

1-1 By: Carona S.B. No. 1142
1-2 (In the Senate - Filed March 8, 2005; March 21, 2005, read
1-3 first time and referred to Subcommittee on Emerging Technologies
1-4 and Economic Development; April 11, 2005, reported adversely, with
1-5 favorable Committee Substitute to Committee on Business and
1-6 Commerce; April 22, 2005, reported adversely, with favorable
1-7 Committee Substitute from Committee on Business and Commerce by the
1-8 following vote: Yeas 6, Nays 0; April 22, 2005, sent to printer.)

1-9 COMMITTEE SUBSTITUTE FOR S.B. No. 1142 By: Brimer

1-10 A BILL TO BE ENTITLED
1-11 AN ACT

1-12 relating to the creation of a film industry incentive program and
1-13 the promotion of state tourism.

1-14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-15 SECTION 1. Sections 485.001 through 485.007, Government
1-16 Code, are designated as Subchapter A, Chapter 485, Government Code,
1-17 and a subchapter heading is added to read as follows:

1-18 SUBCHAPTER A. GENERAL PROVISIONS

1-19 SECTION 2. Chapter 485, Government Code, is amended by
1-20 adding Subchapter B to read as follows:

1-21 SUBCHAPTER B. FILM INDUSTRY INCENTIVE PROGRAM

1-22 Sec. 485.021. DEFINITIONS. In this subchapter:

1-23 (1) "Filmed entertainment" means a visual and sound
1-24 production, including a:

1-25 (A) film;

1-26 (B) television program; or

1-27 (C) national or multistate commercial.

1-28 (2) "Production company" includes a film production
1-29 company, television production company, or film and television
1-30 production company.

1-31 (3) "Texas resident" means an individual who has
1-32 resided in Texas since the 60th day before the first day of
1-33 principal photography on a filmed entertainment.

1-34 (4) "Underused area" includes any area of this state
1-35 other than the metropolitan areas of Austin, Houston, or
1-36 Dallas-Fort Worth.

1-37 Sec. 485.022. FILM INDUSTRY INCENTIVE PROGRAM. (a) The
1-38 office shall administer a grant program for production companies
1-39 that produce filmed entertainments in this state.

1-40 (b) The office shall develop a procedure for the submission
1-41 of grant applications and the awarding of grants under this
1-42 subchapter. The procedure must include provisions relating to:

1-43 (1) methods by which an individual's Texas residency
1-44 as described by Section 485.021(3) can be proved; and

1-45 (2) requirements for the submission, before
1-46 production of a filmed entertainment begins, of an estimate of
1-47 total wages that will be paid to Texas residents.

1-48 Sec. 485.023. QUALIFICATION. To qualify for a grant under
1-49 this subchapter, a production company must pay a minimum of:

1-50 (1) \$500,000 in wages to Texas residents for a film or
1-51 television program; or

1-52 (2) \$50,000 in wages to Texas residents for a
1-53 commercial or series of commercials.

1-54 Sec. 485.024. GRANT. (a) Except as provided by Section
1-55 485.025, a grant under this subchapter may not exceed the lesser of:

1-56 (1) 20 percent of the wages paid to Texas residents for
1-57 a filmed entertainment; or

1-58 (2) \$750,000.

1-59 (b) In calculating a grant amount under Subsection (a), the
1-60 office may not include wages of persons, including an actor or
1-61 director, employed in the production of a filmed entertainment that
1-62 are:

1-63 (1) a major part of the production costs of the

entertainment, as determined by the office; and

(2) negotiated or spent before production begins.

Sec. 485.025. ADDITIONAL GRANT FOR UNDERUSED AREAS. 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. If a production company owes money to the state at the time the production company is awarded a grant under this subchapter, the office shall offset the amount owed to the state from the amount awarded.

SECTION 3. Section 156.251, Tax Code, is amended by adding Subsections (e) and (f) to read as follows:

(e) In addition to the revenue allocated under Subsection (d), an amount equal to the amount of revenue derived from the collection of taxes imposed by this chapter at a rate of one-half of one percent shall be allocated in the general revenue fund as follows:

(1) an amount not to exceed \$10 million may be used only for the activities of the tourism division of the Texas Economic Development and Tourism Office; and

(2) an amount not to exceed \$20 million may be used only for the promotion and funding of the film industry incentive program by the Music, Film, Television, and Multimedia Office.

(f) This subsection and Subsection (e) expire August 31, 2007.

SECTION 4. This Act takes effect September 1, 2005.

* * * * *