

By: Gervin-Hawkins

H.B. No. 2418

A BILL TO BE ENTITLED

AN ACT

relating to incentives for the moving image industry in this state.

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

SECTION 1. Section 485.021(1), Government Code, is amended to read as follows:

(1) "In-state spending" means the amount of money spent in Texas by a production company during the production and completion of a moving image project, including the amount spent on wages ~~[to Texas residents. The term does not include wages described by Section 485.024(b)].~~

SECTION 2. Section 485.022, Government Code, is amended by amending Subsection (b) and adding Subsection (g) to read as follows:

(b) The office shall develop a procedure for the submission of grant applications and the awarding of grants under this subchapter. The procedure must include provisions relating to[+

~~(1) methods by which an individual's Texas residency as described by Section 485.021(4) can be proved, and~~

~~(2)]~~ requirements for the submission, before production of a moving image project begins, of:

(1) ~~(A)~~ an estimate of total in-state spending;

(2) ~~(B)~~ the shooting script or story board, as applicable;

(3) ~~(C)~~ the estimated number of jobs for cast and

1 production crew during the production and completion of a moving
2 image project; and

3 (4) [~~(D)~~] any other information considered useful and
4 necessary by the office for an adequate and accurate analysis of a
5 production company's in-state spending.

6 (g) Notwithstanding Subsection (b), a production company is
7 eligible for a grant under this subchapter and is not required to
8 submit an application for a grant if the company produces moving
9 image projects that meet the qualification requirements of Section
10 485.023 at a production facility located in this state that is owned
11 by the company or a parent, subsidiary, or affiliate of the company.
12 A production company shall notify the office of the company's
13 eligibility under this subsection.

14 SECTION 3. Section 485.023, Government Code, is amended to
15 read as follows:

16 Sec. 485.023. QUALIFICATION. To qualify for a grant under
17 this subchapter:

18 (1) a production company must have spent a minimum of:

19 (A) \$250,000 in in-state spending for a film or
20 television program; or

21 (B) \$100,000 in in-state spending for a
22 commercial or series of commercials, an educational or
23 instructional video or series of educational or instructional
24 videos, or a digital interactive media production;

25 (2) at least 50 [~~70~~] percent of the production crew,
26 actors, and extras for a moving image project must be paid for their
27 services on the project [~~Texas residents unless the office~~]

1 ~~determines and certifies in writing that a sufficient number of~~
2 ~~qualified crew, actors, and extras are not available to the company~~
3 ~~at the time principal photography begins]; and~~

4 (3) ~~[at least 60 percent of the moving image project~~
5 ~~must be filmed in Texas; and~~

6 ~~[(4)]~~ a production company must submit to the office
7 an expended budget, in a format prescribed by the office, that
8 reflects all in-state spending and includes all receipts, invoices,
9 pay orders, and other documentation considered necessary by the
10 office to accurately determine the amount of a production company's
11 in-state spending that has occurred.

12 SECTION 4. Section 485.024, Government Code, is amended by
13 amending Subsection (a) and adding Subsection (a-1) to read as
14 follows:

15 (a) Except as provided by Section 485.025, the amount of a
16 grant under this subchapter is as follows:

17 (1) five percent of in-state spending on a moving
18 image project if the production company spent at least \$250,000 but
19 less than \$1 million on the project;

20 (2) 10 percent of in-state spending on a moving image
21 project if the production company spent at least \$1 million but less
22 than \$3.5 million on the project; or

23 (3) notwithstanding Subdivisions (1) and (2), 22.5
24 percent of in-state spending on a moving image project if at least
25 50 percent of the production crew, actors, and extras for the
26 project are from diverse ethnic backgrounds ~~[may not exceed the~~
27 ~~amount established by office rule].~~

1 (a-1) The office shall adopt rules prescribing the method
2 the office will use to calculate the amount of a grant under this
3 section, including the method by which the office will determine
4 whether the production crew, actors, and extras for a moving image
5 project meet the requirement of Subsection (a)(3) [subsection].
6 ~~[The office shall publish a written summary of the method for~~
7 ~~determining grants before awarding a grant under this section. The~~
8 ~~method must consider at a minimum:~~

9 ~~[(1) the current and likely future effect a moving~~
10 ~~image project will have on employment, tourism, and economic~~
11 ~~activity in this state; and~~

12 ~~[(2) the amount of a production company's in-state~~
13 ~~spending for a moving image project.]~~

14 SECTION 5. Section 485.025, Government Code, is amended to
15 read as follows:

16 Sec. 485.025. ADDITIONAL GRANT FOR UNDERUTILIZED AND
17 ECONOMICALLY DISTRESSED AREAS. In addition to the grants ~~[grant]~~
18 calculated under Sections ~~[Section]~~ 485.024 and 485.0255, a
19 production company that spends at least 25 percent of a moving image
20 project's filming days in an underutilized and economically
21 distressed area is eligible for an additional grant in an amount
22 equal to 7.5 ~~[2.5]~~ percent of the total amount of the production
23 company's in-state spending for the moving image project.

