

1-1 By: Deuell, et al. S.B. No. 605
1-2 (In the Senate - Filed January 30, 2009; February 23, 2009,
1-3 read first time and referred to Committee on Economic Development;
1-4 March 26, 2009, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 5, Nays 0; March 26, 2009,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 605 By: Deuell

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to incentives for the film, television, video, and digital
1-11 interactive media production industries.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subdivisions (2) and (5), Section 485.021,
1-14 Government Code, are amended to read as follows:

1-15 (2) "Moving image project" means a visual and sound
1-16 production, including a film, television program, national or
1-17 multistate commercial, educational or instructional video, or
1-18 digital interactive media production. The term does not include a
1-19 production that is obscene, as defined by Section 43.21, Penal
1-20 Code.

1-21 (5) "Underutilized and economically distressed
1-22 [~~Underused~~] area" includes any area of this state that:

1-23 (A) the office determines receives less than 15
1-24 percent of the total film and television production in this state
1-25 during a fiscal year; or

1-26 (B) has a median household income that does not
1-27 exceed 75 percent of the median state household income [~~other than~~
1-28 ~~the metropolitan areas of Austin or Dallas~~].

1-29 SECTION 2. Section 485.023, Government Code, is amended to
1-30 read as follows:

1-31 Sec. 485.023. QUALIFICATION. To qualify for a grant under
1-32 this subchapter:

1-33 (1) a production company must have spent a minimum of:

1-34 (A) \$250,000 [~~\$1 million~~] in in-state spending
1-35 for a film or television program; or

1-36 (B) \$100,000 in in-state spending for a
1-37 commercial or series of commercials, an educational or
1-38 instructional video or series of educational or instructional
1-39 videos, or a digital interactive media production;

1-40 (2) at least 70 percent of the production crew,
1-41 actors, and extras for a moving image project must be Texas
1-42 residents unless the office determines and certifies in writing
1-43 that a sufficient number of qualified crew, actors, and extras are
1-44 not available to the company at the time principal photography
1-45 begins;

1-46 (3) at least 60 [~~80~~] percent of the moving image
1-47 project must be filmed in Texas; and

1-48 (4) a production company must submit to the office an
1-49 expended budget, in a format prescribed by the office, that
1-50 reflects all in-state spending and includes all receipts, invoices,
1-51 pay orders, and other documentation considered necessary by the
1-52 office to accurately determine the amount of a production company's
1-53 in-state spending that has occurred.

1-54 SECTION 3. Sections 485.024 and 485.025, Government Code,
1-55 are amended to read as follows:

1-56 Sec. 485.024. GRANT. (a) Except as provided by Section
1-57 485.025, a grant under this subchapter may not exceed the amount
1-58 established by office rule. The office shall adopt rules
1-59 prescribing the method the office will use to calculate the amount
1-60 of a grant under this subsection. The office shall publish a
1-61 written summary of the method for determining grants before
1-62 awarding a grant under this section. The method must consider at a
1-63 minimum:

2-1 (1) the current and likely future effect a moving
2-2 image project will have on employment, tourism, and economic
2-3 activity in this state; and

2-4 (2) the amount of a production company's in-state
2-5 spending for a moving image project [~~lesser of five percent of the~~
2-6 ~~total amount of a production company's in-state spending for a~~
2-7 ~~moving image project or:~~

- 2-8 [~~(1) \$2 million for a film;~~
- 2-9 [~~(2) \$2.5 million for a television program;~~
- 2-10 [~~(3) \$200,000 for a commercial or series of~~
- 2-11 ~~commercials; or~~
- 2-12 [~~(4) \$250,000 for a digital interactive media~~
- 2-13 ~~production].~~

2-14 (b) In calculating a grant amount under Section 485.025 or
2-15 the amount of in-state spending for purposes of rules adopted under
2-16 Subsection (a), the office may not include wages of persons,
2-17 including an actor or director, employed in the production of a
2-18 moving image project that exceed \$1 million [~~are:~~

- 2-19 [~~(1) a major part of the production costs of the~~
- 2-20 ~~project, as determined by the office; and~~
- 2-21 [~~(2) negotiated or spent before production begins].~~

2-22 (c) The office may only make a grant from appropriated
2-23 funds.

2-24 Sec. 485.025. ADDITIONAL GRANT FOR UNDERUTILIZED AND
2-25 ECONOMICALLY DISTRESSED [~~UNDERUSED~~] AREAS. In addition to the
2-26 grant calculated under Section 485.024, a production company that
2-27 spends at least 25 percent of a moving image project's filming days
2-28 in an underutilized and economically distressed [~~underused~~] area is
2-29 eligible for an additional grant in an amount equal to 2.5 [~~1.25~~]
2-30 percent of the total amount of the production company's in-state
2-31 spending for the moving image project.

2-32 SECTION 4. (a) The Music, Film, Television, and Multimedia
2-33 Office in the office of the governor shall adopt the rules required
2-34 by Section 485.024, Government Code, as amended by this Act, not
2-35 later than November 1, 2009.

2-36 (b) The Music, Film, Television, and Multimedia Office in
2-37 the office of the governor may not award a grant under Section
2-38 485.024, Government Code, as amended by this Act, before the rules
2-39 described by Subsection (a) of this section are adopted.

2-40 SECTION 5. This Act takes effect immediately if it receives
2-41 a vote of two-thirds of all the members elected to each house, as
2-42 provided by Section 39, Article III, Texas Constitution. If this
2-43 Act does not receive the vote necessary for immediate effect, this
2-44 Act takes effect September 1, 2009.

2-45 * * * * *