

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 12, 2023**

**TO:** Honorable Trent Ashby, Chair, House Committee on Culture, Recreation & Tourism

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB4419** by Goldman (Relating to the promotion of the film and television production industry in this state.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time. The fiscal impact would depend on the number and size of events covered under the bill. In addition, broadening the scope of the Media Production Development Zone could result in reduced sales and use tax revenues.

The bill would amend the Government Code by adding a film or television production as a Major Events Reimbursement Program.

The bill would permit Texas A&M University and Texas State University to each establish a virtual film production institute to provide education opportunities for students interested in studying virtual film production and promote student engagement in the development of a virtual film production industry in this state.

The bill would add "or a college or university that" as a nomination body for a Media Production Development Zone (MPDZ). The bill would remove language requiring that a MPDZ must be in a metropolitan statistical area where the principal municipality has a population of more than 250,000.

The bill would remove language designating the maximum number of MPDZs and locations throughout the state. The bill would amend the sales and use tax exemption for zones from two to four years. The bill would change the duration of zone designation from the second anniversary of the date of designation is made to the fifth anniversary.

Section 151.3415, Tax Code exempts certain, otherwise taxable, media production development zone sales, rentals, and leases from the sales and use tax. According to the Comptroller's office, the effect of adding virtual media production to this exemption, as well as the number of new media production zones that would be created (and the amount of any resulting exemptions from the sales and use tax) are unknown, but could result in significant reductions of state tax revenue.

According to the Office of the Governor, the fiscal impact of the bill's relating to the Major Event Reimbursement Program cannot be determined without information from the event organizer's application. This includes the number of attendees and the duration of the event.

It is anticipated that the Office of the Governor could absorb administrative costs associated with the bill's provisions related to MPDZs within currently existing resources.

According to the Texas A&M University System and Texas State University System, there would be no significant fiscal implications from the administrative costs associated with the bill's provisions relating to the establishment of the virtual film production institutes.

## **Local Government Impact**

The fiscal implications of the bill cannot be determined at this time.

**Source Agencies:** 300 Trusted Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 710 Texas A&M University System Administrative and General Offices, 758 Texas State University System

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