

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control 810 Department or Agency REVENUE

Rule Nos. 810-16-1-.01

Rule Title: State Sales, Use, and Lodgings Tax Exemption for Qualified Production Companies

New; Amend; Repeal; Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? No

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? Yes

Is there another, less restrictive method of regulation available that could adequately protect the public? No

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? No

Is the increase in cost, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? N/A

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? Yes

Does the proposed rule have any economic impact? No

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer 

Date 10/18/13

APA-6
10/96

**ECONOMIC IMPACT STATEMENT
FOR APA RULE
(Section 41-22-23(f))**

Control No. 810 Department or Agency REVENUE

Rule No: 810-16-1-.01

Rule Title: State Sales, Use and Lodgings Tax Exemption for Qualified Production Companies

 New Amend X Repeal Adopt by Reference

- NO
 YES

This rule has no economic impact.

This rule has an economic impact, as explained below:

1. NEED/EXPECTED BENEFIT OF RULE:

2. COSTS/BENEFITS OF RULE AND WHY RULE IS THE MOST EFFECTIVE, EFFICIENT, AND FEASIBLE MEANS FOR ALLOCATING RESOURCES AND ACHIEVING THE STATED PURPOSE:

3. EFFECT OF THIS RULE ON COMPETITION:

4. EFFECT OF THIS RULE ON COST OF LIVING AND DOING BUSINESS IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED:

5. EFFECT OF THIS RULE ON EMPLOYMENT IN THE GEOGRAPHICAL AREA HERE THE RULE IS TO BE IMPLEMENTED:

6. SOURCE OF REVENUE TO BE USED FOR IMPLEMENTING AND ENFORCING THIS RULE:

7. THE SHORT-TERM/LONG-TERM ECONOMIC IMPACT OF THIS RULE ON AFFECTED PERSONS, INCLUDING ANALYSIS OF PERSONS WHO WILL BEAR THE COSTS AND THOSE WHO WILL BENEFIT FROM THE RULE:

8. UNCERTAINTIES ASSOCIATED WITH THE ESTIMATED BENEFITS AND

BURDENS OF THE RULE, INCLUDING QUALITATIVE/QUANTITATIVE
BENEFITS AND BURDEN COMPARISON:

9. THE EFFECT OF THIS RULE ON THE ENVIRONMENT AND PUBLIC
HEALTH:
10. DETRIMENTAL EFFECT ON THE ENVIRONMENT AND PUBLIC HEALTH
IF THE RULE IS NOT IMPLEMENTED:
11. OTHER COMMENTS:

APA-2
11/96

ALABAMA DEPARTMENT OF REVENUE
Sales & Use Tax Division

NOTICE OF INTENDED ACTION

RULE NO. & TITLE

810-16-1-.01 State Sales, Use, and Lodgings Tax Exemption for Qualified
Production Companies

INTENDED ACTION: Repeal the above rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to repeal Rule 810-16-1-.01 which is currently located in Administrative Rule Chapter 810-16-1. The purpose of this action is to move the above rule from its existing location and place it in Administrative Rule Chapter 810-6-3.

RULE NO. & TITLE

810-6-3-.52 State Sales, Use, and Lodgings Tax Exemption for Qualified
Production Companies

INTENDED ACTION: Adopt a new rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to adopt the above rule which pertains to sales, use and lodgings tax exemptions for qualified production companies. This rule is currently located in Administrative Rule Chapter 810-16-1 and should be relocated to the sales and use tax chapter of administrative rules.

RULE NO. & TITLE

810-15-1-.01 Hospital Assessment for Medicaid

INTENDED ACTION: Repeal the above rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to repeal Rule 810-15-1-.01 which is currently located in Administrative Rule Chapter 810-15-1. The purpose of this action is to move the above rule from its existing location and place it in Administrative Rule Chapter 810-6-5.

RULE NO. & TITLE

810-6-5-.27.02 Hospital Assessment for Medicaid

INTENDED ACTION: Adopt a new rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to adopt the above rule which pertains to hospital assessments for Medicaid. This rule is currently located in Administrative Rule Chapter 810-15-1 and should be relocated to the sales and use tax chapter of administrative rules.


TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be held at 2:00 p.m. on Wednesday, December 11, 2013, Room 1203, First Floor, Gordon Persons Building, located at 50 N Ripley Street, Montgomery, Alabama. Copies of the rule(s) can be obtained at ww.revenue.alabama.gov/rulehear.html.

All interested parties may present their views in writing to the **Secretary of the Alabama Department of Revenue, Room 4131, Gordon Persons Building, 50 N Ripley Street, Montgomery, Alabama 36132** at any time during the thirty-five (35) day period following publication of the notice or by appearing at the hearing.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:
Wednesday, December 11, 2013

CONTACT PERSON AT AGENCY:

Patricia Toles
Alabama Department of Revenue
4131 Gordon Persons Building
Montgomery, Alabama 36132
(334) 242-1380


Michael D. Gamble, Secretary
Alabama Department of Revenue

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810-16-1-.01 State Sales, Use, and Lodgings Tax Exemption for Qualified Production Companies. **(REPEALED)**

(1) Purpose. This rule sets forth guidelines and procedures to be used by the Department of Revenue in the administration of Act 2009-144, as codified in Article 3, Chapter 7A of Title 41 of the Code of Alabama 1975.

(2) Definitions. For purposes of this rule, and to the extent not inconsistent with the Rules of the Alabama Film Office, these terms shall be defined as follows:

(a) Department: The Alabama Department of Revenue.

(b) Office: The Alabama Film Office.

(c) Qualified Production Company: This term shall have the same meaning as ascribed to it in Code of Alabama 1975, Section 41-7A-42.

(d) 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. (Required by Alabama Film Office Rule 891-X-.1-.02(1)(w)).

(e) State-Certified Production: This term shall have the same meaning as ascribed to it in Code of Alabama 1975, Section 41-7A-42.

(3) Act 2009-144, as codified in Article 3, Chapter 7A of Title 41 provides for an exemption of state sales, use, and lodgings taxes levied pursuant to Sections 40-23-2, 40-23-61, and 40-26-1, respectively, of the Code of Alabama 1975 for Qualified Production Companies that incur, in the aggregate, \$150,000 or more in connection with one or more State-Certified Productions within a consecutive 12 month period.

(4) The Qualified Production Company must submit an application to the Office for approval. (See Alabama Film Office Rule 891-x-1-.04 for requirements and procedures)

(5) Once approved, the Office shall issue an approval letter to the Qualified Production Company and to the Department notifying both that the Qualified Production has been approved. The approval letter shall provide the total amount of Incentives approved and a breakdown of the Incentives awarded by State sales, use and lodgings tax and by Rebate. Upon receipt of the approval letter, the Department will issue a state sales, use, and lodgings tax exemption certificate to the Qualified Production Company. This exemption certificate shall be used by the Qualified Production Company to claim the exemption from the state portion of sales, use and lodgings tax when making qualifying purchases and/or accommodations. Local sales, use and

lodgings tax are not exempt and shall be paid to the vendor at the time of purchase or at the time the accommodations are provided. The exemption is effective on the date the exemption certificate is issued by the Department.

(6) Upon 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.

(7) The Report is required to be filed with the Office as provided for in Alabama Film Office Rule 891-x-1-.06, and shall identify, on a city-by-city and county-by-county basis, the amount of total incentives used in the way of exemptions from state sales, use and lodgings taxes, in addition to specifically identifying the amount of the total Production Expenditures eligible for the Rebate.

(8) If a Qualified Production Company fails to timely submit the Report to the Office as provided for in Rule 891-x-1-.06, the Qualified Production Company shall become liable for the state sales, use, and lodgings taxes that would otherwise have been paid.

(9) If the Qualified Production Company, which is producing a State-Certified Production, 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 not been granted; provided, however, that if the Qualified Production Company pays the state sales, use, and lodgings taxes due within 60 days of the date the Report was submitted, the Qualified Production Company shall incur no penalties.

Author: Traci Floyd, Angela Till
Authority: Sections 40-2A-7(a)(5) and 41-7A-40 through 48, Code of Alabama 1975
History: New rule: Filed December 20, 2010, effective January 24, 2011.