

By: Shine

H.B. No. 2563

A BILL TO BE ENTITLED

AN ACT

relating to a sales and use tax exemption for property used in the production of motion picture, video or audio master recordings.

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

SECTION 1. Section 151.3185, Tax Code, is amended by amending Subsections (a) and (e) and adding Subsection (h) to read as follows:

(a) The sale, lease, or rental or storage, use, or other consumption of the following items are exempted from the taxes imposed by this chapter:

(1) tangible personal property that will become an ingredient or component part of:

(A) a motion picture, ~~or~~ video, or audio master recording, a copy of which is sold or offered for ultimate sale, licensed, distributed, broadcast, or otherwise exhibited for consideration; or

(B) a broadcast by a producer of cable programs or by a radio or television station licensed by the Federal Communications Commission;

(2) tangible personal property that is necessary or essential to and used or consumed in or during:

(A) the production of a motion picture, ~~or~~ video, or audio master recording, a copy of which is sold or offered for ultimate sale, licensed, distributed, broadcast, or otherwise

1 exhibited for consideration; or

2 (B) the production of a broadcast by or for a  
3 cable program producer or by or for a radio or television station  
4 licensed by the Federal Communications Commission; and

5 (3) except as provided by Subsection (c), services  
6 that are necessary and essential to and used directly in a  
7 production described by Subdivision (2)(A) or (B).

8 (e) The sale of a motion picture, video, or audio master  
9 recording by the producer of the master is exempt from the taxes  
10 imposed by this chapter.

11 (h) For purposes of this section, "master recording" means  
12 the principal media on which images, sound, or a combination of  
13 images and sound are first fixed, and from which copies are  
14 commercially made available for sale, license, distribution,  
15 broadcast, or exhibition of the master recording or copies for  
16 consideration.

17 SECTION 2. The changes in law made by this Act apply to  
18 master recordings sold, leased, rented, stored, used, or otherwise  
19 consumed on or after the effective date of this Act. Master  
20 recordings sold, leased, rented, stored, used, or otherwise  
21 consumed before that date are governed by the law in effect on the  
22 date of the sale, lease, rental, storage, use, or other consumption  
23 and the former law is continued in effect for that purpose.

24 SECTION 3. This Act takes effect September 1, 2017.