

By: Huffman, et al. S.B. No. 22  
(Hunter, King, Gervin-Hawkins, Bell of Montgomery, et al.)

A BILL TO BE ENTITLED

AN ACT

relating to the Texas moving image industry incentive program and the establishment and funding of the Texas moving image industry incentive fund.

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

ARTICLE 1. LEGISLATIVE INTENT

SECTION 1.01. It is the intent of the legislature that the Music, Film, Television, and Multimedia Office is not required to act on any grant application and may 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 shall 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. Section 485.021, Government Code, is amended by adding Subdivision (1-a) to read as follows:

(1-a) "Incentive fund" means the Texas moving image industry incentive fund established under Section 485.0225.

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

(a) The office shall administer a grant program for

production companies that produce moving image projects in this state:

(1) using money from the incentive fund; or

(2) [7] to the extent that gifts, grants, donations, or other money, including appropriations, are made available to the office for that purpose.

(f) The following types of projects are not eligible for grants under this subchapter:

(1) pornography or obscene material, as defined by Section 43.21, Penal Code;

(2) news, current event or public access programming, political advertising, including public service announcements that advance a public policy or political position, or programs that include weather or market reports;

(3) local events or religious services;

(4) productions not intended for commercial, educational, or instructional distribution;

(5) sporting events or activities;

(6) awards shows, galas, or telethons and similar programs that solicit funds;

(7) projects intended for undergraduate or graduate course credit;

(8) application software, system software, or middleware;

(9) casino-type video games and interactive digital media experiences used in a gambling device, as defined by Section 47.01, Penal Code; or

1           (10) commercials or advertising for this state or any  
2 agency or department of this state.

3           (g) Subsection (f) is not an exclusive list of the types of  
4 projects that are ineligible for a grant under this subchapter. The  
5 office has broad authority to:

6           (1) designate other types of projects as ineligible  
7 for a grant;

8           (2) elect not to take action on a grant application;

9           (3) deny a grant application; or

10          (4) award a grant.

11          (h) As part of the preliminary application process ~~[Before a~~  
12 ~~grant is awarded under this subchapter]~~, the office shall review  
13 the proposed content of a moving image project in the manner  
14 provided by office rule and advise the prospective applicant  
15 whether the content will preclude the project from receiving a  
16 grant under this subchapter.

17          (i) Once an approved project has been completed, the office  
18 shall review the final content before issuing the grant payment  
19 to ~~[+~~

20           ~~[(1) require a copy of the final script, and~~

21           ~~[(2)]~~ determine if any substantial changes occurred  
22 during production on a moving image project to include content  
23 described by Subsection (e) or (f).

24          (j) The office has broad discretion to rescind preliminary  
25 approval at any point in the grant process.

26          SECTION 2.03. Subchapter **B**, Chapter **485**, Government Code,  
27 is amended by adding Section 485.0225 to read as follows:

1       Sec. 485.0225. TEXAS MOVING IMAGE INDUSTRY INCENTIVE FUND.

2       (a) In this section, "trust company" means the Texas Treasury  
3       Safekeeping Trust Company.

4       (b) The Texas moving image industry incentive fund is  
5       established as a fund outside the state treasury to be held and  
6       invested by the trust company and administered by the office.

7       (c) Money in the incentive fund may be spent without  
8       legislative appropriation and may be used only for the purposes of  
9       awarding grants under this subchapter and paying the trust  
10       company's expenses of managing the incentive fund's assets.

11       (d) The incentive fund consists of:

12               (1) money appropriated, transferred, or deposited to  
13       the credit of the incentive fund by the legislature;

14               (2) money, including the proceeds of a fee or tax  
15       imposed by this state, that by statute is dedicated for deposit to  
16       the credit of the incentive fund;

17               (3) investment earnings and interest earned on amounts  
18       credited to the incentive fund; and

19               (4) gifts, grants, and donations made to the office  
20       and deposited to the credit of the incentive fund.

21       (e) The trust company shall hold and invest the incentive  
22       fund. The incentive fund may be invested with the state treasury  
23       pool and may be pooled with other state assets for purposes of  
24       investment.

25       (f) The overall objective for the investment of the  
26       incentive fund is to maintain sufficient liquidity to meet the  
27       needs of the incentive fund while striving to preserve the

purchasing power of the incentive fund over a full economic cycle.

