

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 29, 2015

TO: Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2707** by Shaheen (Relating to the abolishment of the Music, Film, Television, and Multimedia Office in the office of the governor and the moving image industry incentive program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2707, As Introduced: a positive impact of \$60,433,662 through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$30,216,831
2017	\$30,216,831
2018	\$30,216,831
2019	\$30,216,831
2020	\$30,216,831

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from License Plate Trust Fund No. 0802 802	Change in Number of State Employees from FY 2015
2016	\$30,201,831	\$15,000	(\$15,000)	(15.0)
2017	\$30,201,831	\$15,000	(\$15,000)	(15.0)
2018	\$30,201,831	\$15,000	(\$15,000)	(15.0)
2019	\$30,201,831	\$15,000	(\$15,000)	(15.0)
2020	\$30,201,831	\$15,000	(\$15,000)	(15.0)

Fiscal Analysis

The bill would amend Government Code to abolish the Music, Film, Television, and Multimedia Office and the Moving Image Industry Incentive Program in the Office of the Governor. The bill would direct all unobligated and unexpended appropriations of the Music, Film, Television, and Multimedia Office to lapse on the effective date of the bill. The bill would require the deposit of funds from the "Texas Music" license plates in General Revenue instead of the Texas Music Foundation Account and abolishes the Texas Music Foundation account. Additionally, the bill would amend tax code to repeal tax exemptions for items sold or used to construct, maintain, expand, improve, equip, or renovate media production facilities.

Under the provisions of the bill, it is estimated that the fiscal impact for eliminating the Music, Film, Television, and Multimedia Office and the Moving Image Industry Incentive Program would be a savings of \$60,403,662 in General Revenue in the 2016-17 biennium and a reduction of 15.0 full-time equivalents (FTE).

The Department of Motor Vehicles and the Comptroller of Public Accounts indicate there would be \$30,000 in additional revenue deposited into General Revenue in the 2016-17 biennium from the sale of the "Texas Music" license plate. The Texas Education Agency, Texas Department of Transportation, and the Texas Parks and Wildlife Department indicate the costs associated with implementation of the bill could be absorbed with existing resources.

The bill would take effect September 1, 2015.

Methodology

The Office of the Governor indicates that the abolishment of the Music, Film, Television, and Multimedia Office would result in General Revenue savings of the administrative costs for the program. The LBB assumes the administrative saving will be \$2,472,121 each fiscal year based on the agency's costs, including employee benefits in the 2014-15 biennium. There would also be a reduction of 15.0 FTEs associated with the programs.

The Music, Film, Television, and Multimedia Office currently provides grants to eligible productions through the Moving Image Industry Incentive Program (MIIP). It is assumed there will be a savings of \$27,729,710 each year in General Revenue for grants, based on the average incentive grant awards over the past three biennia.

According to the Department of Motor Vehicles, \$22 of the revenue from the sale of each \$30 specialty plate fee would be deposited directly into General Revenue, instead of the Texas Music Foundation account. The Comptroller of Public Accounts estimates the gain to General Revenue would be \$15,000 in both FY 2016 and FY 2017.

The amount of unobligated and unexpended appropriations the Music, Film, Television, and Multimedia Office is estimated to be \$0. According to the Office of the Governor, this program has high demand for grants and unexpended balances are not anticipated.

Local Government Impact

The Office of the Governor reported that there may be a negative impact to units of local government.

Travis County and El Paso County reported no fiscal impact is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts, 601 Department of Transportation, 608 Department of Motor Vehicles, 701 Central Education Agency, 802 Parks and Wildlife Department

LBB Staff: UP, CL, EP, LBe, KVe