BILL ANALYSIS

Senate Research Center
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S.B. 1142
By: Carona
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

After building its film production industry over the past 20 years, and gaining international recognition as a leader in on-location filming, Texas is now in danger of losing its film industry to more hospitable business climates.

In the early 1990s, Canada's federal and provincial governments began an effort to attract on-location filming by offering financial incentives, in the form of tax credits. Responding to the success of Canada's programs, the United States slowly began to follow suit, offering rebates or tax credits based on in-state spending. Now, incentive programs have changed the way that location decisions are made. Thirteen states (Louisiana, New Mexico, Oklahoma, Florida, South Carolina, New York, Illinois, Hawaii, Utah, Mississippi, Missouri, Minnesota, and Pennsylvania), and every Canadian province, have such programs in place. Film incentive legislation is pending in California, North Carolina, Georgia, and Montana. For years, Texas' top competitors have been California, New York, Florida, Illinois, and North Carolina, each with strong film infrastructures of their own. Without a financial incentive to help level the playing field, Texas is at a great disadvantage.

As proposed, S.B. 1142 creates a financial incentive program to allow Texas to effectively compete with other film destinations, to increase employment for Texans, to protect an established industry from outside competition, and to increase film and tourism travel to Texas.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Redesignates Sections 485.001-485.007, Government Code as Subchapter A, Chapter 485, Government Code, and adds a subchapter heading to read as follows:

SUBCHAPTER A. GENERAL PROVISIONS

SECTION 2. Amends Chapter 485, Government Code, by adding Subchapter B, as follows:

SUBCHAPTER B. FILM INDUSTRY INCENTIVE PROGRAM

Sec. 485.021. DEFINITIONS. Defines "filmed entertainment," "production company," "Texas resident," and "underused area."

Sec. 485.022. FILM INDUSTRY INCENTIVE PROGRAM. (a) Requires the Music, Film, Television, and Multimedia Office (office) to administer a grant program for production companies that produce filmed entertainments in this state.

(b) Requires the office to develop a procedure for the submission of grant applications and the awarding of grants under this subchapter. Requires the procedure to include certain provisions.

Sec. 485.023. QUALIFICATION. Requires a production company to pay a minimum of $500,000 in wages to Texas residents for a film or television program or $50,000 in wages to Texas residents for a commercial or series of commercials to qualify for a grant under this subchapter.

Sec. 485.024. GRANT. (a) Prohibits a grant under this subchapter from exceeding a certain amount, except as provided by Section 485.025.

(b) Prohibits the office from including wages of certain persons, including actors or directors, employed in the production of a filmed entertainment when calculating a grant amount under Subsection (a).

Sec. 485.025. ADDITIONAL GRANT FOR UNDERUSED AREAS. Provides that, in addition to the grant calculated under Section 485.024, a production company that spends at least 25 percent of a filmed entertainment's filming days in an underused area is eligible for an additional grant in an amount equal to five percent of the wages paid to Texas residents for the filmed entertainment.

Sec. 485.026. STATE DEBT. Requires the office, if a production company owes money to the state at the time the production company is awarded a grant under this subchapter, to offset an amount owed to the state from the amount awarded.

SECTION 3. Effective date: September 1, 2005.