

## **BILL ANALYSIS**

Senate Research Center

S.B. 22  
By: Huffman  
Finance  
8/25/2025  
Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas Moving Image Industry Incentive Program (TMIIP) is designed to build the Texas economy through the moving image industry and create jobs in Texas.

S.B. 22 keeps the existing framework for the Texas Moving Image Industry Incentive Program within the Office of the Governor and provides a statutorily directed biennial transfer to a fund outside the treasury to ensure that funding levels for TMIIP will remain consistent for the next decade. S.B. 22 also includes a sunset date of August 31, 2035.

(Original Author's/Sponsor's Statement of Intent)

S.B. 22 amends current law relating to the Texas moving image industry incentive program and the establishment and funding of the Texas moving image industry incentive fund.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Music, Film, Television, and Multimedia Office is rescinded in SECTION 2.05 (Section 485.024, Government Code) of this bill.

Rulemaking authority is expressly granted to the Music, Film, Television, and Multimedia Office in SECTIONS 2.06 (Section 485.025, Government Code), 2.08, and 3.03 (Section 485.024, Government Code) of this bill.

Rulemaking authority is expressly granted to the Comptroller of Public Accounts of the State of Texas in SECTION 2.08 of this bill.

### **SECTION BY SECTION ANALYSIS**

#### ARTICLE 1. LEGISLATIVE INTENT

SECTION 1.01. Provides that it is the intent of the legislature that the Music, Film, Television, and Multimedia Office (office) is not required to act on any grant application and is authorized to deny an application because of inappropriate content or content that portrays Texas or Texans in a negative fashion, as determined by the office, in a moving image project and that the office is required to consider general standards of decency and respect for the diverse beliefs and values of the citizens of Texas when determining whether to act on or deny a grant application.

#### ARTICLE 2. TEXAS MOVING IMAGE INDUSTRY INCENTIVE PROGRAM; FUND

SECTION 2.01. Amends Section 485.021, Government Code, by adding Subdivision (1-a) to define "incentive fund."

SECTION 2.02. Amends Section 485.022, Government Code, by amending Subsections (a) and (f) and adding Subsections (g), (h), (i), and (j), as follows:

(a) Requires the office to administer a grant program for production companies that produce moving image projects in this state that meets certain requirements, including

using money from the Texas moving image industry incentive fund (incentive fund). Makes nonsubstantive changes.

(f) Provides that certain types of projects are not eligible for grants under Subchapter B (Moving Image Industry Incentive Program).

(g) Provides that Subsection (f) is not an exclusive list of the types of projects that are ineligible for a grant under Subchapter B (Moving Image Industry Incentive Program). Provides that the office has broad authority to designate other types of projects as ineligible for a grant, elect not to take action on a grant application, deny a grant application, or award a grant.

(h) Requires the office, as part of the preliminary application process, rather than before a grant is awarded under this subchapter, to review the proposed content of a moving image project in the manner provided by office rule and advise the prospective applicant whether the content will preclude the project from receiving a grant under this subchapter.

(i) Creates this subsection from existing text. Requires the office, once an approved project has been completed, to review the final content before issuing the grant payment to determine if any substantial changes occurred during production on a moving image project to include content described by Subsection (e) (relating to providing that the office is not required to act on any project grant application and is authorized to deny an application because of inappropriate content or content that portrays Texas or Texans in a negative fashion in a moving image project.) or (f). Deletes existing text requiring the office to require a copy of the final script before an award is granted under this subchapter. Makes nonsubstantive changes.

(j) Provides that the office has broad discretion to rescind preliminary approval at any point in the grant process.

SECTION 2.03. Amends Subchapter B, Chapter 485, Government Code, by adding Section 485.0225, as follows:

Sec. 485.0225. TEXAS MOVING IMAGE INDUSTRY INCENTIVE FUND. (a) Defines "trust company."

