

## **BILL ANALYSIS**

Senate Research Center  
80R18469 TAD-F

C.S.H.B. 1634  
By: Dukes et al. (Deuell)  
Finance  
5/15/2007  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The State of Texas is widely recognized as a choice location for filming due to its resources, such as technical crews, diverse locations, film equipment, and a mild climate. In the last decade, however, financial incentives have become a higher priority when production companies decide where to film. According to the Texas Film Commission, Texas has lost 29 films to one of the 23 states that offer incentives. These films would have brought approximately \$313 million in direct spending and approximately 4,500 jobs to Texas. Both Louisiana and New Mexico have implemented film incentive programs and have seen dramatic increases in spending and film crew jobs.

C.S.H.B. 1634 amends the existing film industry incentive program to encourage film production in Texas.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Music, Film, Television, and Multimedia Office in SECTION 7 (Section 485.028, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Subchapter B, Chapter 485, Government Code, to read as follows:

#### **SUBCHAPTER B. MOVING IMAGE INDUSTRY INCENTIVE PROGRAM**

SECTION 2. Amends Section 485.021, Government Code, as follows:

Sec. 485.021. DEFINITIONS. Defines "in-state spending" and "moving image project," and redefines "production company," "Texas resident," and "underused area." Deletes existing definition of "filmed entertainment."

SECTION 3. Amends the heading to Section 485.022, Government Code, to read as follows:

#### **Sec. 485.022. MOVING IMAGE INDUSTRY INCENTIVE PROGRAM.**

SECTION 4. Amends Sections 485.022, Government Code, by amending Subsections (a) and (b) and adding Subsections (d), (e), and (f), as follows:

(a) Amends this subsection to include moving image projects, rather than filmed entertainments.

(b) Amends this subsection to include Section 485.021(4), rather than 485.021(3). Requires the procedure for the submission of grant applications and the awarding of grants under this chapter include provisions relating to requirements for the submission, before production of a moving image project begins, of an estimate of total in-state spending, the shooting script or story board, as applicable, the estimated number of jobs for cast and production crew during the production and completion of a moving image project, and any other information considered useful and necessary by the Music, Film, Television, and Multimedia Office (office) for an adequate and accurate analysis of a production company's in-state spending. Makes a conforming change.

(d) Authorizes the office to award a grant to a production company only based on a production company's in-state spending that the office verifies as having been completed.

(e) Provides that the office is not required to act on any grant application and authorizes the office to deny an application because of inappropriate content or content that portrays Texas or Texans in a negative fashion, as determined by the office, in a moving image project. Requires the office, in determining whether to act on or deny a grant application, to consider general standards of decency and respect for the diverse beliefs and values of the citizens of Texas.

(f) Requires the office, before the grant can be awarded under this subchapter, to require a copy of the final script and determine if any substantial changes occurred during production on a moving image project to include content describe by Subsection (e).

SECTION 5. Amends Section 485.023, Government Code, as follows:

Sec. 485.023. **QUALIFICATION.** Provides that to qualify for a grant under this subchapter a production company is required to have spent a minimum of \$1 million in in-state spending for a film or television program or \$100,000 in in-state spending for a commercial, or series of commercials; at least 70 percent of the production crew, actors, and extras for a moving image project are required to be Texas residents; at least 80 percent of the moving image project is required to be filmed in Texas; and a production company is required to submit to the office an expended budget, in a format prescribed by the office, that reflects all in-state spending and includes all receipts, invoices, pay orders, and other documentation considered necessary by the office to accurately determine the amount of a production company's in-state spending that has occurred. Deletes existing text requiring a production company to pay a minimum of \$500,000 in wages to Texas residents for a film or television production or \$50,000 in wages to Texas residents for a commercial or series of commercials to qualify for a grant under this subchapter.

SECTION 6. Amends Section 485.024, Government Code, as follows:

Sec. 485.024. **GRANT.** (a) Prohibits a grant under this subchapter from exceeding, except as provided by Section 485.025, the lesser of five percent, rather than 20 percent, of the wages paid to Texas residents for a moving image project; or \$2 million for a film; \$2.5 million for a television program; or \$200,000 for a commercial or series of commercials. Makes conforming changes. Deletes existing text prohibiting a grant from exceeding \$750,000.

(b) Prohibits the office, in calculating a grant amount under Section 485.025 or the amount of in-state spending for purposes of Subsection (a), from including the wages of persons, including an actor or director.

SECTION 7. Amends Subchapter B, Chapter 485, Government Code, by adding Sections 485.027 and 485.028, as follows:

Sec. 485.027. **WORKFORCE TRAINING AND PERFORMANCE MEASURES.** (a) Authorizes the office to contract with public junior colleges, as defined by Section 61.003, Education Code, or Texas nonprofit organizations to create a moving image industry personnel training program for developing and expanding the workforce for moving image projects in Texas.

(b) Requires the office to develop appropriate performance measures for training programs created under this section.

(c) Requires the office and the Texas Higher Education Coordinating Board to cooperate to develop performance measures that are appropriate for classroom instruction before the office may spend money to implement this section.

(d) Requires the office to consult with the Texas Workforce Commission to collect and compile data on the status of the moving image industry employment base in Texas.

Sec. 485.028. FILM ARCHIVE PROGRAM. (a) Authorizes the office to contract with an organization that is exempt from taxation under Section 501(c)(3), Internal Revenue Code of 1986, to provide technical resources regarding archiving moving image projects, improving public access to the moving image heritage of Texas, including campaign material, and discovering, preserving, and collecting digital copies of the moving image heritage of Texas. Requires a contract under this section to include certain requirements.

(b) Authorizes the office by rule to develop policies and procedures for coordinating with state agencies to implement this section.

(c) Requires the office to establish performance measures for contractors that enter into a contract under this section.

SECTION 8. Effective date: upon passage or September 1, 2007.