

BILL ANALYSIS

Senate Research Center
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S.B. 99
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Natural Resources & Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Music, Film, Television, and Multimedia Office (office) administers incentive programs intended to be economically stimulating to the state economy, but in reality are harmful and repressive to true economic growth.

The Texas Moving Image Industry Incentive Program (TMIIP), administered by the office, provides qualifying film, television, commercial, visual effects, and video game productions the opportunity to receive cash grants based on a percentage of a project's eligible Texas expenditures, including eligible wages paid to Texas residents.

The TMIIP is economically harmful because it attempts to grow the economy through monetary handouts, but it takes money from taxpayers in order to do so. This disrupts the natural market processes by shifting money from productive hands into those which are less productive and more politically connected. It creates corporate welfare.

The presence of the TMIIP chooses winners and losers in free market development and props up failing industries artificially. This ultimately undermines consumer choice: it overturns the decisions of millions of Texans and redirects the outcomes in the marketplace through subsidies.

Furthermore, the TMIIP creates inefficiency in the economy and stunts competition. Unconnected businesses struggle to compete with the welfare recipients, and they are unable to reap the just rewards of their merit. Texas should not allow a taxpayer-funded office to subsidize private companies with free promotion, sponsorships, and tax credits for certain industries.

This bill amends the Government Code under multiple sections to eliminate any reference to the Music, Film, Television, and Multimedia Office and replace it with the office of the governor.

As proposed, S.B. 99 amends current law relating to the abolishment of the Music, Film, Television, and Multimedia Office in the office of the governor and other incentives for media productions.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the office of the governor (governor's office) is modified in SECTION 2 (Section 2155.444(h), Government Code) of this bill.

Rulemaking authority previously granted to the Music, Film, Television, and Multimedia Office in the governor's office is rescinded in SECTION 6 (Chapters 485 and 485A, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 444.030(b), Government Code, to require the Texas Commission on the Arts to enter into an agreement with the Texas Education Agency, rather than the Central Education Agency, regarding the arts in education program, and with the office of governor (governor's office), Texas Department of Transportation (TxDOT), and the Texas Parks and Wildlife Department (TPWD) regarding state tourism promotion efforts, rather than with the Music, Film, Television, and Multimedia Office in the governor's office regarding work with the

state's music and film industries; and with the Texas Department of Commerce, TxDOT, and TPWD regarding state tourism promotion efforts.

SECTION 2. Amends Section 2155.444(h), Government Code, to change a reference to the Music, Film, Television, and Multimedia Office within the governor's office to the governor's office.

SECTION 3. Amends Section 2165.008(a)(1), Government Code, to redefine "office" to mean the office of the governor, rather than the Music, Film, Television, and Multimedia Office.

SECTION 4. Amends Section 151.317(a), Tax Code, to delete existing text regarding an exemption from taxation for gas and electricity used in powering equipment exempt under Section 151.3185 (Property Used in the Production of Motion Pictures or Video or Audio Recordings and Broadcasts).

SECTION 5. Amends Section 504.639(b), Transportation Code, to require the remainder of the fee for issuance of the license plates to be deposited to the credit of the general revenue fund, rather than the Texas Music Foundation account established by Section 7.027, Education Code.

SECTION 6. Repealer: Section 7.027 (Texas Music Foundation Account), Education Code.

Repealer: Section 403.029 (Transfer of Certain Money to General Revenue Fund), Government Code.

Repealers: Chapters 485 (Music, Film, Television, and Multimedia Industries) and 485A (Media Production Development Zones), Government Code.

Repealers: Sections 151.3185 (Property Used in the Production of Motion Pictures or Video or Audio Recordings and Broadcasts) and 151.3415 (Items Sold to or Used to Construct, Maintain, Expand, Improve, Equip, or Renovate Media Production Facilities at Media Production Locations; Report), Tax Code.

SECTION 7. Abolishes the Music, Film, Television, and Multimedia Office in the governor's office and transfers all its records and other property to the governor's office. Provides that all its unobligated and unexpected appropriations lapse. Requires all donations, gifts, and grants made to the Music, Film, Television, and Multimedia Office to be transferred to the governor's office to be used for consistent purposes.

SECTION 8. Provides that changes in law made by this Act to Sections 151.317, 151.3185, and 151.3415, Tax Code, do not affect tax liability accruing before the effective date of this Act. Provides that liability continues in effect as if this Act had not been enacted and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 9. Effective date: September 1, 2017.