(b) Provides that the incentive fund is established as a fund outside the state treasury to be held and invested by the Texas Treasury Safekeeping Trust Company (trust company) and administered by the office.

(c) Provides that money in the incentive fund is authorized to be spent without legislative appropriation and to be used only for the purposes of awarding grants under this subchapter and paying the trust company's expenses of managing the incentive fund's assets.

(d) Provides that the incentive fund consists of money appropriated, transferred, or deposited to the credit of the incentive fund by the legislature; money, including the proceeds of a fee or tax imposed by this state, that by statute is dedicated for deposit to the credit of the incentive fund; investment earnings and interest earned on amounts credited to the incentive fund; and gifts, grants, and donations made to the office and deposited to the credit of the incentive fund.

(e) Requires the trust company to hold and invest the incentive fund. Authorizes the incentive fund to be invested with the state treasury pool and to be pooled with other state assets for purposes of investment.

(f) Provides that the overall objective for the investment of the incentive fund is to maintain sufficient liquidity to meet the needs of the incentive fund while striving to preserve the purchasing power of the incentive fund over a full economic cycle.

- (g) Authorizes the trust company to acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the incentive fund then prevailing, taking into consideration the investment of all the assets of the incentive fund rather than a single investment.
- (h) Requires that the expenses of managing the incentive fund's assets be paid from the incentive fund.
- (i) Requires the office annually to provide to the trust company a forecast of the cash flows into and out of the incentive fund. Requires the office to provide updates to the forecast as appropriate to ensure the trust company is able to achieve the objective specified by Subsection (f).
- (j) Requires the trust company to disburse money from the incentive fund as directed by the office.

SECTION 2.04. Amends Section 485.023, Government Code, as follows:

Sec. 485.023. QUALIFICATION. Provides that, to qualify for a grant under this subchapter:

- (1) makes no changes to this subdivision;
- (2) unless the office determines and certifies in writing that a sufficient number of qualified crew, actors, and extras are not available to the company at the time principal photography begins, the percentage of the production crew, actors, and extras for a moving image project who are Texas residents is required to be at least 35 percent for a moving image project that begins principal photography on or after September 1, 2025, and before September 1, 2027; 40 percent for a moving image project that begins principal photography on or after September 1, 2027, and before September 1, 2029; 45 percent for a moving image project that begins principal photography on or after September 1, 2029, and before September 1, 2031; and 50 percent for a moving image project that begins principal photography on or after September 1, 2031; and
- (3)-(4) makes no changes to these subdivisions.

Deletes existing text providing that, to qualify for a grant under this subchapter, at least 55 percent of the production crew, actors, and extras for a moving image project are required to be Texas residents unless the office determines and certifies in writing that a sufficient number of qualified crew, actors, and extras are not available to the company at the time principal photography begins.

SECTION 2.05. Amends Sections 485.024(a) and (c), Government Code, as follows:

- (a) Provides that, except as provided by Section 485.025 (Additional Grant for Underutilized and Economically Distressed Areas), for a moving image project that is:
  - (1) a feature film, a television program other than a reality television program, or a visual effects project for a feature film or television program other than a reality television program with total in-state spending of at least \$250,000 but less than \$1 million, the amount of a grant under this subchapter is equal to five percent of total in-state spending for the project; at least \$1 million but less than \$1.5 million, the amount of a grant under this subchapter is equal to 10 percent of total in-state spending for the project; or at least \$1.5 million, the amount of a grant under this subchapter is equal to 25 percent of total in-state spending for the project;

(2) a digital interactive media production with total in-state spending of at least \$100,000 but less than \$1 million, the amount of a grant under this subchapter is equal to five percent of total in-state spending for the project; at least \$1 million but less than \$1.5 million, the amount of a grant under this subchapter is equal to 10 percent of total in-state spending for the project; or at least \$1.5 million, the amount of a grant under this subchapter is equal to 25 percent of total in-state spending for the project;

