

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 1, 2009

TO: Honorable Yvonne Davis, Chair, House Committee on Urban Affairs

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

IN RE: HB1142 by Anchia (Relating to the designation of qualified media production locations in media production development zones and to exemptions from the sales and use tax for items used for media production facilities in qualified media production locations.), **Committee Report 1st House, Substituted**

The number and extent of media production development zones that would be authorized and the expenditures for taxable items to construct or maintain media production facilities within those zones is not known and therefore there would be an indeterminate revenue loss to the state.

This bill would add new Chapter 485A to the Government Code to create the Media Production Development Zone Act.

The bill would authorize the Music, Film, Television and Multimedia Office within the Office of the Governor to administer and monitor the implementation of the Media Production Development Zone Act. The bill would establish Media Production Development Zones. The bill would establish general powers and duties to authorize the multimedia office within the Office of the Governor to establish criteria and procedures for designating a qualified area as a media production development zone. The multimedia office would adopt rules necessary to implement the new program and would submit annual reports to the Governor, the Legislature, and the Legislative Budget Board that evaluate the effectiveness of the media production development zone program and describe the use of state and local incentives under this chapter and their effect on revenue.

The Comptroller would be responsible for working with the multimedia office to jointly establish criteria and procedures for approving a qualified area recognized as a media production development zone by a nominating body; designating a qualified location in a media production development zone as a qualified media production location; and certifying a person as a qualified person under Section 485A.201. The bill would require the director of the Texas Film Commission division and one representative from the Office of the Comptroller to sit on the media production advisory committee and the bill would direct the Comptroller to appoint nine representatives of the media production industry to the committee. The advisory committee, including the Comptroller's representative, would be jointly responsible for reviewing applications submitted for the designation of qualified media production locations. The bill would require the Comptroller to certify that a designated media production location would have a positive economic impact on the state, following the Comptroller's evaluation of each application's economic impact analysis.

The bill would allow a maximum number of zones and locations, limiting to five the number of media production development zones in a region at any one time. Each media production development zone could not contain more than three media production locations at any one time.

The bill would amend Chapter 151 of the Tax Code to create a sales tax exemption for items sold or used to construct, maintain, expand, improve, renovate, or equip a media production facility at a qualified media production location, or to renovate a building or facility to be used exclusively as a media production facility. The bill would require a qualified person to submit an annual report to the Comptroller regarding the sale, lease, or rental of taxable items for which a tax exemption is granted.

The Comptroller would be responsible for designating the form of the report and how it is submitted. The Comptroller would be required to share information from reports with the multimedia office.

The bill would take effect September 1, 2009.

Local Government Impact

The media production development zones that would be authorized and the expenditures associated with the bill are not known. The fiscal impact on units of local government cannot be determined.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: JOB, BTA, DB, MS, TP, JRO, SD