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

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

**April 23, 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 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**

**Depending on the number of Media Production Development Zones authorized in accordance with provisions of the bill, there could be an indeterminate fiscal impact 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 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 Sec. 485A.201. The bill would require the Comptroller to provide one representative to sit on the media production advisory committee and 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 applications economic impact analysis.

The bill would allow a maximum of 10 media production development zone designations throughout the state at any one time, no more than five media production development zones in a region at any one time, and each media production development zone would be allowed no 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 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 number and extent of media production development zones that would be authorized and the expenditures for taxable items to construct or maintain sound stages within those zones is 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.  Specifically, they would need to hire one additional FTE, a Program Specialist V, as well as pay for travel expenses associated with monitoring the program.

The bill would take effect September 1, 2009.

## Local Government Impact

Depending on the number of Media Production Development Zones authorized in accordance with provisions of the bill, there could be an indeterminate fiscal impact to units of local government.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, JRO, SD, KK