(3) a reality television program as defined by office rule with total in-state spending of at least \$250,000 but less than \$1 million, the amount of a grant under this subchapter is equal to five percent of total in-state spending for the project; or at least \$1 million, the amount of a grant under this subchapter is equal to 10 percent of total in-state spending for the project; or

(4) a commercial, a series of commercials, an educational or instructional video, a series of educational or instructional videos, or a visual effects project for a commercial, series of commercials, educational or instructional video, or series of educational or instructional videos with total in-state spending of at least \$100,000 but less than \$1 million, the amount of a grant under this subchapter is equal to five percent of total in-state spending for the project; or at least \$1 million, the amount of a grant under this subchapter is equal to 10 percent of total in-state spending for the project.

Deletes existing text providing that, except as provided by Section 485.025, a grant under this subchapter is prohibited from exceeding the amount established by office rule. Deletes existing text requiring the office to adopt rules prescribing the method the office will use to calculate the amount of a grant under Subsection (a). Deletes existing text requiring the office to publish a written summary of the method for determining grants before awarding a grant under Section 485.024 (Grant). Deletes existing text requiring the method to consider at a minimum the current and likely future effect a moving image project will have on employment, tourism, and economic activity in this state, and the amount of a production company's in-state spending for a moving image project.

(c) Provides that the office is authorized to make a grant from the incentive fund or appropriated funds, rather than only authorized to make a grant from appropriated funds.

SECTION 2.06. Amends Section 485.025, Government Code, as follows:

Sec. 485.025. New heading: ADDITIONAL GRANTS FOR CERTAIN PROJECTS. (a) Creates this subsection from existing text. Provides that, in addition to the grant calculated under Section 485.024, a production company is eligible for:

(1) a Texas heritage grant in an amount equal to 2.5 percent of total in-state spending for a moving image project that qualifies under Subsection (b);

(2) a rural filming grant in an amount equal to 2.5 percent of total in-state spending for a moving image project that qualifies under Subsection (c);

(3) a postproduction grant in an amount equal to one percent of total in-state spending for a moving image project that qualifies under Subsection (d);

(4) a Texas veterans grant in an amount equal to 2.5 percent of total in-state spending for a moving image project that qualifies under Subsection (e);

(5) a faith-based moving image project grant in an amount equal to 2.5 percent of total in-state spending for a moving image project that qualifies under Subsection (f);

(6) a Texas historic site grant in an amount equal to 2.5 percent of total in-state spending for a moving image project that qualifies under Subsection (g); or

(7) a workforce development grant in an amount equal to 2.5 percent of total in-state spending for a moving image project that qualifies under Subsection (h).

(b) Provides that a moving image project qualifies for a Texas heritage grant under Subsection (a)(1) if the project is designated by the office as a Texas heritage project according to rules adopted by the office. Provides that the office is not required to designate any moving image project as a Texas heritage project and has sole discretion to make that designation. Requires the office, in determining whether to designate a moving image project as a Texas heritage project, to consider the project's current and likely future effect on the promotion of family values or whether the project portrays Texas and Texans in a positive fashion.

(c) Provides that a moving image project qualifies for a rural filming grant under Subsection (a)(2) if the production company spends at least 35 percent of the project's filming days or man hours, as applicable and as defined by office rule, in a county in this state with a population of 300,000 or less.

(d) Provides that a moving image project qualifies for a postproduction grant under Subsection (a)(3) if at least 25 percent of the total in-state spending for the project is spent by the production company during postproduction on eligible expenditures as provided by office rule, including expenditures for labor, vendor, and music costs.

(e) Provides that a moving image project qualifies for a Texas veterans grant under Subsection (a)(4) if at least five percent of the production crew, actors, and extras for the project are Texas residents who served in and were honorably discharged from:

(1) the army, navy, air force, coast guard, or marine corps of the United States;

(2) the Texas National Guard as defined by Section 431.001 (Definitions); or

(3) a reserve component of an entity listed in Subdivision (1) or (2).

