

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 25, 2019

TO: Honorable John Cyrier, Chair, House Committee on Culture, Recreation & Tourism

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2806 by Morrison (Relating to the creation of the Texas music incubator rebate program to provide for rebates of a portion of the mixed beverage gross receipts taxes collected from certain music venues.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2806, As Introduced: a negative impact of (\$43,330,000) through the biennium ending August 31, 2021.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$21,140,000)
2021	(\$22,190,000)
2022	(\$23,270,000)
2023	(\$24,400,000)
2024	(\$25,550,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund	Probable Revenue Gain from Texas Music Incubator Account
	1	
2020	(\$21,140,000)	\$21,140,000
2021	(\$22,190,000)	\$22,190,000
2022	(\$23,270,000)	\$23,270,000
2023	(\$24,400,000)	\$24,400,000
2024	(\$25,550,000)	\$25,550,000

Fiscal Analysis

The bill would amend Chapter 485 of the Government Code, regarding Music, Film, Television, and Multimedia Industries, by adding subsection C to create the Texas Music Incubator Rebate Program.

The bill would establish the Texas Music Incubator Program to be administered by the Office of the Governor. The program would allow eligible music venues to apply for a rebate of the Mixed Beverage Gross Receipts Tax paid in the preceding fiscal year, up to a maximum of \$100,000. The Comptroller would be required to issue a warrant for all granted rebates at the direction of the Governor's Office. All warrants would be drawn on the newly created Texas Music Incubator Account in the General Revenue Fund. The program may provide rebates until all the money in the Texas Music Incubator Account is exhausted. The Governor's Office would be required to establish the program by September 1, 2020 and would begin accepting applications September 1, 2020.

The bill would amend Section 183 of the Tax Code to direct the Comptroller to deposit 4 percent of the revenue received as Mixed Beverage Gross Receipts Tax in to the newly created Texas Music Incubator Account.

The bill would take effect September 1, 2019.

Methodology

The bill requires the Comptroller to direct 4 percent of Mixed Beverage Gross Receipts Tax revenue to the newly created Texas Music Incubator Account. The Comptroller of Account's 2020-21 Biennial Revenue Estimate projects Mixed Beverage Gross Receipts Tax revenue to be \$528,600,000 in fiscal year 2020 and \$554,700,000 in fiscal year 2021. Therefore, transferring 4 percent to the new Texas Music Incubator Account would direct \$21,140,000 in fiscal year 2020 and \$22,190,000 in fiscal year 2021 to this account that otherwise would have gone to undedicated General Revenue. Revenues are projected to increase by approximately 5 percent per year in subsequent years.

This estimate assumes that the entire amount directed to the Texas Music Incubator Account will be exhausted each year.

The Governor's Office estimates that there would be a minimal cost associated with implementing the provisions of the bill.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.095, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 300 Trusted Programs Within the Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: WP, SZ, NV, JSm