(g) The trust company may 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) The expenses of managing the incentive fund's assets shall be paid from the incentive fund.

(i) The office annually shall provide to the trust company a forecast of the cash flows into and out of the incentive fund. The office shall provide updates to the forecast as appropriate to ensure the trust company is able to achieve the objective specified by Subsection (f).

(j) The trust company shall disburse money from the incentive fund as directed by the office.

SECTION 2.04. Section 485.023, Government Code, is amended to read as follows:

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

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

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

(B) \$100,000 in in-state spending for a commercial or series of commercials, an educational or instructional video or series of educational or instructional

1 videos, or a digital interactive media production;

2 (2) ~~[at least 55 percent of the production crew,~~  
3 ~~actors, and extras for a moving image project must be Texas~~  
4 ~~residents]~~ unless the office determines and certifies in writing  
5 that a sufficient number of qualified crew, actors, and extras are  
6 not available to the company at the time principal photography  
7 begins, the percentage of the production crew, actors, and extras  
8 for a moving image project who are Texas residents must be at least:

9 (A) 35 percent for a moving image project that  
10 begins principal photography on or after September 1, 2025, and  
11 before September 1, 2027;

12 (B) 40 percent for a moving image project that  
13 begins principal photography on or after September 1, 2027, and  
14 before September 1, 2029;

15 (C) 45 percent for a moving image project that  
16 begins principal photography on or after September 1, 2029, and  
17 before September 1, 2031; and

18 (D) 50 percent for a moving image project that  
19 begins principal photography on or after September 1, 2031;

20 (3) at least 60 percent of the moving image project  
21 must be filmed in Texas; and

22 (4) a production company must submit to the office an  
23 expended budget, in a format prescribed by the office, that  
24 reflects all in-state spending and includes all receipts, invoices,  
25 pay orders, and other documentation considered necessary by the  
26 office to accurately determine the amount of a production company's  
27 in-state spending that has occurred.

SECTION 2.05. Sections 485.024(a) and (c), Government Code, are amended to read as follows:

(a) Except as provided by Section 485.025, 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:

(A) 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;

(B) 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

(C) 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:

(A) 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;

(B) 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

(C) at least \$1.5 million, the amount of a grant under this subchapter is equal to 25 percent of total in-state

1 spending for the project;

2 (3) a reality television program as defined by office  
3 rule with total in-state spending of:

4 (A) at least \$250,000 but less than \$1 million,  
5 the amount of a grant under this subchapter is equal to five percent  
6 of total in-state spending for the project; or

7 (B) at least \$1 million, the amount of a grant  
8 under this subchapter is equal to 10 percent of total in-state  
9 spending for the project; or

10 (4) a commercial, a series of commercials, an  
11 educational or instructional video, a series of educational or  
12 instructional videos, or a visual effects project for a commercial,  
13 series of commercials, educational or instructional video, or  
14 series of educational or instructional videos with total in-state  
15 spending of:

16 (A) at least \$100,000 but less than \$1 million,  
17 the amount of a grant under this subchapter is equal to five percent  
18 of total in-state spending for the project; or

19 (B) at least \$1 million, the amount of a grant  
20 under this subchapter is equal to 10 percent of total in-state  
21 spending for the project ~~[may not exceed the amount established by~~  
22 ~~office rule. The office shall adopt rules prescribing the method~~  
23 ~~the office will use to calculate the amount of a grant under this~~  
24 ~~subsection. The office shall publish a written summary of the~~  
25 ~~method for determining grants before awarding a grant under this~~  
26 ~~section. The method must consider at a minimum:~~

27 ~~[(1) the current and likely future effect a moving~~



~~image project will have on employment, tourism, and economic activity in this state; and~~

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

(c) The office may ~~[only]~~ make a grant from the incentive fund or appropriated funds.

SECTION 2.06. Section [485.025](#), Government Code, is amended to read as follows:

Sec. 485.025. ADDITIONAL GRANTS ~~[GRANT]~~ FOR CERTAIN PROJECTS ~~[UNDERUTILIZED AND ECONOMICALLY DISTRESSED AREAS]~~. (a)

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); or

(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).

1        (b) A moving image project qualifies for a Texas heritage  
2 grant under Subsection (a)(1) if the project is designated by the  
3 office as a Texas heritage project according to rules adopted by the  
4 office. The office is not required to designate any moving image  
5 project as a Texas heritage project and has sole discretion to make  
6 that designation. In determining whether to designate a moving  
7 image project as a Texas heritage project, the office shall  
8 consider:

9                (1) the project's current and likely future effect on  
10 the promotion of family values; or

11                (2) whether the project portrays Texas and Texans in a  
12 positive fashion.

