

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Dukes, Strama, Giddings, Isett,  
Hilderbran, et al.

H.B. No. 1634

A BILL TO BE ENTITLED

AN ACT

relating to incentives for the film, television, and multimedia  
production industries.

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

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

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

SECTION 2. Section 485.021, Government Code, is amended to  
read as follows:

Sec. 485.021. DEFINITIONS. In this subchapter:

(1) "In-state spending" means the amount of spending  
in Texas generated by a moving image project, including the amount  
spent on wages to Texas residents.

(2) "Moving image project" [~~"Filmed entertainment"~~]  
means a visual and sound production, including a[+

[~~(A)~~] film, [+

[~~(B)~~] television program, [~~+ or~~

[~~(C)~~] national or multistate commercial, or  
digital interactive media production. The term does not include a  
production required to maintain records under 18 U.S.C. Section  
2257 with respect to any performer portrayed on that single media or  
multimedia program.

(3) [~~(2)~~] "Production company" includes a film  
production company, television production company, digital

1 interactive media production company, or film and television  
2 production company.

3 (4) [~~3~~] "Texas resident" means an individual who has  
4 resided in Texas since the 120th [~~60th~~] day before the first day of:

5 (A) production in this state on a digital  
6 interactive media production; or

7 (B) principal photography on another type of  
8 project [~~a filmed entertainment~~].

9 (5) [~~4~~] "Underused area" includes any area of this  
10 state other than the metropolitan areas of Austin[~~, Houston~~] or  
11 Dallas-Fort Worth.

12 SECTION 3. The heading to Section 485.022, Government Code,  
13 is amended to read as follows:

14 Sec. 485.022. MOVING IMAGE [~~FILM~~] INDUSTRY INCENTIVE  
15 PROGRAM.

16 SECTION 4. Sections 485.022(a) and (b), Government Code,  
17 are amended to read as follows:

18 (a) The office shall administer a grant program for  
19 production companies that produce moving image projects [~~filmed~~  
20 ~~entertainments~~] in this state, to the extent that gifts, grants,  
21 donations, or other money, including appropriations, are made  
22 available to the office for that purpose.

23 (b) The office shall develop a procedure for the submission  
24 of grant applications and the awarding of grants under this  
25 subchapter. The procedure must include provisions relating to:

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

1           (2) requirements for the submission, before  
2 production of a moving image project [~~filmed entertainment~~] begins,  
3 of an estimate of total in-state spending [~~wages that will be paid~~  
4 ~~to Texas residents~~].

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

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

9           (1) [7] a production company must generate [pay] a  
10 minimum of:

11                   (A) \$10 million in in-state spending  
12 [~~(1) \$500,000 in wages to Texas residents~~] for a film or  
13 television program; or

14                   (B) \$500,000 in in-state spending [~~(2) \$50,000~~  
15 ~~in wages to Texas residents~~] for a commercial, [~~or~~] series of  
16 commercials, or digital interactive media production;

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

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

22           (4) a digital interactive media production may not  
23 contain intense violence, blood and gore, graphic sexual content,  
24 nudity, or strong language.

25           SECTION 6. Section 485.024, Government Code, is amended by  
26 amending Subsection (a) and adding Subsection (c) to read as  
27 follows:

1 (a) Except as provided by Section 485.025, a grant under  
2 this subchapter may not exceed the lesser of [+

3 [~~1~~] 20 percent of the wages paid to Texas residents  
4 for a moving image project [~~filmed entertainment,~~] or:

5 (1) \$2 million for a film;

6 (2) \$2.5 million for a television program;

7 (3) \$200,000 for a commercial or series of  
8 commercials; or

9 (4) \$250,000 for a digital interactive media  
10 production [~~2~~—\$750,000].

11 (c) In calculating the amount of wages paid to a Texas  
12 resident for a moving image project under Subsection (a), the  
13 office may not include amounts that exceed:

14 (1) \$50,000 for a film, commercial, or digital  
15 interactive media production; or

16 (2) \$100,000 for a television program.

17 SECTION 7. This Act takes effect immediately if it receives  
18 a vote of two-thirds of all the members elected to each house, as  
19 provided by Section 39, Article III, Texas Constitution. If this  
20 Act does not receive the vote necessary for immediate effect, this  
21 Act takes effect September 1, 2007.

