

By: Huffman

S.B. No. 22

A BILL TO BE ENTITLED

AN ACT

relating to the Texas moving image industry incentive program and the establishment and funding of the Texas moving image industry incentive fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. LEGISLATIVE INTENT

SECTION 1.01. It is the intent of the legislature that no Texas moving image industry incentive program grants be used to fund inappropriate content or content that portrays Texas or Texans in a negative fashion and that moving image projects funded under the program conform to general standards of decency and respect the diverse beliefs and values of the citizens of Texas.

ARTICLE 2. TEXAS MOVING IMAGE INDUSTRY INCENTIVE PROGRAM; FUND

SECTION 2.01. Section 485.021, Government Code, is amended by adding Subdivision (1-a) to read as follows:

(1-a) "Incentive fund" means the Texas moving image industry incentive fund established under Section 485.0225.

SECTION 2.02. Section 485.022, Government Code, is amended by amending Subsections (a) and (f) and adding Subsections (g) and (h) to read as follows:

(a) The office shall administer a grant program for production companies that produce moving image projects in this state:

(1) using money from the incentive fund; or

1 (2) ~~[7]~~ to the extent that gifts, grants, donations,
2 or other money, including appropriations, are made available to the
3 office for that purpose.

4 (f) The following types of projects are not eligible for
5 grants under this subchapter:

6 (1) pornography or obscene material, as defined by
7 Section 43.21, Penal Code;

8 (2) news, current event or public access programming,
9 political advertising, including public service announcements that
10 advance a public policy or political position, or programs that
11 include weather or market reports;

12 (3) local events or religious services;

13 (4) productions not intended for commercial,
14 educational, or instructional distribution;

15 (5) sporting events or activities;

16 (6) awards shows, galas, or telethons and similar
17 programs that solicit funds;

18 (7) projects intended for undergraduate or graduate
19 course credit;

20 (8) application software, system software, or
21 middleware;

22 (9) casino-type video games and interactive digital
23 media experiences used in a gambling device, as defined by Section
24 47.01, Penal Code; or

25 (10) commercials or advertising for this state or any
26 agency or department of this state.

27 (g) As part of the preliminary application process ~~[Before a~~

~~grant is awarded under this subchapter]~~, the office shall review the proposed content of a moving image project in the manner provided by office rule and advise the prospective applicant whether the content will preclude the project from receiving a grant under this subchapter.

(h) Once an approved project has been completed, the office shall review the final content before issuing the grant payment to
~~[÷~~

~~[(1) require a copy of the final script; and~~
~~[(2)]~~ determine if any substantial changes occurred during production on a moving image project to include content described by Subsection (e) or (f).

SECTION 2.03. Subchapter ~~B~~, Chapter ~~485~~, Government Code, is amended by adding Section 485.0225 to read as follows:

Sec. 485.0225. TEXAS MOVING IMAGE INDUSTRY INCENTIVE FUND.

(a) In this section, "trust company" means the Texas Treasury Safekeeping Trust Company.

(b) The Texas moving image industry incentive fund is established as a fund outside the state treasury to be held and invested by the trust company and administered by the office.

(c) Money in the incentive fund may be spent without legislative appropriation and may be used only for the purposes of awarding grants under this subchapter and paying the trust company's expenses of managing the incentive fund's assets.

(d) The incentive fund consists of:

(1) money appropriated, transferred, or deposited to the credit of the incentive fund by the legislature;

1 (2) money, including the proceeds of a fee or tax
2 imposed by this state, that by statute is dedicated for deposit to
3 the credit of the incentive fund;

4 (3) investment earnings and interest earned on amounts
5 credited to the incentive fund; and

6 (4) gifts, grants, and donations made to the office
7 and deposited to the credit of the incentive fund.

8 (e) The trust company shall hold and invest the incentive
9 fund. The incentive fund may be invested with the state treasury
10 pool and may be pooled with other state assets for purposes of
11 investment.

12 (f) The overall objective for the investment of the
13 incentive fund is to maintain sufficient liquidity to meet the
14 needs of the incentive fund while striving to preserve the
15 purchasing power of the incentive fund over a full economic cycle.