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

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

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

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

3           (2) the Texas National Guard as defined by Section  
4 431.001; or

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

7           (f) A moving image project qualifies for a faith-based  
8 moving image project grant under Subsection (a)(5) if the project  
9 is designated by the office as a faith-based moving image project  
10 according to rules adopted by the office. The office is not  
11 required to designate any moving image project as a faith-based  
12 moving image project and has sole discretion to make that  
13 designation.

14           (g) A moving image project may qualify for and receive more  
15 than one additional grant under Subsection (a). However, the total  
16 amount of all grants received by a moving image project may not  
17 exceed 31 percent of the total in-state spending for the project  
18 ~~[that spends at least 25 percent of a moving image project's filming~~  
19 ~~days in an underutilized and economically distressed area is~~  
20 ~~eligible for an additional grant in an amount equal to 2.5 percent~~  
21 ~~of the total amount of the production company's in-state spending~~  
22 ~~for the moving image project].~~

23           SECTION 2.07. Section 151.801, Tax Code, is amended by  
24 amending Subsection (a) and adding Subsection (g) to read as  
25 follows:

26           (a) Except for ~~[the]~~ amounts otherwise allocated under this  
27 section ~~[Subsections (b), (c), (c-2), (c-3), and (f)]~~, all proceeds

1 from the collection of the taxes imposed by this chapter shall be  
2 deposited to the credit of the general revenue fund.

3 (g) Not later than the 30th day of each state fiscal  
4 biennium, the comptroller shall deposit to the credit of the Texas  
5 moving image industry incentive fund established under Section  
6 485.0225, Government Code, \$500 million of the proceeds from the  
7 collection of the taxes imposed by this chapter.

8 SECTION 2.08. (a) The Music, Film, Television, and  
9 Multimedia Office shall adopt rules necessary to implement and  
10 administer Subchapter B, Chapter 485, Government Code, as amended  
11 by this article.

12 (b) The comptroller of public accounts may adopt rules  
13 necessary to implement and administer Section 485.0225, Government  
14 Code, as added by this article.

15 ARTICLE 3. SUNSET PROVISIONS

16 SECTION 3.01. Effective September 1, 2035, Sections  
17 485.022(a) and (f), Government Code, are amended to read as  
18 follows:

19 (a) The office shall administer a grant program for  
20 production companies that produce moving image projects in this  
21 state, to the extent that gifts, grants, donations, or other money,  
22 including appropriations, are made available to the office for that  
23 purpose.

24 (f) Before a grant is awarded under this subchapter, the  
25 office shall:

26 (1) require a copy of the final script; and

27 (2) determine if any substantial changes occurred

during production on a moving image project to include content described by Subsection (e).

SECTION 3.02. Effective September 1, 2035, Section 485.023, Government Code, is amended to read as follows:

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

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

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

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

(2) at least 55 percent of the production crew, actors, and extras for a moving image project must 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;

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

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

SECTION 3.03. Effective September 1, 2035, Sections 485.024(a) and (c), Government Code, are amended to read as follows:

(a) Except as provided by Section 485.025, a grant under this subchapter may not exceed the amount established by office rule. The office shall adopt rules prescribing the method the office will use to calculate the amount of a grant under this subsection. The office shall publish a written summary of the method for determining grants before awarding a grant under this section. The method must consider at a minimum:

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

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

(c) The office may only make a grant from appropriated funds.

SECTION 3.04. Effective September 1, 2035, Section 485.025, Government Code, is amended to read as follows:

Sec. 485.025. ADDITIONAL GRANT FOR UNDERUTILIZED AND ECONOMICALLY DISTRESSED AREAS. 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 3.05. The following provisions added by Article 2 of this Act expire on August 31, 2035:

- (1) Section 485.021(1-a), Government Code;
- (2) Sections 485.022(g), (h), (i), and (j), Government Code;
- (3) Section 485.0225, Government Code; and
- (4) Section 151.801(g), Tax Code.

SECTION 3.06. (a) On August 31, 2035, the Texas moving image industry 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) 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) 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. Except as otherwise provided by this Act, this Act takes effect September 1, 2025.