ADOPTED

MAY 17 2007

*Atty. Gen.*  
Secretary of the Senate

By: Dukes

H.B. No. 1634

Substitute the following for H.B. No. 1634 :

By: Dewell

C.S.H.B. No. 1634

A BILL TO BE ENTITLED

1

AN ACT

2 relating to incentives for the film, television, and multimedia  
3 production industries.

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

5 SECTION 1. The heading to Subchapter B, Chapter 485,  
6 Government Code, is amended to read as follows:

7 SUBCHAPTER B. MOVING IMAGE [~~FILM~~] INDUSTRY INCENTIVE PROGRAM

8 SECTION 2. Section 485.021, Government Code, is amended to  
9 read as follows:

10 Sec. 485.021. DEFINITIONS. In this subchapter:

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

16 (2) "Moving image project" ["Filmed entertainment"]  
17 means a visual and sound production, including a[+]  
18 [~~(A)~~] film, [+]  
19 [~~(B)~~] television program, [+] or  
20 [~~(C)~~] national or multistate commercial. The  
21 term does not include a production that is obscene, as defined by  
22 Section 43.21, Penal Code.

23 (3) [~~(2)~~] "Production company" includes a film  
24 production company, television production company, or film and

1 television production company.

2           (4) [~~3~~] "Texas resident" means an individual who has  
3 resided in Texas since the 120th [~~60th~~] day before the first day of  
4 principal photography on a moving image project [~~a filmed~~  
5 ~~entertainment~~].

6           (5) [~~4~~] "Underused area" includes any area of this  
7 state other than the metropolitan areas of Austin[~~, Houston,~~] or  
8 Dallas [~~Dallas-Fort Worth~~].

9           SECTION 3. The heading to Section 485.022, Government Code,  
10 is amended to read as follows:

11           Sec. 485.022. MOVING IMAGE [~~FILM~~] INDUSTRY INCENTIVE  
12 PROGRAM.

13           SECTION 4. Section 485.022, Government Code, is amended by  
14 amending Subsections (a) and (b) and adding Subsections (d), (e),  
15 and (f) to read as follows:

16           (a) The office shall administer a grant program for  
17 production companies that produce moving image projects [~~filmed~~  
18 ~~entertainments~~] in this state, to the extent that gifts, grants,  
19 donations, or other money, including appropriations, are made  
20 available to the office for that purpose.

21           (b) The office shall develop a procedure for the submission  
22 of grant applications and the awarding of grants under this  
23 subchapter. The procedure must include provisions relating to:

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

26           (2) requirements for the submission, before  
27 production of a moving image project [~~filmed entertainment~~] begins,

1 of:

2 (A) an estimate of total in-state spending;

3 (B) the shooting script or story board, as  
4 applicable;

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

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

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

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

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

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

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

1 SECTION 5. Section 485.023, Government Code, is amended to  
2 read as follows:

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

5 (1) [7] a production company must have spent [pay] a  
6 minimum of:

7 (A) \$1 million in in-state spending  
8 [(1) \$500,000 in wages to Texas residents] for a film or  
9 television program; or

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

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

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

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

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

26 Sec. 485.024. GRANT. (a) Except as provided by Section  
27 485.025, a grant under this subchapter may not exceed the lesser of

1 five+

2 [~~(1)~~ 20] percent of the total amount of a production  
3 company's in-state spending [~~wages paid to Texas residents~~] for a  
4 moving image project [~~filmed entertainment~~] or:

5 (1) \$2 million for a film;

6 (2) \$2.5 million for a television program; or

7 (3) \$200,000 for a commercial or series of commercials

8 [~~(2)~~ \$750,000].

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

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

16 (2) negotiated or spent before production begins.

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

19 Sec. 485.027. WORKFORCE TRAINING AND PERFORMANCE MEASURES.

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

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

27 (c) The office and the Texas Higher Education Coordinating

1 Board shall cooperate to develop performance measures that are  
2 appropriate for classroom instruction before the office may spend  
3 money to implement this section.

