

# TX H 2418, Introduced

Texas

SUMMARY: Relates to incentives for the moving image industry in this state.

SAME AS: #TX H 2417

Legislative History and Analysis

Changes in Bill text reflected as:

~~Text Deleted~~

*Text Added*

~~Text Vetoed~~

Current Legislative Status

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Introduced

February 26, 2021

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By: Gervin-Hawkins

H.B. No. 2418

A BILL TO BE ENTITLED AN ACT relating to incentives for the moving image industry in this state.

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

SECTION 1. Section 485.021(1), Government Code, is amended to read as follows:

- (1) "In-state spending" means the amount of money spent in Texas by a production company during the production and completion of a moving image project, including the amount spent on wages ~~to Texas residents. The term does not include wages described by Section 485.024(b).~~

SECTION 2. Section 485.022, Government Code, is amended by amending Subsection (b) and adding Subsection (g) to read as follows:

(b) The office shall develop a procedure for the submission of grant applications and the awarding of grants under this subchapter. The procedure must include provisions relating to :

~~(1) methods by which an individual's Texas residency as described by Section 485.021(4) can be proved; and~~

~~(2)~~ requirements for the submission, before production of a moving image project begins, of:

~~(1)(A)~~ an estimate of total in-state spending;

~~(2)(B)~~ the shooting script or story board, as applicable;

~~(3)(C)~~ the estimated number of jobs for cast and production crew during the production and completion of a moving image project; and

~~(4)(D)~~ any other information considered useful and necessary by the office for an adequate and accurate analysis of a production company's in-state spending.

*(g) Notwithstanding Subsection (b), a production company is eligible for a grant under this subchapter and is not required to submit an application for a grant if the company produces moving image projects that meet the qualification requirements of Section 485.023 at a production facility located in this state that is owned by the company or a parent, subsidiary, or affiliate of the company. A production company shall notify the office of the company's eligibility under this subsection.*

SECTION 3. 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 ~~50~~ **70** percent of the production crew, actors, and extras for a moving image project must be *paid for their services on the project* ~~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 ;~~ *and*

~~(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 4. Section 485.024, Government Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) Except as provided by Section 485.025, **the amount of** a grant under this subchapter **is as follows:**

- (1) **five percent of in-state spending on a moving image project if the production company spent at least \$250,000 but less than \$1 million on the project;**
- (2) **10 percent of in-state spending on a moving image project if the production company spent at least \$1 million but less than \$3.5 million on the project; or**
- (3) **notwithstanding Subdivisions (1) and (2), 22.5 percent of in-state spending on a moving image project if at least 50 percent of the production crew, actors, and extras for the project are from diverse ethnic backgrounds may not exceed the amount established by office rule .**

(a-1) The office shall adopt rules prescribing the method the office will use to calculate the amount of a grant under this **section, including the method by which the office will determine whether the production crew, actors, and extras for a moving image project meet the requirement of Subsection (a)(3) 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.~~

SECTION 5. 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 **grants grant** calculated under **Sections Section** 485.024 **and 485.0255**, 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 **7.5 2.5** percent of the total amount of the production company's in-state spending for the moving image project.

SECTION 6. Subchapter B, Chapter 485, Government Code, is amended by adding Section 485.0255 to read as follows:

**Sec. 485.0255. ADDITIONAL PRODUCTION CREW GRANT.**

**(a) In addition to the grants calculated under Sections 485.024(a)(1) and (2) and Section 485.025, if at least 50 percent of the production**

*crew, actors, and extras for a moving image project are from diverse ethnic backgrounds, the production company 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 project.*

*(b) The office shall adopt rules prescribing the method by which the office will determine whether a production company meets the requirement for an additional grant under this section.*

SECTION 7. Chapter 485, Government Code, is amended by adding Subchapter C to read as follows:

***SUBCHAPTER C. MOVING IMAGE PRODUCTION FACILITY INCENTIVE PROGRAM***

***Sec. 485.041. DEFINITIONS. In this subchapter:***

- (1) "In-state construction spending" means the amount of money spent by a production company on the acquisition, construction, renovation, or lease of a production facility in this state.*
- (2) "Production company" has the meaning assigned by Section 485.021.*
- (3) "Production facility" means a facility and related equipment that produce films, television programs, including reality-based television programs, digital interactive media, video games, or visual effects projects.*

***Sec. 485.042. MOVING IMAGE PRODUCTION FACILITY INCENTIVE PROGRAM.***

- (a) Using gifts, grants, donations, and appropriations made available to the office for that purpose, the office shall administer a grant program for production companies that construct production facilities in this state.*
- (b) The office shall develop a procedure for the submission of grant applications and the awarding of grants under this subchapter. The procedure must include:
  - (1) requirements for the submission, before facility construction begins, of an estimate of total in-state construction spending; and*
  - (2) provisions relating to the submission of other information considered useful and necessary by the office for an adequate and accurate analysis of a production company's qualifications for a grant under this subchapter.**
- (c) The office may accept gifts, grants, and donations for the purpose of implementing this subchapter.*

***Sec. 485.043. QUALIFICATION. To qualify for a production facility grant under this subchapter, a production company must be a:***

- (1) limited liability company, partnership, or corporation formed or*

*organized under the laws of this state; or*

- (2) joint venture or other legal entity in which at least one entity that holds at least a 30 percent ownership interest is a limited liability company, partnership, or corporation formed or organized under the laws of this state.*

**Sec. 485.044. GRANT.** *The amount of a production facility grant under this subchapter is determined as follows:*

- (1) if the production company spent at least \$2 million but less than \$4 million on the facility, the amount of the grant is equal to 10 percent of in-state construction spending on the facility; or*
- (2) if the production company spent at least \$4 million on the facility, the amount of the grant is equal to 20 percent of in-state construction spending on the facility.*

**Sec. 485.045. ADDITIONAL GRANT FOR UNDERUTILIZED AND ECONOMICALLY DISTRESSED AREAS.**

*In addition to the grants calculated under Sections 485.044 and 485.046, a production company that constructs a production facility in an underutilized and economically distressed area is eligible for an additional grant in an amount equal to 7.5 percent of the total amount of the production company's in- state construction spending for the facility.*

**Sec. 485.046. ADDITIONAL GRANT FOR CERTAIN PRODUCTION FACILITIES.**

- (a) In addition to the grants calculated under Sections 485.044 and 485.045, a production company is eligible for an additional grant in an amount equal to 2.5 percent of the total amount of the company's in-state construction spending for a production facility if:
  - (1) the company constructs the facility to produce projects with a primary focus on persons from diverse ethnic backgrounds; and*
  - (2) at least 25 percent of the persons employed at the facility are from diverse ethnic backgrounds.**
- (b) The office shall adopt rules prescribing the method by which the office will determine whether a production company meets the requirements for an additional grant under this section.*

SECTION 8. The following provisions of the Government Code are repealed:

- (1) Section 485.021(4); and
- (2) Section 485.024(b).

SECTION 9. The changes in law made by this Act to Chapter 485, Government Code, apply only to a

grant awarded on or after the effective date of this Act. A grant awarded before the effective date of this Act is governed by the law in effect on the date the award was made, and the former law is continued in effect for that purpose.

SECTION 10. This Act takes effect September 1, 2021.