

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 29, 2015**

**TO:** Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2786** by Springer (Relating to incentives for the production of video games.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2786, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$28,965,771

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b>	<b>Change in Number of State Employees from FY 2015</b>
	<b>1</b>	
2016	\$0	0.0
2017	\$0	0.0
2018	\$0	0.0
2019	\$0	0.0
2020	\$28,965,771	(8.0)

**Fiscal Analysis**

The bill would amend Government Code to rename the Texas Moving Image Incentive Program to the Texas Video Game Industry Incentive Program and eliminate certain productions from eligibility for incentives. The bill would codify certain policies regarding maximum award limits.

The bill would require a biennial report from the Comptroller. The Texas Video Game Industry Incentive Program would expire on August 31, 2019. Additionally, the bill would abolish the Film Archive Program.

Based on the LBB's analysis of the Office of the Governor, duties and responsibilities associated with implementing the provisions of the bill would have no significant fiscal impact in the 2016-17 biennium.

The Texas Workforce Commission and the Comptroller of Public Accounts indicate the costs associated with implementation of the bill could be absorbed with existing resources.

The bill would take effect September 1, 2015.

### **Methodology**

According to the Office of the Governor, there would be the immediate elimination of roughly three-quarters of the uses of the program, and staff would decline as the program sunsets. The LBB assumes there will be sufficient applications for the Texas Video Game Industry Incentive Program to continue at the same level as the former Texas Moving Image Incentive Program (MIIP).

In 2020, when the program is abolished, the savings is estimated to be \$1,236,061 each fiscal year using half of the total agency's administrative costs for the film and music marketing activities, including employee benefits in the 2014-15 biennium. There would also be a reduction of 8.0 FTEs associated with the program, based on the number of FTEs for the MIIP.

The LBB assumes the Texas Video Game Industry Incentive Program would provide grants at the same level as the MIIP. Using this assumption, in 2020 when the program is abolished, there will be a savings of \$27,729,710 in General Revenue, based on the average incentive grant awards over the past three biennia.

### **Local Government Impact**

The Office of the Governor reported that local governments may see a decrease in film, television, and commercial production within the state annually.

Panola College and Southwest Texas Junior College indicate the costs associated with implementation of the bill could be absorbed with existing resources.

Travis County and El Paso County reported no fiscal impact is anticipated.

**Source Agencies:** 301 Office of the Governor, 304 Comptroller of Public Accounts, 320 Texas Workforce Commission

**LBB Staff:** UP, CL, EP, LBe, KVe, JLi, ED