

BILL ANALYSIS

H.B. 1632
By: Morrison
Culture, Recreation & Tourism
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Concerns have been raised regarding the rate at which music venues and festivals in Texas have been disappearing in communities of all sizes due to increasing operating costs, especially after the shutdowns during the COVID-19 pandemic. There have been calls to provide relief to these entities in hopes of preserving local music venues and festivals across Texas. H.B. 1632 seeks to address this issue by establishing the Texas music incubator rebate program through which eligible music venues and music festival promoters may receive rebates of certain taxes.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Music, Film, Television, and Multimedia Office in SECTION 1 of this bill.

ANALYSIS

H.B. 1632 amends the Government Code to establish the Texas music incubator account as a dedicated account in the general revenue fund to be funded by mixed beverage gross receipts taxes and sales tax receipts attributable to the sale of beer and wine and to require the Music, Film, Television, and Multimedia Office, not later than September 1, 2022, to establish the Texas music incubator rebate program under which eligible music venues and music festival promoters are provided a full or partial rebate of those taxes remitted annually to the comptroller of public accounts by such venues and promoters. The bill requires the office to administer the program and to adopt necessary rules, provides for the composition of the account, and sets out related provisions. The bill requires the comptroller to transfer on the last day of each state fiscal biennium certain money deposited to the account that is unobligated and unexpended on that date to the general revenue fund to be used in accordance with legislative appropriation.

H.B. 1632 establishes that the rebates are to assist eligible venues and promoters in their efforts to support and continue to bring to local communities in Texas live musical performances, including the recruitment of musical performance artists, and sets out the eligibility requirements to qualify for a rebate.

H.B. 1632 authorizes the office, at the office's discretion, to provide a rebate under the program to a venue or promoter that fails to meet the prescribed eligibility requirements solely because the venue is located, or the festival is usually held, as applicable, in a county located wholly or partly in an area that at any time during the preceding two-year period was declared to be a disaster area by the governor or by the U.S. president. The bill provides for the expedited review of an application for a rebate submitted by a venue located, or promoter of a festival usually held, in such a county.

H.B. 1632 provides for the rebate application process, for the review of an application and the granting of a rebate, and for the issuance by the comptroller of a warrant for a rebate. The bill caps the rebate to a venue or promoter at the lesser of \$100,000 or the amount of mixed beverage gross receipts taxes and sales taxes attributable to the sale of beer and wine remitted in the preceding fiscal year to the comptroller by the venue or promoter as a permittee or permit holder. The bill requires the office to begin accepting rebate applications beginning September 1, 2022, and to adopt rules necessary to implement and administer the rebate program.

H.B. 1632 amends the Tax Code to require the comptroller to deposit to the credit of the Texas music incubator account each fiscal year \$100,000 of the revenue received from the state sales and use tax and \$10 million of the revenue received from the mixed beverage gross receipts tax.

EFFECTIVE DATE

September 1, 2021.