16 (g) The trust company may acquire, exchange, sell,
17 supervise, manage, or retain any kind of investment that a prudent
18 investor, exercising reasonable care, skill, and caution, would
19 acquire or retain in light of the purposes, terms, distribution
20 requirements, and other circumstances of the incentive fund then
21 prevailing, taking into consideration the investment of all the
22 assets of the incentive fund rather than a single investment.

23 (h) The expenses of managing the incentive fund's assets
24 shall be paid from the incentive fund.

25 (i) The office annually shall provide to the trust company a
26 forecast of the cash flows into and out of the incentive fund. The
27 office shall provide updates to the forecast as appropriate to

1 ensure the trust company is able to achieve the objective specified
2 by Subsection (f).

3 (j) The trust company shall disburse money from the
4 incentive fund as directed by the office. The office may direct one
5 or more disbursements from the incentive fund no more frequently
6 than twice in any state fiscal year.

7 SECTION 2.04. Section 485.023, Government Code, is amended
8 to read as follows:

9 Sec. 485.023. QUALIFICATION. To qualify for a grant under
10 this subchapter:

11 (1) a production company must have spent a minimum of:

12 (A) \$500,000 [~~\$250,000~~] in in-state spending for
13 a film or television program; or

14 (B) \$100,000 in in-state spending for a
15 commercial or series of commercials, an educational or
16 instructional video or series of educational or instructional
17 videos, or a digital interactive media production;

18 (2) [~~at least 55 percent of the production crew,~~
19 ~~actors, and extras for a moving image project must be Texas~~
20 ~~residents~~] unless the office determines and certifies in writing
21 that a sufficient number of qualified crew, actors, and extras are
22 not available to the company at the time principal photography
23 begins, the percentage of the production crew, actors, and extras
24 for a moving image project who are Texas residents must be at least:

25 (A) 35 percent for a moving image project that
26 begins principal photography on or after September 1, 2025, and
27 before September 1, 2027;

1 (B) 40 percent for a moving image project that
2 begins principal photography on or after September 1, 2027, and
3 before September 1, 2029;

4 (C) 45 percent for a moving image project that
5 begins principal photography on or after September 1, 2029, and
6 before September 1, 2031; and

7 (D) 50 percent for a moving image project that
8 begins principal photography on or after September 1, 2031;

9 (3) at least 60 percent of the moving image project
10 must be filmed in Texas; and

11 (4) a production company must submit to the office an
12 expended budget, in a format prescribed by the office, that
13 reflects all in-state spending and includes all receipts, invoices,
14 pay orders, and other documentation considered necessary by the
15 office to accurately determine the amount of a production company's
16 in-state spending that has occurred.

17 SECTION 2.05. Sections 485.024(a) and (c), Government Code,
18 are amended to read as follows:

19 (a) Except as provided by Section 485.025, for a moving
20 image project that is:

21 (1) a feature film, a television program other than a
22 reality television program, or a visual effects project for a
23 feature film or television program other than a reality television
24 program with total in-state spending of:

25 (A) at least \$500,000 but less than \$1 million,
26 the amount of a grant under this subchapter is equal to five percent
27 of total in-state spending for the project;

1 (B) at least \$1 million but less than \$5 million,
2 the amount of a grant under this subchapter is equal to 10 percent
3 of total in-state spending for the project; or

4 (C) at least \$5 million, the amount of a grant
5 under this subchapter is equal to 25 percent of total in-state
6 spending for the project;

7 (2) a digital interactive media production with total
8 in-state spending of:

9 (A) at least \$100,000 but less than \$1 million,
10 the amount of a grant under this subchapter is equal to five percent
11 of total in-state spending for the project;

12 (B) at least \$1 million but less than \$5 million,
13 the amount of a grant under this subchapter is equal to 10 percent
14 of total in-state spending for the project; or

15 (C) at least \$5 million, the amount of a grant
16 under this subchapter is equal to 25 percent of total in-state
17 spending for the project;

18 (3) a reality television program as defined by office
19 rule with total in-state spending of:

20 (A) at least \$500,000 but less than \$1 million,
21 the amount of a grant under this subchapter is equal to five percent
22 of total in-state spending for the project; or

23 (B) at least \$1 million, the amount of a grant
24 under this subchapter is equal to 10 percent of total in-state
25 spending for the project; or

26 (4) a commercial, a series of commercials, an
27 educational or instructional video, a series of educational or

