

Testimony in Opposition to HB 3600/SB 1613
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March 30, 2023

HB 3600/SB 1613 is a very expensive program

The fiscal note shows an All Funds cost in the 2026-27 biennium of \$921 million.

HB 3600/SB 1613 is open-ended and duplicative

Texas already has an active Moving Image Industry Incentive Program, operated through the Economic Development and Tourism Division of the Governor's Office. Importantly, this grant program is subject to biennial appropriations by the Legislature. In contrast, HB 3600/SB 1613 proposes an unlimited tax credit entitlement program.

HB 3600/SB 1613 has lower requirements for hiring Texas residents

HB 3600/SB 1613 would require that only 25% of crew, actors and extras must be Texas residents. In contrast, the current incentive program requires that 70% of paid crew and 70% of paid cast members, including extras, must be Texas residents.

Film incentives have a mixed record of boosting economic activity

Although boosters make extravagant claims of economic impact, independent analysis carried out in other states generally conclude that other state expenditures offer a better return on investment:

California Legislative Analyst's Office – "Existing evidence does not allow us to be confident that film tax credits lead to more economic activity than alternative uses of funds." ⁱ

Academic study from Oxford University Press: "We fail to find strong evidence that incentives create a more permanent movie industry in a state... A simple cost-benefit analysis indicates that movie incentive programs are revenue-negative for states." ⁱⁱ

HB 3600/SB 1613 lacks best practice transparency provisions

HB 3600/SB 1613 does not require any regular review of the efficiency and effectiveness of the proposed program or any regular report to the Legislature. The program would not be subject to a sunset provision, which requires the Legislature to examine the program before making improvements or extending its life. The potential cost of the proposed program would be unlimited.

ⁱ <https://lao.ca.gov/Publications/Report/4713>

ⁱⁱ <https://academic.oup.com/joeg/article-abstract/20/3/679/5205905?login=false>