

**SUBJECT:** Exempting certain commercial productions from the sales and use tax

**COMMITTEE:** Ways and Means — favorable, without amendment

**VOTE:** 10 ayes — Burrows, Guillen, Cole, Martinez Fischer, Murphy, Noble, E. Rodriguez, Sanford, Shaheen, Wray

0 nays

1 absent — Bohac

**WITNESSES:** For — (*Registered, but did not testify:* Dana Harris, Austin Chamber of Commerce; and six individuals)

Against — (*Registered, but did not testify:* Priscilla Camacho, Metro 8 Chambers of Commerce)

On — (*Registered, but did not testify:* Karey Barton, Comptroller of Public Accounts)

**DIGEST:** HB 3086 would exempt certain property used in the production of master recordings from the limited sales, excise, and use tax, provided a copy of the production was sold, offered for ultimate sale, licensed, distributed, broadcast, or otherwise exhibited for consideration.

The bill would define a master recording as the principal media on which images, sound, or a combination of images and sound were first fixed and from which copies were commercially made available.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2019.

**SUPPORTERS SAY:** HB 3086 would clarify existing law and preserve tax relief for Texas artists by clearly defining that items used in the production of commercial motion pictures, videos, or audio recordings are exempt from the sales and

use tax. Ambiguous language in the original statute could allow the exemption of items purchased for noncommercial productions, which was not the intent of the exemption. The bill would close this loophole by providing the clarification needed to ensure the measure was being applied properly.

Artists are leaving Texas for other states that have better tax exemptions for their profession. HB 3086 would reduce the cost of commercial equipment and would help media artists stay in their home state.

**OPPONENTS  
SAY:**

HB 3086 would preserve a tax exemption that benefits a select few and distorts the free market. The state should not favor commercial productions over another industry.