personal property (including, but not limited to automobiles, boats, or aircraft) may qualify if the script calls for the property to be destroyed or consumed during production.
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
VIDEO PLAYBACK		
Video Assistant Operator	YES	
24 Frame Playback Operator	YES	
24 Frame Playback Assistant	YES	
Miscellaneous Playback Assistant	YES	
Miscellaneous Video Labor	YES	
VIDEO TAPE		

Supervision	YES	
Technical Director	YES	
Video Operator	YES	
Video Recorder	YES	
Additional Labor	YES	
Video Assistant Package	YES	
Video Transfers	YES	
Video Editing	YES	
Video Contact	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
FILM & LAB		
Film Raw Stock	YES	
Negative Develop	YES	
Develop (90%)	YES	
Positive Printing	YES	
$\frac{n}{8}$ Sound Tape	YES	
Sound Transfers	YES	
Video Cassette Dailies	YES	

DESCRIPTION	QUALIFIED	COMMENTS
Telecine Transfers	YES	
	YES	

Polaroid - All Departments		
TESTS		
Talent	YES	
Labor	YES	
Film	YES	
Sound	YES	
Makeup & Hair	YES	
Purchases & Rentals	YES	
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
PROPS		
Prop Master	YES	
Assistant Prop Master	YES	
Weapons Handlers	YES	
Action Prop Vehicle Coordinators	YES	
Food Stylist	YES	
Prop Manufacturing	YES	
Rentals & Purchases	YES	Tangible personal property (including, but not limited to automobiles, boats, or aircraft) may qualify if the script calls for the property to be destroyed or consumed during production.
Equipment	YES	

Tools	YES	
Materials/Supplies	YES	
LOCATION/OFFICE & FACILITY EXPENSE		
Telephone Charges	YES	
Photocopy & Fax Charges	YES	
Materials/Supplies	YES	
Shipping & Postage	YES	
Portable Restroom Facilities	YES	
Trash Removal	YES	
Furniture	YES	
Air Conditioning/Heating	YES	
Parking	YES	
Rentals & Purchases	YES	
BELOW-THE-LINE TRAVEL & LIVING EXPENDITURES		
Hotel/Per Diem	YES	
Meals	YES	
Catering	YES	
VISUAL EFFECTS		
Visual Effects Supervisor	YES	
DESCRIPTION	**QUALIFIED**	**COMMENTS**
Visual Effects Coordinator	YES	
Visual Effects Editor	YES	

Visual Effects Accountant	YES	
Storyboard Artist	YES	
Special Consultant	YES	
Motion Control	YES	
Motion Capture	YES	
Wire Removal	YES	
Telecine/Scanning	YES	
Miniature Supervisor Crew	YES	
Miniature Shooting Crew	YES	
Miniature Model Shop	YES	
Miniature Other Expense	YES	
Greenscreen	YES	
Bluescreen	YES	
Rentals & Purchases	YES	Tangible personal property (including, but not limited to automobiles, boats, or aircraft) may qualify if the script calls for the property to be destroyed or consumed during production.
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
FRINGES-SHOOTING PERIOD		
Talent	YES	
Staff	YES	

Labor	YES	
Transportation	YES	
Contract	YES	
Locations	YES	
Raw Stock/Develop	YES	
Retroactive Pay	YES	
Health & Welfare, Pension	YES	
Local Hire Fringes	YES	
Accrued Holiday & Vacation	YES	
FICA/FUTA/SUTA/SUI	YES	
Workmen's Compensation	YES	
Union Dues	NO	
Medicare & Medicaid	YES	

POST-PRODUCTION

FILM EDITING & PROJECTION		
Film Editor	YES	
Assistant Film Editors	YES	
Feature Editor	YES	
Assistant Feature Editors	YES	

DESCRIPTION	QUALIFIED	COMMENTS
Editorial Production Assistants	YES	
Conforming	YES	

Post-Production Supervisor	YES	
Projectionist	YES	
Coding & Miscellaneous Editorial	YES	
Negative Cutting	YES	
Cutting Continuity	YES	
Editing Equipment Repairs	YES	
Editorial Meals/Craft Services	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
SOUND EDITORIAL		
Sound Designer	YES	
Sound Effects Editors	YES	
Assistant Sound Effects Editors	YES	
Outside Sound Editing Package	YES	Expenditures may qualify if paid to an Alabama office, branch, or division of an entity doing business in Alabama
Sound Editor's Room	YES	
Music Editor's Room	YES	
Rentals & Purchases	YES	
Equipment	YES	

Tools	YES	
Materials/Supplies	YES	
POST PRODUCTION SOUND		
Sound Reprints	YES	
Re-Recording/Dubbing	YES	
Looping/ ADR Facilities	YES	
Foley Stages	YES	
Foley Walkers	YES	
Mag Stock Reprints	YES	
Negative Raw Stock	YES	
Optical Transfers	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
POST-PRODUCTION FILM/LAB		
Editorial Reprints	YES	
Film to Videotape XFRS	YES	
Work Print/Reversal Dupes	YES	
Answer Prints	YES	
Interpositive	YES	

DESCRIPTION	QUALIFIED	COMMENTS
Internegative	YES	
Composits Check Print	YES	

TV Version	YES	
Stock Footage	YES	
Rentals & Purchases	YES	
Equipment	YES	
Tools	YES	
Materials/Supplies	YES	
MUSIC		
Orchestration	YES	
Composer	YES	
Conductor	YES	
Songwriters	YES	
Coaches/Music Supervisors	YES	
Singers	YES	
Copyists	YES	
Arrangers	YES	
Pre- Score Musicians	YES	
Underscore Musicians	YES	
Star Vocalists	YES	
Vocalists	YES	
Song Purchases	YES	
Album Mastering	YES	
Music Editor	YES	
Assistant Music Editor	YES	
Rentals & Purchases	YES	
Equipment	YES	

Tools	YES	
Materials/Supplies	YES	
Travel & Living	YES	
VISUAL EFFECTS:		
Digital Intermediate	YES	
Film: Interpositive/Fine Grain	YES	
Film: Prints	YES	
Lab Processing	YES	
MAIN & END TITLES		
Titles	YES	
MISCELLANEOUS CHARGES		
Dolby License Fee	NO	
DTS License Fee	NO	
SDDS License	NO	
MPAA Rating	NO	

DESCRIPTION	QUALIFIED	COMMENTS
City Business License	YES	
Auditing Fee	YES	Expenditures may qualify if the services are performed in Alabama
Post-Production Accounting	YES	Expenditures may qualify if the services are performed in Alabama
Legal: Production	YES	Expenditures may qualify if the services are performed in Alabama
Payroll Service Fees	YES	Expenditures may qualify if the services are performed in Alabama
	YES	

Computer Purchases/ Software		
Insurance-any	YES	Expenditures may qualify if purchased from an office, branch, or division of an entity doing business in Alabama
Currency Exchange Fees	NO	
Traffic /Parking Tickets/Towing	NO	
Web/Internet Purchases	NO	
Entertainment/Gratuities	NO	
Wrap Party	NO	
Loss & Damage/Liability	NO	
Work Visa	NO	
Completion Bond	YES	Expenditures may qualify if purchased from an office, branch or division of an entity doing business in Alabama; allowable percentage on
Contingency	YES	qualified spend only
Finance & Bank Fees	NO	

Author: Department of Commerce/Alabama Film Office
Statutory Authority: Code of Ala. 1975, §§41-7A-40 through -48.
History: **New Rule:** Filed August 13, 2012; effective September 17, 2012. **Amended:** Filed February 12, 2015; effective March 19, 2015.