(f) Provides that a moving image project qualifies for a faith-based moving image project grant under Subsection (a)(5) if the project is designated by the office as a faith-based moving image project according to rules adopted by the office. Provides that the office is not required to designate any moving image project as a faith-based moving image project and has sole discretion to make that designation.

(g) Provides that a moving image project qualifies for a Texas historic site grant under Subsection (a)(6) if the production company utilizes historic sites in this state as filming locations. Requires the office to adopt rules to implement and administer this subsection.

(h) Provides that a moving image project qualifies for a workforce development grant under Subsection (a)(7) if the production company partners with an

institution of higher education in this state to provide moving image industry workforce development opportunities during production of the project. Requires the office to adopt rules to implement and administer this subsection.

(i) Authorizes a moving image project to qualify for and receive more than one additional grant under Subsection (a). Prohibits the total amount of all grants received by a moving image project, however, from exceeding 31 percent of the total in-state spending for the project.

Deletes existing text providing that, in addition to the grant calculated under Section 485.024, a production company that spends at least 25 percent of a moving image project's filming days in an underutilized and economically distressed area is eligible for an additional grant in an amount equal to 2.5 percent of the total amount of the production company's in-state spending for the moving image project.

SECTION 2.07. Amends Section 151.801, Tax Code, by amending Subsection (a) and adding Subsection (g), as follows:

(a) Requires that all proceeds from the collection of the taxes imposed by Chapter 151 (Limited Sales, Excise, and Use Tax), except for amounts otherwise allocated under Section 151.801 (Disposition of Proceeds), rather than allocated under certain subsections, be deposited to the credit of the general revenue fund. Makes a nonsubstantive change.

(g) Requires the Comptroller of Public Accounts of the State of Texas (comptroller), not later than the 30th day of each state fiscal biennium, to deposit to the credit of the incentive fund established under Section 485.0225, Government Code, \$300 million of the proceeds from the collection of the taxes imposed by this chapter.

SECTION 2.08. (a) Requires the office to adopt rules necessary to implement and administer Subchapter B, Chapter 485 (Music, Film, Television, and Multimedia Industries), Government Code, as amended by this article.

(b) Authorizes the comptroller to adopt rules necessary to implement and administer Section 485.0225, Government Code, as added by this article.

### ARTICLE 3. SUNSET PROVISIONS

SECTION 3.01. Amends Sections 485.022(a) and (f), Government Code, as effective September 1, 2035, to revert those subsections to the form they took before passage of this legislation.

SECTION 3.02. Amends Section 485.023, Government Code, as effective September 1, 2035, to revert that section to the form it took before passage of this legislation.

SECTION 3.03. Amends Sections 485.024(a) and (c), Government Code, as effective September 1, 2035, to revert those subsections to the form they took before passage of this legislation.

SECTION 3.04. Amends Section 485.025, Government Code, as effective September 1, 2035, to revert that section to the form it took before passage of this legislation.

SECTION 3.05. Provides that certain provisions added by Article 2 of this Act expire on August 31, 2035.

SECTION 3.06. (a) Provides that, on August 31, 2035, the incentive fund established under Section 485.0225, Government Code, as added by Article 2 of this Act, is abolished and the unencumbered and unspent balance of the fund on that date is transferred to the general revenue fund.

(b) Provides that, notwithstanding the changes in law made by this article, a grant awarded under Subchapter B, Chapter 485, Government Code, on or after September 1,

2025, and before September 1, 2035, is governed by that subchapter as amended by Article 2 of this Act and any subsequent amendments to that law by the legislature in effect on the date the grant is awarded, and that law is continued in effect for that purpose.

(c) Provides that a grant awarded under Subchapter B, Chapter 485, Government Code, on or after September 1, 2035, is governed by that subchapter as amended by this article.

#### ARTICLE 4. EFFECTIVE DATE

SECTION 4.01. Effective date, except as otherwise provided by this Act: September 1, 2025.