1 instructional videos, or a visual effects project for a commercial,
2 series of commercials, educational or instructional video, or
3 series of educational or instructional videos with total in-state
4 spending of:

5 (A) at least \$100,000 but less than \$1 million,
6 the amount of a grant under this subchapter is equal to five percent
7 of total in-state spending for the project; or

8 (B) at least \$1 million, the amount of a grant
9 under this subchapter is equal to 10 percent of total in-state
10 spending for the project ~~[may not exceed the amount established by~~
11 ~~office rule. The office shall adopt rules prescribing the method~~
12 ~~the office will use to calculate the amount of a grant under this~~
13 ~~subsection. The office shall publish a written summary of the~~
14 ~~method for determining grants before awarding a grant under this~~
15 ~~section. The method must consider at a minimum:~~

16 ~~[(1) the current and likely future effect a moving~~
17 ~~image project will have on employment, tourism, and economic~~
18 ~~activity in this state; and~~

19 ~~[(2) the amount of a production company's in-state~~
20 ~~spending for a moving image project].~~

21 (c) The office may ~~[only]~~ make a grant from the incentive
22 fund or appropriated funds.

23 SECTION 2.06. Section 485.025, Government Code, is amended
24 to read as follows:

25 Sec. 485.025. ADDITIONAL GRANTS ~~[GRANT]~~ FOR CERTAIN
26 PROJECTS ~~[UNDERUTILIZED AND ECONOMICALLY DISTRESSED AREAS]~~. (a)

27 In addition to the grant calculated under Section 485.024, a

1 production company is eligible for:

2 (1) a Texas heritage grant in an amount equal to 2.5
3 percent of total in-state spending for a moving image project that
4 qualifies under Subsection (b);

5 (2) a rural filming grant in an amount equal to 2.5
6 percent of total in-state spending for a moving image project that
7 qualifies under Subsection (c); or

8 (3) a postproduction grant in an amount equal to one
9 percent of total in-state spending for a moving image project that
10 qualifies under Subsection (d).

11 (b) A moving image project qualifies for a Texas heritage
12 grant under Subsection (a)(1) if the project is designated by the
13 office as a Texas heritage project according to rules adopted by the
14 office. The office is not required to designate any moving image
15 project as a Texas heritage project and has sole discretion to make
16 that designation. In determining whether to designate a moving
17 image project as a Texas heritage project, the office shall
18 consider:

19 (1) the project's current and likely future effect on
20 the promotion of family values; or

21 (2) whether the project portrays Texas and Texans in a
22 positive fashion.

23 (c) A moving image project qualifies for a rural filming
24 grant under Subsection (a)(2) if the production company spends at
25 least 35 percent of the project's filming days or man hours, as
26 applicable and as defined by office rule, in a county in this state
27 with a population of 300,000 or less.

(d) A moving image project qualifies for a postproduction grant under Subsection (a)(3) if at least 25 percent of the total in-state spending for the project is spent by the production company during postproduction on eligible expenditures as provided by office rule, including expenditures for labor, vendor, and music costs.

(e) A moving image project may qualify for and receive more than one additional grant under Subsection (a) ~~[that spends at least 25 percent of a moving image project's filming days in an underutilized and economically distressed area is eligible for an additional grant in an amount equal to 2.5 percent of the total amount of the production company's in-state spending for the moving image project].~~

SECTION 2.07. Section [151.801](#), Tax Code, is amended by amending Subsection (a) and adding Subsection (g) to read as follows:

(a) Except for ~~[the]~~ amounts otherwise allocated under this section ~~[Subsections (b), (c), (c-2), (c-3), and (f)]~~, all proceeds from the collection of the taxes imposed by this chapter shall be deposited to the credit of the general revenue fund.

(g) Not later than the 30th day of each state fiscal biennium, the comptroller shall deposit to the credit of the Texas moving image industry incentive fund established under Section 485.0225, Government Code, \$500 million of the proceeds from the collection of the taxes imposed by this chapter.

SECTION 2.08. (a) The Music, Film, Television, and Multimedia Office shall adopt rules necessary to implement and

administer Subchapter B, Chapter 485, Government Code, as amended by this article.

(b) The comptroller of public accounts may adopt rules necessary to implement and administer Section 485.0225, Government Code, as added by this article.

