

## **BILL ANALYSIS**

C.S.H.B. 2806  
By: Morrison  
Culture, Recreation & Tourism  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Concerns have been raised regarding the rate at which music venues and music festivals in Texas have been disappearing in communities of all sizes due to increasing operating costs. C.S.H.B. 2806 seeks to help cover some of these rising costs and preserve local music venues and festivals by establishing the Texas music incubator rebate program, which will provide rebates from mixed beverage gross receipts taxes and certain sales taxes paid by qualifying venues and music festival promoters.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Music, Film, Television, and Multimedia Office in SECTION 1 of this bill.

### **ANALYSIS**

C.S.H.B. 2806 amends the Government Code to establish the Texas music incubator account as a dedicated account in the general revenue fund to be funded by mixed beverage gross receipts taxes and sales tax receipts attributable to the sale of beer and wine and to require the Music, Film, Television, and Multimedia Office, not later than September 1, 2020, to establish the Texas music incubator rebate program under which eligible music venues and music festival promoters are provided a full or partial rebate of those taxes remitted annually to the comptroller of public accounts by such venues and promoters. The bill requires the office to administer the program, provides for the composition of the account, and sets out related provisions. The bill requires the comptroller to transfer on the last day of each state fiscal biennium certain money deposited to the account that is unobligated and unexpended on that date to the general revenue fund to be used in accordance with legislative appropriation.

C.S.H.B. 2806 establishes that the rebates are to assist eligible venues and promoters in their efforts to support and continue to bring to local communities in Texas live musical performances, including the recruitment of musical performance artists, and sets out the eligibility requirements to qualify for a rebate.

C.S.H.B. 2806 authorizes the office, at the office's discretion, to provide a rebate under the program to a venue or promoter that fails to meet the prescribed eligibility requirements solely because the venue is located, or the festival is usually held, as applicable, in a county located wholly or partly in an area that at any time during the preceding two-year period was declared to be a disaster area by the governor or by the U.S. president. The bill provides for the expedited review of an application for a rebate from a venue located or promoter of a festival held in such a disaster area.

C.S.H.B. 2806 provides for the rebate application process, for the review of an application and the granting of a rebate, and for the issuance by the comptroller of a warrant for a rebate. The bill prohibits the office from providing a rebate in an amount that exceeds the lesser of \$100,000 or the amount of mixed beverage gross receipts taxes and sales taxes attributable to the sale of beer and wine remitted in the preceding fiscal year to the comptroller by the venue or promotor as a permittee or permit holder. The bill requires the office to begin accepting rebate applications beginning September 1, 2020, and to adopt rules necessary to implement and administer the rebate program.

C.S.H.B. 2806 amends the Tax Code to require the comptroller to deposit each fiscal year \$100,000 of the revenue received from the state sales and use tax and \$10 million of the revenue received from the mixed beverage gross receipts tax to the credit of the Texas music incubator account.

### **EFFECTIVE DATE**

September 1, 2019.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2806 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute expands the scope of the rebate program to include eligible music festival promoters.

The substitute includes certain sales tax receipts in the rebates provided by and the funding for the program.

The substitute revises the eligibility requirements for a rebate and provides for the inapplicability of those requirements to certain venues and promoters due to the effects of a disaster declared in an applicable county. The substitute provides for the expedited review of rebate applications from those venues and promoters affected by such a disaster.

The substitute changes the amounts the comptroller is required to deposit to the account and provides for the transfer of certain money deposited to the account that is unobligated and unexpended to the general revenue fund to be used in accordance with legislative appropriation.