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

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

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

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

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

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

1 Act takes effect September 1, 2007.

ADOPTED

MAY 17 2007

*Leta Spaw*  
Secretary of the Senate

BY: \_\_\_\_\_

*Dewell*

FLOOR AMENDMENT NO. 1

1 Amend C.S.H.B. No. 1634 (Senate committee printing) as  
2 follows:

3 (1) Strike the recital to SECTION 6 of the bill (page 2,  
4 lines 47-48) and substitute "Sections 485.024 and 485.025,  
5 Government Code, are amended to read as follows:".

6 (2) In SECTION 6 of the bill, at the end of Subsection (b),  
7 Section 485.024, Government Code (page 2, between lines 66 and 67),  
8 insert the following:

9 Sec. 485.025. ADDITIONAL GRANT FOR UNDERUSED AREAS. In  
10 addition to the grant calculated under Section 485.024, a  
11 production company that spends at least 25 percent of a moving image  
12 project's [~~filmed entertainment's~~] filming days in an underused  
13 area is eligible for an additional grant in an amount equal to 1.25  
14 [~~five~~] percent of the total amount of the production company's  
15 in-state spending for the moving image project [~~wages paid to Texas~~  
16 ~~residents for the filmed entertainment~~].

**ADOPTED**

FLOOR AMENDMENT NO. 2

MAY 17 2007 BY:

*Atty Gen*  
Secretary of the Senate

*Watson*  
(Watson)

1 Amend C.S.H.B. No. 1634 (Senate Committee Printing) as  
2 follows:

3 (1) In SECTION 2 of the bill (page 1, lines 28 and 29),  
4 between "national or multistate commercial" and ".", insert ",or  
5 digital interactive media production".

6 (2) In SECTION 2 of the bill (page 1, lines 32 and 33),  
7 between "television production company," and "or film and  
8 television production company.", insert "digital interactive  
9 media production company,".

10 (3) In SECTION 6 of the bill, (page 2, lines 57 and 58),  
11 between "commercials" and "~~(2) \$750,000~~.", insert "; or (4)  
12 \$250,000 for a digital interactive media production".

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**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 14, 2007**

**TO:** Honorable Steve Ogden, Chair, Senate Committee on Finance

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

**IN RE: HB1634** by Dukes (Relating to incentives for the film, television, and multimedia production industries. ), **Committee Report 2nd House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill specifies that in order for a production company to receive a grant through the Moving Image Industry Incentive Program it must generate a minimum of \$1 million in in-state spending for a film or television program or \$100,000 in in-state spending for a commercial, series of commercials, or digital interactive media production. For a moving image project to be eligible for a grant at least 70 percent of the production crew, actors, and extras must be Texas residents and at least 80 percent of the project must be filmed in Texas.

The bill requires that a Moving Image Industry Incentive Program grant may not exceed the lesser of 5 percent of the wages paid to Texas residents for a moving image project or \$2 million for a film; \$2.5 million for a television program; or \$200,000 for a commercial or series of commercials.

Currently, there are no amounts appropriated for Moving Image Industry Incentive Program grants and the agency is not performing this function. However, the changes to the program in the bill would have no significant fiscal impact to the state.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor

**LBB Staff:** JOB, CT, WK, MS, SMi



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 17, 2007**

**TO:** Honorable Steve Ogden, Chair, Senate Committee on Finance

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

**IN RE: HB1634** by Dukes (Relating to incentives for the film, television, and multimedia production industries.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

The bill specifies that in order for a production company to receive a grant through the Moving Image Industry Incentive Program it must generate a minimum of \$10 million in in-state spending for a film or television program or \$500,000 in in-state spending for a commercial, series of commercials, or digital interactive media production. For a moving image project to be eligible for a grant at least 70 percent of the production crew, actors, and extras must be Texas residents and at least 80 percent of the project must be filmed in Texas.

