

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 20, 2009**

**TO:** Honorable Chris Harris, Chair, Senate Committee on Economic Development

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

**IN RE: SB1929** by Watson (Relating to the designation of media production development zones and to exemptions from the sales and use tax for items used for sound stages in media production development zones.), **As Introduced**

**Depending upon the media production development zones that would be authorized and the expenditures for taxable items to construct or maintain sound stages within those zones, there would be an indeterminate revenue loss to the state.**

The 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 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, or renovate a sound stage in media production development zones.

The bill would require a qualified person to submit a quarterly report to the Comptroller regarding the sale, lease, or rental of taxable items for which a tax exemption is granted to the qualified person under Sec. 151.3415 of the Tax Code. The Comptroller would be responsible for designating the form of the quarterly report and how it is submitted. Also, the Comptroller would be required to share information from reports with the multimedia office within the Office of the Governor.

The media production development zones that would be authorized and the expenditures for taxable items to construct or maintain sound stages within those zones are not known. The fiscal impact on the state and units of local government cannot be determined.

The Office of the Governor indicates that there would be operating expenses to accomplish the legislative intent of administrating and monitoring this program. These expenses are not anticipated to be significant.

The bill would take effect September 1, 2009.

**Local Government Impact**

The media production development zones that would be authorized and the expenditures for taxable items to construct or maintain sound stages within those zones 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, JRO, SD