

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 6, 2005

TO: Honorable Harvey Hilderbran, Chair, House Committee on Culture, Recreation, & Tourism

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2954 by Hamric (Relating to the creation of a film industry incentive program.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB2954, Committee Report 1st House, Substituted: a negative impact of (\$30,000,000) through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$15,000,000)
2007	(\$15,000,000)
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2006	(\$15,000,000)
2007	(\$15,000,000)
2008	\$0
2009	\$0
2010	\$0

Fiscal Analysis

The bill requires the Music, Film, Television, and Multimedia Office within the Office of the Governor to administer a grant program for production companies that produce films, television programs, or commercials in Texas. The bill requires the music office to develop a procedure for the submission of grant applications and the awarding of grants.

Methodology

The bill provides that revenue generated from one-half of one percent of the hotel occupancy tax rate be allocated to general revenue (estimated to be \$21,428,167 in fiscal year 2006 and \$22,357,083 in fiscal year 2007) and that \$10 million be used for activities of the Governor's Office Tourism Division and \$20 million for funding the film industry incentive program. The bill dedicates a stream of

revenue for a specific purpose, therefore a \$30 million cost to the state is anticipated.

To implement the requirements of the bill, the Governor's office indicates the need for two additional FTEs and associated expenses totaling \$86,946 in fiscal 2006 and \$83,946 in fiscal 2007. These costs are not reflected in the above table and are assumed to be covered by the dedicated revenue.

The legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Therefore, the fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: JOB, WK, SD, JRO, MS, SMi