

1-1 By: Dukes, et al. (Senate Sponsor - Deuell) H.B. No. 1634
1-2 (In the Senate - Received from the House April 16, 2007;
1-3 April 17, 2007, read first time and referred to Committee on
1-4 Finance; May 15, 2007, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-6 May 15, 2007, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1634 By: Deuell

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to incentives for the film, television, and multimedia
1-11 production industries.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. The heading to Subchapter B, Chapter 485,
1-14 Government Code, is amended to read as follows:

1-15 SUBCHAPTER B. MOVING IMAGE [~~FILM~~] INDUSTRY INCENTIVE PROGRAM

1-16 SECTION 2. Section 485.021, Government Code, is amended to
1-17 read as follows:

1-18 Sec. 485.021. DEFINITIONS. In this subchapter:

1-19 (1) "In-state spending" means the amount of money
1-20 spent in Texas by a production company during the production and
1-21 completion of a moving image project, including the amount spent on
1-22 wages to Texas residents. The term does not include wages described
1-23 by Section 485.024(b).

1-24 (2) "Moving image project" [~~"Filmed entertainment"~~]
1-25 means a visual and sound production, including a[+
1-26 [~~(A)~~] film, [+
1-27 [~~(B)~~] television program, [+ or
1-28 [~~(C)~~] national or multistate commercial. The
1-29 term does not include a production that is obscene, as defined by
1-30 Section 43.21, Penal Code.

1-31 (3) [~~(2)~~] "Production company" includes a film
1-32 production company, television production company, or film and
1-33 television production company.

1-34 (4) [~~(3)~~] "Texas resident" means an individual who has
1-35 resided in Texas since the 120th [~~60th~~] day before the first day of
1-36 principal photography on a moving image project [~~a filmed~~
1-37 entertainment].

1-38 (5) [~~(4)~~] "Underused area" includes any area of this
1-39 state other than the metropolitan areas of Austin[~~, Houston,~~] or
1-40 Dallas [~~Dallas-Fort Worth~~].

1-41 SECTION 3. The heading to Section 485.022, Government Code,
1-42 is amended to read as follows:

1-43 Sec. 485.022. MOVING IMAGE [~~FILM~~] INDUSTRY INCENTIVE
1-44 PROGRAM.

1-45 SECTION 4. Section 485.022, Government Code, is amended by
1-46 amending Subsections (a) and (b) and adding Subsections (d), (e),
1-47 and (f) to read as follows:

1-48 (a) The office shall administer a grant program for
1-49 production companies that produce moving image projects [~~filmed~~
1-50 ~~entertainments~~] in this state, to the extent that gifts, grants,
1-51 donations, or other money, including appropriations, are made
1-52 available to the office for that purpose.

1-53 (b) The office shall develop a procedure for the submission
1-54 of grant applications and the awarding of grants under this
1-55 subchapter. The procedure must include provisions relating to:

1-56 (1) methods by which an individual's Texas residency
1-57 as described by Section 485.021(4) [~~485.021(3)~~] can be proved; and

1-58 (2) requirements for the submission, before
1-59 production of a moving image project [~~filmed entertainment~~] begins,
1-60 of:

1-61 (A) an estimate of total in-state spending;
1-62 (B) the shooting script or story board, as
1-63 applicable;

(C) the estimated number of jobs for cast and production crew during the production and completion of a moving image project; and

(D) any other information considered useful and necessary by the office for an adequate and accurate analysis of a production company's in-state spending [~~wages that will be paid to Texas residents~~].

(d) The office may award a grant to a production company only based on a production company's in-state spending that the office verifies as having been completed.

(e) The office is not required to act on any grant application and may deny an application because of inappropriate content or content that portrays Texas or Texans in a negative fashion, as determined by the office, in a moving image project. In determining whether to act on or deny a grant application, the office shall consider general standards of decency and respect for the diverse beliefs and values of the citizens of Texas.

(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 5. Section 485.023, Government Code, is amended to read as follows:

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

(1) ~~[7]~~ a production company must have spent ~~[pay]~~ a minimum of:

(A) \$1 million in in-state spending [~~(1) \$500,000 in wages to Texas residents~~] for a film or television program; or

(B) \$100,000 in in-state spending [~~(2) \$50,000 in wages to Texas residents~~] for a commercial or series of commercials;

(2) at least 70 percent of the production crew, actors, and extras for a moving image project must be Texas residents;

(3) at least 80 percent of the moving image project must be filmed in Texas; and

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

SECTION 6. Section 485.024, Government Code, is amended to read as follows:

Sec. 485.024. GRANT. (a) Except as provided by Section 485.025, a grant under this subchapter may not exceed the lesser of ~~five~~ ~~[+]~~

~~[(1) 20]~~ percent of the total amount of a production company's in-state spending [~~wages paid to Texas residents~~] for a moving image project [~~filmed entertainment~~], or:

(1) \$2 million for a film;

(2) \$2.5 million for a television program; or

(3) \$200,000 for a commercial or series of commercials [~~(2) \$750,000~~].

(b) In calculating a grant amount under Section 485.025 or the amount of in-state spending for purposes of Subsection (a), the office may not include wages of persons, including an actor or director, employed in the production of a moving image project [~~filmed entertainment~~] that are:

(1) a major part of the production costs of the project [~~entertainment~~], as determined by the office; and

(2) negotiated or spent before production begins.

SECTION 7. Subchapter B, Chapter 485, Government Code, is amended by adding Sections 485.027 and 485.028 to read as follows:

Sec. 485.027. WORKFORCE TRAINING AND PERFORMANCE MEASURES.

(a) The office may contract with public junior colleges, as defined by Section 61.003, Education Code, or Texas nonprofit organizations to create a moving image industry personnel training program for developing and expanding the workforce for moving image projects in Texas.

(b) The office shall develop appropriate performance measures for training programs created under this section.

(c) The office and the Texas Higher Education Coordinating Board shall cooperate to develop performance measures that are appropriate for classroom instruction before the office may spend money to implement this section.

(d) The office shall consult with the Texas Workforce Commission to collect and compile data on the status of the moving image industry employment base in Texas.

Sec. 485.028. FILM ARCHIVE PROGRAM. (a) The office may contract with an organization that is exempt from taxation under Section 501(c)(3), Internal Revenue Code of 1986, to provide technical resources regarding archiving moving image projects, improving public access to the moving image heritage of Texas, including campaign material, and discovering, preserving, and collecting digital copies of the moving image heritage of Texas. A contract entered into under this section must require an organization to:

- (1) provide service to the public;
- (2) assist private organizations statewide; and
- (3) provide technical assistance with archiving and preserving moving images and digitization work.

(b) The office by rule may develop policies and procedures for coordinating with state agencies to implement this section.

(c) The office shall establish performance measures for contractors that enter into a contract under this section.

SECTION 8. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2007.

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