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H.B. No. 873

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to incentives for the film, television, video, and digital  
3 interactive media production industries.

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

5 SECTION 1. Sections 485.021(2) and (5), Government Code,  
6 are amended to read as follows:

7 (2) "Moving image project" means a visual and sound  
8 production, including a film, television program, national or  
9 multistate commercial, educational or instructional video, or  
10 digital interactive media production. The term does not include a  
11 production that is obscene, as defined by Section 43.21, Penal  
12 Code.

13 (5) "Underutilized and economically distressed  
14 ~~["Underused]~~ area" includes any area of this state that:

15 (A) the office determines receives less than 15  
16 percent of the total film and television production in this state  
17 during a fiscal year; or

18 (B) has a median household income that does not  
19 exceed 75 percent of the median state household income ~~[other than~~  
20 ~~the metropolitan areas of Austin or Dallas]~~.

21 SECTION 2. Section 485.023, Government Code, is amended to  
22 read as follows:

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

1 (1) a production company must have spent a minimum of:

2 (A) \$250,000 [~~\$1 million~~] in in-state spending  
3 for a film or television program; or

4 (B) \$100,000 in in-state spending for a  
5 commercial or series of commercials, an educational or  
6 instructional video or series of educational or instructional  
7 videos, or a digital interactive media production;

8 (2) at least 70 percent of the production crew,  
9 actors, and extras for a moving image project must be Texas  
10 residents unless the office determines and certifies in writing  
11 that a sufficient number of qualified crew, actors, and extras are  
12 not available to the company at the time principal photography  
13 begins;

14 (3) at least 60 [~~80~~] percent of the moving image  
15 project must be filmed in Texas; and

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

22 SECTION 3. Sections 485.024 and 485.025, Government Code,  
23 are amended to read as follows:

24 Sec. 485.024. GRANT. (a) Except as provided by Section  
25 485.025, a grant under this subchapter may not exceed the amount  
26 established by office rule. The office shall adopt rules  
27 prescribing the method the office will use to calculate the amount

1 of a grant under this subsection. The office shall publish a  
2 written summary of the method for determining grants before  
3 awarding a grant under this section. The method must consider at a  
4 minimum:

5 (1) the current and likely future effect a moving  
6 image project will have on employment, tourism, and economic  
7 activity in this state; and

8 (2) the amount of a production company's in-state  
9 spending for a moving image project [~~lesser of five percent of the~~  
10 ~~total amount of a production company's in-state spending for a~~  
11 ~~moving image project or:~~

12 [~~(1) \$2 million for a film;~~

13 [~~(2) \$2.5 million for a television program;~~

14 [~~(3) \$200,000 for a commercial or series of~~  
15 ~~commercials; or~~

16 [~~(4) \$250,000 for a digital interactive media~~  
17 ~~production].~~

18 (b) In calculating a grant amount under Section 485.025 or  
19 the amount of in-state spending for purposes of rules adopted under  
20 Subsection (a), the office may not include wages of persons,  
21 including an actor or director, employed in the production of a  
22 moving image project that exceed \$1 million [~~are:~~

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

25 [~~(2) negotiated or spent before production begins].~~

26 (c) The office may only make a grant from appropriated  
27 funds.

1           Sec. 485.025. ADDITIONAL GRANT FOR UNDERUTILIZED AND  
2 ECONOMICALLY DISTRESSED [~~UNDERUSED~~] AREAS. In addition to the  
3 grant calculated under Section 485.024, a production company that  
4 spends at least 25 percent of a moving image project's filming days  
5 in an underutilized and economically distressed [~~underused~~] area is  
6 eligible for an additional grant in an amount equal to 2.5 [~~1.25~~]  
7 percent of the total amount of the production company's in-state  
8 spending for the moving image project.

9           SECTION 4. (a) The Music, Film, Television, and Multimedia  
10 Office in the office of the governor shall adopt the rules required  
11 by Section 485.024, Government Code, as amended by this Act, not  
12 later than November 1, 2009.

13           (b) The Music, Film, Television, and Multimedia Office in  
14 the office of the governor may not award a grant under Section  
15 485.024, Government Code, as amended by this Act, before the rules  
16 described by Subsection (a) of this section are adopted.

17           SECTION 5. 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, 2009.