

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 14, 2021

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB609 by Alvarado (relating to the creation of the Texas music incubator rebate program to provide for rebates of a portion of certain taxes collected from certain music venues and promoters of certain music festivals.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB609, Committee Report 1st House, Substituted : a negative impact of (\$20,200,000) through the biennium ending August 31, 2023.

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	(\$10,100,000)
2023	(\$10,100,000)
2024	(\$10,100,000)
2025	(\$10,100,000)
2026	(\$10,100,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue (Loss) from General Revenue Fund 1</i>	<i>Probable Revenue Gain from Texas Music Incubator Account</i>
2022	(\$10,100,000)	\$10,100,000
2023	(\$10,100,000)	\$10,100,000
2024	(\$10,100,000)	\$10,100,000
2025	(\$10,100,000)	\$10,100,000
2026	(\$10,100,000)	\$10,100,000

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 and eligible music festival promoters to apply for a rebate of the Mixed Beverage Gross Receipts Tax and sales taxes paid on the sale of alcoholic beverages 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, 2022 and would begin accepting applications September 1, 2022.

The bill would amend Section 183 of the Tax Code to direct the Comptroller to deposit \$10,000,000 of Mixed Beverage Gross Receipts Tax collections and \$100,000 of sales tax collections in to the newly created Texas Music Incubator Account.

The bill would take effect September 1, 2021.

Methodology

The bill requires the Comptroller to direct \$10,000,000 of Mixed Beverage Gross Receipts Tax collections and \$100,000 of sales tax collections that would have otherwise gone to undedicated General Revenue to the newly created Texas Music Incubator Account.

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 administrative costs associated with implementing the provisions of the bill, however this analysis assumes those costs could be absorbed within existing resources.

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 within or outside of the Treasury, or create a dedicated revenue source. 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 fiscal implication to units of local government is anticipated.

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

LBB Staff: JMc, KK, BRI, LCO, HGR, AJL