

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 12, 2021

TO: Honorable Ken King, Chair, House Committee on Culture, Recreation & Tourism

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2417 by Gervin-Hawkins (Relating to incentives for the moving image industry in this state.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2417, As Introduced : a negative impact of (\$45,700,026) through the biennium ending August 31, 2023. This analysis assumes that appropriations for the new Texas Moving Image Production Facility Incentive Program would be equal to that of the similar Texas Moving Image Industry Incentive Program.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$45,353,013)
2023	(\$347,013)
2024	(\$45,347,013)
2025	(\$347,013)
2026	(\$45,347,013)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$45,353,013)	4.5
2023	(\$347,013)	4.5
2024	(\$45,347,013)	4.5
2025	(\$347,013)	4.5
2026	(\$45,347,013)	4.5

The bill would amend the Texas Government Code relating to incentives for the moving image industry in the state.

The bill would make significant changes to the Texas Moving Image Industry Incentive Program (TMIIP). The bill would eliminate currently existing criteria for the program, such as Texas hiring requirements and application requirements. The bill would also repeal the current requirement that a 60% of filming/production days for projects must be completed in Texas.

The bill would establish tiers for grant funding. The bill would increase the underutilized and economically distressed bonus from 2.5% to 7.5% and would award additional bonus incentives of 2.5% for hiring crew and cast from ethnically diverse backgrounds.

The bill would establish a new grant program entitled Moving Image Production Facility Incentive Program, which would provide grants to production companies spending money in-state on construction-related costs associated with a production facility.

Fiscal Analysis

The bill would establish the Moving Image Production Facility Incentive Program, which would require additional funding and FTEs to administer.

The Office of the Governor estimates that the fiscal impact of the bill would be \$136,714,064 over five years and would require 4.5 additional FTEs. According to the Office of the Governor, amendments made in the bill could potentially decrease sales and use and property tax revenue for the state and local governments.

The Comptroller's Office of Public Accounts indicates that the fiscal impact of the bill cannot be estimated.

Methodology

The Office of the Governor assumes that the Moving Image Production Facility Incentive Program would require grant funding in amount similar to the current Texas Moving Image Industry Incentive Program (\$45,000,000 per biennium).

The agency estimates FTE costs to General Revenue based on the SAO's compensation and classification system. This would involve the addition of 4.5 full-time-equivalent (FTE) positions: 1 Program Specialist II (\$51,985), 1 Program Specialist III (\$55,602), 1 Program Specialist V (\$63,616), and 1.5 Compliance Analyst III (\$82,500). Employee benefits and payroll contributions for these 4.5 FTEs amounts to \$86,310 per year. In addition, the agency indicates that \$2,000 is added per FTE to the first fiscal year to account for the cost of setting up and training a new employee with the agency.

Local Government Impact

If the new grant program is funded through additional legislative appropriation, the Office of the Governor anticipates a positive impact on local government sales and use tax revenues, as it may result in more production projects. If the new grant program is expected to split existing funding to TMIIP, the agency anticipates a negative impact on local government sales and use tax revenues, as it could result in fewer production projects as less funding would be available for media production grants.

Source Agencies: 300 Trusteed Programs - Gov, 304 Comptroller of Public Accounts

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