



HOSPITALITY ISSUE PAPER

San Antonio Chamber of Commerce
San Antonio Hispanic Chamber of Commerce
North San Antonio Chamber of Commerce
South San Antonio Chamber of Commerce
San Antonio Mobility Coalition
West San Antonio Chamber of Commerce
San Antonio Mobility Coalition Inc.

SUPPORT THE UPDATE OF THE TEXAS MOVING IMAGE INDUSTRY INCENTIVE PROGRAM (HB 2417)

LEGISLATIVE PRIORITY:

Support the update of the Texas Moving Image Industry Incentive Program to allow for long-term investment and commitments for production that includes the opportunity to secure multi-year incentives and automatic qualification and that clearly differentiates between as well as creates opportunities for production incentives AND infrastructure incentives via direct investment into the state.

Recognize that for Texas to cultivate this industry and reap the full benefit, we need production incentives tied to Texas based infrastructure.

Consider the Texas Moving Image Industry as one of the most innovative industries in our state. Given its globally competitive marketplace (production and consumption), current high demand and continued growth of that demand as well as the immense and diverse amount of technology used in production and distribution this industry will be critical to our state's economic development over the next 10 years and beyond.

Support the elimination of the state above the line job qualification.

Support the creation of a fund for investment and opportunities to underwrite production facilities. * this does exist however FTE requirements preclude participation.

Support the removal of budget / line-item caps.

Prioritize Texas based companies focused on cultivating and catalyzing new growth and a commitment to diverse, inclusive voices and narratives, including those of our growing demographic in the Latino/Hispanic Community. As well as encourage the expansion of underutilized areas infrastructure investment and production focus to areas throughout the state that are not solely focused on Austin and Dallas. One way to incentivize

looking at different areas of our state is to prioritize locations in Federal Opportunity Zones as part of the incentive award consideration.

BACKGROUND:

Incentives and oversight for the film and production industry are provided by the Office of the Governor (Economic Development and Tourism Division) through the Texas Film Commission. The Moving Image Industry as it is known, currently includes Film & Television, Commercials, Video Games, Reality Television, and Visual Effects. As the industry continues to evolve, it is important to recognize the unprecedented demand for content, talent and production facilities that is driven by media globalization and streaming platform competition. As well as maintain a competitive edge with other states, such as New Mexico and Georgia, who have seen incredible and rapid expansion of the film and production industry over recent years.

Today content production is a high growth "Innovation" industry that utilizes cutting edge technology, requires a highly trained and well compensated professional workforce and state-of-the-art infrastructure. Current or more requirements and restrictions make it difficult for producers to produce in Texas. Governmental production incentives, governmental infrastructure incentives, ease of governmental incentive administration as well as overall availability of state-of-the-art production facility infrastructure combined with trained and proven creative talent and production crew, and the various third party specialized equipment vendors and operators there are many factors that contribute to creating a globally competitive marketplace that will attract content production.

In FY 2020-2021, the Texas Moving Image Industry Incentive Program created 12,818 local jobs and generated approximately \$230.48 million of in-state spending through 51 projects.¹ Fifty years since its inception, this industry remains a critical piece to our state's economic and educational interest and it's continued sustainable development and growth benefits all Texans. As our state continues to navigate natural disasters and a pandemic, we must look to innovative approaches and new opportunities to not only preserve industries like Moving Image, but also to expand the footprint particularly in the areas of economic development and job creation. There are jobs in Texas that no longer exist, new jobs must be created to meet the needs of Texans from all parts of our state. Given this confluence of factors, Texas has the opportunity to become a global content production hub and thereby significantly expand its fair share participation in the economic, workforce and infrastructure benefits of this industry. This expansion can be achieved by

1. Refining our existing incentives targeting Film/TV production and infrastructure investment to be more competitive with today's marketplace
2. Focus and prioritization on production companies who invest in production infrastructure in Texas, content production activities and production infrastructure located in "Underutilized Areas" across Texas (geographic boundaries per current Texas Moving Image Industry Incentive Program), and content production companies and production infrastructure companies that focus on diverse storytelling and workforce participation.

If Texas were able to provide opportunities based on the guidelines outlined above to those in the industry ready and willing to invest long-term in Texas, the number of new

¹ 2022-2023 Governor's Budget

jobs created and additional revenue flowing into our state is significant. This potential for increase is illustrated in Table 1.

Table 1: Current & Potential Incremental Level of Texas Production (\$bill.)

Share	Job Share	Jobs	Income	Output
Texas 2019	0.05%	5,762	\$0.344	\$1.070
#1: National Average	0.19%	14,284	\$0.779	\$2.424
#2: Average of GA, LA, NM	0.32%	27,426	\$1.497	\$4.654
#3: Average of CA, GA, LA, NM, & NY	0.45%	40,540	\$2.212	\$6.880

Sources: BLS, TXP

Refining current incentives available to the film & production industry will create new opportunities for production studio companies, producers, and global media companies to build production capacity and produce Film/TV projects in San Antonio and TX. AT&T (owns WarnerMedia) is headquartered in Dallas, where Amazon and Apple (both of whom have their own content streaming services) have a significant presence in central Texas. The industry is strategically linked to Texas and ready to create long standing investment via infrastructure and workforce with the right tools.

As the population of Texas continues to surge, our economy must expand. Innovative industries that create new and additional jobs for Texans will be critical to meeting demand. Also prioritizing Texas based companies focused on cultivating and catalyzing new industry in Texas is of vital importance.

The Moving Image Industry Incentive Program should be supported but must also recognize more is needed to attract and cultivate the global Film and TV production industry to not only come to Texas but to plant long term roots and make substantial investments. A critical examination of what is required to create and maintain a competitive incentive program in today's global TV & Film production marketplace is needed.

The focus on a global first-class Film & TV Production Studio, is the first step in helping make Texas and the southside of San Antonio an epicenter for the global Film & TV production industry.

RECOMMENDATIONS:

HB 2417 - Refine the Texas Moving Image Industry Incentive Program to

1. Support long-term investment and commitments for production that includes the opportunity to secure multi-year incentives and automatic qualification and that clearly differentiates between as well as creates opportunities for production incentives AND infrastructure incentives via direct investment into the state.
2. Support the elimination of the state above the line job qualification.

3. Support the creation of a fund for investment and opportunities to underwrite production facilities. * this does exist however FTE requirements preclude participation.
4. Support the removal of budget / line-item caps.
5. Prioritize Texas based companies focused on cultivating and catalyzing new growth and a commitment to diverse, inclusive voices and narratives, including those of our growing demographic in the Latino/Hispanic Community. As well as encourage the expansion of underutilized areas infrastructure investment and production focus to areas throughout the state that are not solely focused on Austin and Dallas. One way to incentivize looking at different areas of our state is to prioritize locations in Federal Opportunity Zones as part of the incentive award consideration.

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