24 SECTION 6. Subchapter B, Chapter 485, Government Code, is
25 amended by adding Section 485.0255 to read as follows:

26 Sec. 485.0255. ADDITIONAL PRODUCTION CREW GRANT. (a) In
27 addition to the grants calculated under Sections 485.024(a)(1) and

1 (2) and Section 485.025, if at least 50 percent of the production
2 crew, actors, and extras for a moving image project are from diverse
3 ethnic backgrounds, the production company is eligible for an
4 additional grant in an amount equal to 2.5 percent of the total
5 amount of the production company's in-state spending for the
6 project.

7 (b) The office shall adopt rules prescribing the method by
8 which the office will determine whether a production company meets
9 the requirement for an additional grant under this section.

10 SECTION 7. Chapter 485, Government Code, is amended by
11 adding Subchapter C to read as follows:

12 SUBCHAPTER C. MOVING IMAGE PRODUCTION FACILITY INCENTIVE PROGRAM

13 Sec. 485.041. DEFINITIONS. In this subchapter:

14 (1) "In-state construction spending" means the amount
15 of money spent by a production company on the acquisition,
16 construction, renovation, or lease of a production facility in this
17 state.

18 (2) "Production company" has the meaning assigned by
19 Section 485.021.

20 (3) "Production facility" means a facility and related
21 equipment that produce films, television programs, including
22 reality-based television programs, digital interactive media,
23 video games, or visual effects projects.

24 Sec. 485.042. MOVING IMAGE PRODUCTION FACILITY INCENTIVE
25 PROGRAM. (a) Using gifts, grants, donations, and appropriations
26 made available to the office for that purpose, the office shall
27 administer a grant program for production companies that construct

1 production facilities in this state.

2 (b) The office shall develop a procedure for the submission
3 of grant applications and the awarding of grants under this
4 subchapter. The procedure must include:

5 (1) requirements for the submission, before facility
6 construction begins, of an estimate of total in-state construction
7 spending; and

8 (2) provisions relating to the submission of other
9 information considered useful and necessary by the office for an
10 adequate and accurate analysis of a production company's
11 qualifications for a grant under this subchapter.

12 (c) The office may accept gifts, grants, and donations for
13 the purpose of implementing this subchapter.

14 Sec. 485.043. QUALIFICATION. To qualify for a production
15 facility grant under this subchapter, a production company must be
16 a:

17 (1) limited liability company, partnership, or
18 corporation formed or organized under the laws of this state; or

19 (2) joint venture or other legal entity in which at
20 least one entity that holds at least a 30 percent ownership interest
21 is a limited liability company, partnership, or corporation formed
22 or organized under the laws of this state.

23 Sec. 485.044. GRANT. The amount of a production facility
24 grant under this subchapter is determined as follows:

25 (1) if the production company spent at least \$2
26 million but less than \$4 million on the facility, the amount of the
27 grant is equal to 10 percent of in-state construction spending on

1 the facility; or

2 (2) if the production company spent at least \$4
3 million on the facility, the amount of the grant is equal to 20
4 percent of in-state construction spending on the facility.

5 Sec. 485.045. ADDITIONAL GRANT FOR UNDERUTILIZED AND
6 ECONOMICALLY DISTRESSED AREAS. In addition to the grants
7 calculated under Sections 485.044 and 485.046, a production company
8 that constructs a production facility in an underutilized and
9 economically distressed area is eligible for an additional grant in
10 an amount equal to 7.5 percent of the total amount of the production
11 company's in-state construction spending for the facility.

12 Sec. 485.046. ADDITIONAL GRANT FOR CERTAIN PRODUCTION
13 FACILITIES. (a) In addition to the grants calculated under
14 Sections 485.044 and 485.045, a production company is eligible for
15 an additional grant in an amount equal to 2.5 percent of the total
16 amount of the company's in-state construction spending for a
17 production facility if:

18 (1) the company constructs the facility to produce
19 projects with a primary focus on persons from diverse ethnic
20 backgrounds; and

21 (2) at least 25 percent of the persons employed at the
22 facility are from diverse ethnic backgrounds.

23 (b) The office shall adopt rules prescribing the method by
24 which the office will determine whether a production company meets
25 the requirements for an additional grant under this section.

26 SECTION 8. The following provisions of the Government Code
27 are repealed:

1 (1) Section 485.021(4); and

2 (2) Section 485.024(b).

3 SECTION 9. The changes in law made by this Act to Chapter
4 485, Government Code, apply only to a grant awarded on or after the
5 effective date of this Act. A grant awarded before the effective
6 date of this Act is governed by the law in effect on the date the
7 award was made, and the former law is continued in effect for that
8 purpose.

9 SECTION 10. This Act takes effect September 1, 2021.