

A BILL TO BE ENTITLED

AN ACT

relating to the exhibition of first-run movies in movie theaters.

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

SECTION 1. Title 2, Business & Commerce Code, is amended by adding Chapter 18 to read as follows:

CHAPTER 18. BUSINESS PRACTICES REGARDING EXHIBITION OF MOTION PICTURES

Sec. 18.001. DEFINITIONS. In this chapter:

(1) "Distributor" means a person who is in the business of renting, selling, or licensing motion pictures to exhibitors.

(2) "Exhibitor" means a person who is in the business of operating one or more movie theaters in this state.

(3) "Feature motion picture" means a motion picture that exceeds 60 minutes in duration.

(4) "First-run movie" means a feature motion picture that is released to exhibitors for an initial showing to the public.

(5) "Independent exhibitor" means an exhibitor that operates only one movie theater or that operates more than one movie theater each of which is located within the market area of a single one of those theaters.

(6) "Motion picture license agreement" means a contract or other agreement between a distributor and an exhibitor relating to the exhibition of a motion picture by the exhibitor.

1 (7) "Market area," with respect to a movie theater,
2 means the area consisting of:

3 (A) the territory of the county and any
4 municipality in which the movie theater is located; and

5 (B) any other territory in this state located
6 within a radius of 10 miles of the theater.

7 Sec. 18.002. CERTAIN CLEARANCE PROVISIONS IN AGREEMENTS
8 PROHIBITED. (a) A motion picture license agreement may not contain
9 a provision that precludes, authorizes a party to the agreement to
10 preclude, or has the effect of precluding an independent exhibitor
11 that operates a movie theater located within the market area of a
12 movie theater operated by the exhibitor who is a party to the
13 agreement from showing a first-run movie at the theater operated by
14 the independent exhibitor during the same period the movie is shown
15 at the theater operated by the exhibitor.

16 (b) A provision that violates Subsection (a) is void.

17 SECTION 2. Chapter 18, Business & Commerce Code, as added by
18 this Act, applies only to an agreement entered into or renewed on or
19 after the effective date of this Act. An agreement entered into or
20 renewed before the effective date of this Act is governed by the law
21 in effect on the date the agreement was entered into or renewed, and
22 the former law is continued in effect for that purpose.

23 SECTION 3. This Act takes effect September 1, 2009.