1-1 By: Dukes, et al. (Senate Sponsor - Deuell)   H.B. No. 873
1-2   (In the Senate - Received from the House March 30, 2009;
1-3 April 7, 2009, read first time and referred to Committee on
1-4 Economic Development; April 9, 2009, reported favorably by the
1-5 following vote: Yeas 5, Nays 0; April 9, 2009, sent to printer.)

1-6   A BILL TO BE ENTITLED
1-7   AN ACT

1-8 relating to incentives for the film, television, video, and digital
1-9 interactive media production industries.
1-10   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-11   SECTION 1. Sections 485.021(2) and (5), Government Code,
1-12 are amended to read as follows:
1-13   (2) "Moving image project" means a visual and sound
1-14 production, including a film, television program, national or
1-15 multistate commercial, educational or instructional video, or
1-16 digital interactive media production. The term does not include a
1-17 production that is obscene, as defined by Section 43.21, Penal
1-18 Code.
1-19   (5) "Underutilized and economically distressed
1-20 ["Underused] area" includes any area of this state that:
1-21   (A) the office determines receives less than 15
1-22 percent of the total film and television production in this state
1-23 during a fiscal year; or
1-24   (B) has a median household income that does not
1-25 exceed 75 percent of the median state household income [other than
1-26 the metropolitan areas of Austin or Dallas].
1-27   SECTION 2. Section 485.023, Government Code, is amended to
1-28 read as follows:
1-29   Sec. 485.023. QUALIFICATION. To qualify for a grant under
1-30 this subchapter:
1-31   (1) a production company must have spent a minimum of:
1-32   (A) $250,000 [$1 million] in in-state spending
1-33 for a film or television program; or
1-34   (B) $100,000 in in-state spending for a
1-35 commercial or series of commercials, an educational or
1-36 instructional video or series of educational or instructional
1-37 videos, or a digital interactive media production;
1-38   (2) at least 70 percent of the production crew,
1-39 actors, and extras for a moving image project must be Texas
1-40 residents unless the office determines and certifies in writing
1-41 that a sufficient number of qualified crew, actors, and extras are
1-42 not available to the company at the time principal photography
1-43 begins;
1-44   (3) at least 60 [80] percent of the moving image
1-45 project must be filmed in Texas; and
1-46   (4) a production company must submit to the office an
1-47 expended budget, in a format prescribed by the office, that
1-48 reflects all in-state spending and includes all receipts, invoices,
1-49 pay orders, and other documentation considered necessary by the
1-50 office to accurately determine the amount of a production company's
1-51 in-state spending that has occurred.
1-52   SECTION 3. Sections 485.024 and 485.025, Government Code,
1-53 are amended to read as follows:
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 amount
1-56 established by office rule. The office shall adopt rules
1-57 prescribing the method the office will use to calculate the amount
1-58 of a grant under this subsection. The office shall publish a
1-59 written summary of the method for determining grants before
1-60 awarding a grant under this section. The method must consider at a
1-61 minimum:
1-62   (1) the current and likely future effect a moving
1-63 image project will have on employment, tourism, and economic
1-64 activity in this state; and

                                 1

2-1   (2)   the   amount   of   a   production   company's   in-state
2-2 spending for a moving image project [~~lesser of five percent of the~~
2-3 ~~total   amount   of   a   production   company's   in-state   spending   for   a~~
2-4 ~~moving image project or:~~
2-5   [~~(1) $2 million for a film;~~
2-6   [~~(2) $2.5 million for a television program;~~
2-7   [~~(3) $200,000   for   a   commercial   or   series   of~~
2-8 ~~commercials; or~~
2-9   [~~(4) $250,000   for   a   digital   interactive   media~~
2-10 ~~production~~].
2-11   (b)   In calculating a grant amount under Section 485.025 or
2-12 the amount of in-state spending for purposes of rules adopted under
2-13 Subsection (a), the office may not include wages of persons,
2-14 including an actor or director, employed in the production of a
2-15 moving image project that exceed $1 million [~~are:~~
2-16   [~~(1)   a   major   part   of   the   production   costs   of   the~~
2-17 ~~project, as determined by the office; and~~
2-18   [~~(2)   negotiated or spent before production begins~~].
2-19   (c)   The   office   may   only   make   a   grant   from   appropriated
2-20 funds.
2-21   Sec.   485.025.   ADDITIONAL   GRANT   FOR   UNDERUTILIZED   AND
2-22 ECONOMICALLY DISTRESSED [~~UNDERUSED~~] AREAS.   In addition to the
2-23 grant calculated under Section 485.024, a production company that
2-24 spends at least 25 percent of a moving image project's filming days
2-25 in an underutilized and economically distressed [~~underused~~] area is
2-26 eligible for an additional grant in an amount equal to 2.5 [~~1.25~~]
2-27 percent of the total amount of the production company's in-state
2-28 spending for the moving image project.
2-29   SECTION 4.   (a) The Music, Film, Television, and Multimedia
2-30 Office in the office of the governor shall adopt the rules required
2-31 by Section 485.024, Government Code, as amended by this Act, not
2-32 later than November 1, 2009.
2-33   (b)   The   Music,   Film,   Television,   and   Multimedia   Office   in
2-34 the office of the governor may not award a grant under Section
2-35 485.024, Government Code, as amended by this Act, before the rules
2-36 described by Subsection (a) of this section are adopted.
2-37   SECTION 5.   This Act takes effect immediately if it receives
2-38 a vote of two-thirds of all the members elected to each house, as
2-39 provided by Section 39, Article III, Texas Constitution.   If this
2-40 Act does not receive the vote necessary for immediate effect, this
2-41 Act takes effect September 1, 2009.

2-42   * * * * *