ARTICLE 3. SUNSET PROVISIONS

SECTION 3.01. Effective September 1, 2035, Sections 485.022(a) and (f), Government Code, are amended to read as follows:

(a) The office shall administer a grant program for production companies that produce moving image projects in this state, to the extent that gifts, grants, donations, or other money, including appropriations, are made available to the office for that purpose.

(f) Before a grant is awarded under this subchapter, the office shall:

(1) require a copy of the final script; and

(2) determine if any substantial changes occurred during production on a moving image project to include content described by Subsection (e).

SECTION 3.02. Effective September 1, 2035, Section 485.023, Government Code, is amended to read as follows:

Sec. 485.023. QUALIFICATION. To qualify for a grant under this subchapter:

(1) a production company must have spent a minimum of:

(A) \$250,000 in in-state spending for a film or television program; or

1 (B) \$100,000 in in-state spending for a
2 commercial or series of commercials, an educational or
3 instructional video or series of educational or instructional
4 videos, or a digital interactive media production;

5 (2) at least 55 percent of the production crew,
6 actors, and extras for a moving image project must be Texas
7 residents unless the office determines and certifies in writing
8 that a sufficient number of qualified crew, actors, and extras are
9 not available to the company at the time principal photography
10 begins;

11 (3) at least 60 percent of the moving image project
12 must be filmed in Texas; and

13 (4) a production company must submit to the office an
14 expended budget, in a format prescribed by the office, that
15 reflects all in-state spending and includes all receipts, invoices,
16 pay orders, and other documentation considered necessary by the
17 office to accurately determine the amount of a production company's
18 in-state spending that has occurred.

19 SECTION 3.03. Effective September 1, 2035, Sections
20 [485.024](#)(a) and (c), Government Code, are amended to read as
21 follows:

22 (a) Except as provided by Section [485.025](#), a grant under
23 this subchapter may not exceed the amount established by office
24 rule. The office shall adopt rules prescribing the method the
25 office will use to calculate the amount of a grant under this
26 subsection. The office shall publish a written summary of the
27 method for determining grants before awarding a grant under this

1 section. The method must consider at a minimum:

2 (1) the current and likely future effect a moving
3 image project will have on employment, tourism, and economic
4 activity in this state; and

5 (2) the amount of a production company's in-state
6 spending for a moving image project.

7 (c) The office may only make a grant from appropriated
8 funds.

9 SECTION 3.04. Effective September 1, 2035, Section 485.025,
10 Government Code, is amended to read as follows:

11 Sec. 485.025. ADDITIONAL GRANT FOR UNDERUTILIZED AND
12 ECONOMICALLY DISTRESSED AREAS. In addition to the grant calculated
13 under Section 485.024, a production company that spends at least 25
14 percent of a moving image project's filming days in an
15 underutilized and economically distressed area is eligible for an
16 additional grant in an amount equal to 2.5 percent of the total
17 amount of the production company's in-state spending for the moving
18 image project.

19 SECTION 3.05. The following provisions added by Article 2
20 of this Act expire on August 31, 2035:

- 21 (1) Section 485.021(1-a), Government Code;
22 (2) Sections 485.022(g) and (h), Government Code;
23 (3) Section 485.0225, Government Code; and
24 (4) Section 151.801(g), Tax Code.

25 SECTION 3.06. (a) On August 31, 2035, the Texas moving
26 image industry incentive fund established under Section 485.0225,
27 Government Code, as added by Article 2 of this Act, is abolished and

1 the unencumbered and unspent balance of the fund on that date is
2 transferred to the general revenue fund.

3 (b) Notwithstanding the changes in law made by this article,
4 a grant awarded under Subchapter B, Chapter 485, Government Code,
5 on or after September 1, 2025, and before September 1, 2035, is
6 governed by that subchapter as amended by Article 2 of this Act and
7 any subsequent amendments to that law by the legislature in effect
8 on the date the grant is awarded, and that law is continued in
9 effect for that purpose.

10 (c) A grant awarded under Subchapter B, Chapter 485,
11 Government Code, on or after September 1, 2035, is governed by that
12 subchapter as amended by this article.

13 ARTICLE 4. EFFECTIVE DATE

14 SECTION 4.01. Except as otherwise provided by this Act,
15 this Act takes effect September 1, 2025.