The bill requires that a Moving Image Industry Incentive Program grant may not exceed the lesser of 20 percent of the wages paid to Texas residents for a moving image project or \$2 million for a film; \$2.5 million for a television program; \$200,000 for a commercial or series of commercials; or \$250,000 for a digital interactive media production

Currently, there are no amounts appropriated for Moving Image Industry Incentive Program grants and the agency is not performing this function. However, the changes to the program in the bill would have no significant fiscal impact to the state.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor

**LBB Staff:** JOB, CT, WK, MS, SMi



**LEGISLATIVE BUDGET BOARD**

Austin, Texas

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

Revision 1

April 4, 2007

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

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

**IN RE: HB1634** by Dukes (Relating to incentives for the film, television, and multimedia production industries.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill specifies that in order for a production company to receive a grant through the Moving Image Industry Incentive Program it must generate a minimum of \$10 million in in-state spending for a film or television program or \$500,000 in in-state spending for a commercial, series of commercials, or digital interactive media production. For a moving image project to be eligible for a grant at least 70 percent of the production crew, actors, and extras must be Texas residents and at least 80 percent of the project must be filmed in Texas.

The bill requires that a Moving Image Industry Incentive Program grant may not exceed the lesser of 20 percent of the wages paid to Texas residents for a moving image project or \$2 million for a film; \$2.5 million for a television program; \$200,000 for a commercial or series of commercials; or \$250,000 for a digital interactive media production

Currently, there are no amounts appropriated for Moving Image Industry Incentive Program grants and the agency is not performing this function. However, the changes to the program in the bill would have no significant fiscal impact to the state.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor

**LBB Staff:** JOB, WK, MS, SMi



**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 20, 2007**

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

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

**IN RE:** **HB1634** by Dukes (Relating to incentives for the film, television, and multimedia production industries. ), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill specifies that in order for a production company to receive a grant through the Moving Image Industry Incentive Program it must generate a minimum of \$10 million in in-state spending for a film or television program or \$500,000 in in-state spending for a commercial, series of commercials, or digital interactive media production. For a moving image project to be eligible for a grant at least 70 percent of the production crew, actors, and extras must be Texas residents and at least 80 percent of the project must be filmed in Texas.

The bill requires that a Moving Image Industry Incentive Program grant may not exceed the lesser of 20 percent of the wages paid to Texas residents for a moving image project or \$2 million for a film; \$2.5 million for a television program; \$200,000 for a commercial or series of commercials; or \$250,000 for a digital interactive media production

Currently, there are no amounts appropriated for Moving Image Industry Incentive Program grants and the agency is not performing this function. However, the changes to the program in the bill would have no significant fiscal impact to the state.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor

**LBB Staff:** JOB, WK, MS, SMi



**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**Revision 1**

**April 3, 2007**

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

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

**IN RE: HB1634** by Dukes (Relating to incentives for the film, television, and multimedia production industries.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill specifies that in order for a production company to receive a grant through the Moving Image Industry Incentive Program it must generate a minimum of \$10 million in in-state spending for a film or television program or \$1 million in in-state spending for a commercial, series of commercials, or digital interactive media production. For a moving image project to be eligible for a grant at least 80 percent of the production crew, actors, and extras must be Texas residents.

The bill requires that a Moving Image Industry Incentive Program grant may not exceed the lesser of 20 percent of the wages paid to Texas residents for a moving image project or \$1.5 million for a film; \$2 million for a television program; or \$100,000 for a commercial, series of commercials, or digital interactive media production

Currently, there are no amounts appropriated for Moving Image Industry Incentive Program grants and the agency is not performing this function. However, the changes to the program in the bill would have no significant fiscal impact to the state.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor

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

1 of 1 5



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 5, 2007**

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

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

**IN RE: HB1634** by Dukes (Relating to incentives for the film, television, and multimedia production industries.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill specifies that in order for a production company to receive a grant through the Moving Image Industry Incentive Program it must generate a minimum of \$10 million in in-state spending for a film or television program or \$1 million in in-state spending for a commercial, series of commercials, or digital interactive media production. For a moving image project to be eligible for a grant at least 80 percent of the production crew, actors, and extras must be Texas residents.

The bill requires that a Moving Image Industry Incentive Program grant may not exceed the lesser of 20 percent of the wages paid to Texas residents for a moving image project or \$1.5 million for a film; \$2 million for a television program; or \$100,000 for a commercial, series of commercials, or digital interactive media production

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**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor

**LBB Staff:** JOB, WK, MS, SMi

