



Legislation Text

File #: 24-1302, **Version:** 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: May 22, 2024
COUNCIL DISTRICT(S): 7
DEPARTMENT: Office of Economic Development
EXECUTIVE: Robin Bentley

SUBJECT

An ordinance **(1)** nominating approximately 2.435 acres located at 2901 Botham Jean Boulevard for State of Texas designation as a qualified media production location; **(2)** directing the City Manager to execute all necessary documents to submit an application for designation to the Music, Film, Television, and Multimedia Office within the Office of the Governor; **(3)** providing a repealing clause; and **(4)** providing an effective date - Estimated Sales Tax Revenue Foregone: General Fund \$150,000.00

BACKGROUND

Media Production Development Zones (MPDZ) are authorized by Chapter 485A of the Texas Government Code, known as the Media Production Development Zones Act (Act), and is administered by the Texas Film Commission. MPDZ is a state-based incentive program which allows for a sales and use tax exemption for the construction, maintenance, expansion, improvement, or renovation of a media production facility at a qualified media production location (QMPL) over a two year period. The Act outlines the parameters for the creation of MPDZs within the state to strengthen Texas's economy by maintaining and bolstering its media production industry. For a location to take advantage of the tax savings of the MPDZ, it must be designated as a QMPL by City Council.

Pursuant to the Act, this project meets the criteria for the City of Dallas's nomination as a QMPL as the proposed project is located within a MPDZ and is a building or other facility that is being renovated solely for the purpose of being converted into one or more media production facilities.

This item authorizes the City nomination of the first QMPL project in Dallas's newly created MPDZ No. 1, for state consideration of the qualified MPDZ project. South Side Studios Dallas, LLC (SSSD), located at 2901 Botham Jean Boulevard, Dallas, Texas 75215, is an existing converted warehouse situated on 11 acres that has served as a production studio facility in south Dallas. For decades, SSSD has been Dallas's leading filming space for feature film and television, having served hundreds of productions, including television's Queen of the South (USA), The Chosen (TBN) Dallas (reboot) (TNT), and Prison Break (Fox).

Historically, the facility has leased two of the three warehouse buildings on the property: (1) the West Stage Building (approximately 70,000 square feet) which contains stage space and production offices, and (2) the Forest Building (approximately 50,000 square feet) consisting of additional offices, a mill area, wardrobe storage, and prop shop.

In 2023, developer Matthews Holdings Southwest and Talon Entertainment Finance partnered to create SSSD to renovate the original spaces in the West Building, including unconditioned spaces that lack soundproofing, into a state-of-the-art, purpose-built studio production facility. SSSD's project includes an estimated \$6.275M in renovations that will modernize studio production facilities on the site, currently home to three warehouse-type buildings. The project also includes approximately \$1.533M in furniture, fixtures, and equipment purchases, including an LED virtual production wall, plus film and video production equipment to serve as rental inventory for in- and out-of-house productions.

When renovations are complete, SSSD estimates its annual revenue will start at \$2.95M (2025) and could employ as many as 250 crew members and 200 cast members plus interns and/or students interested in on-the-job training. SSSD operations itself will have a staff of 13 employees (with wages totaling \$770K in 2025, est.) and the facility operations team will rely on outsourced local vendors to support the facility. They include, but are not limited to, HVAC, plumbing, electrical maintenance vendors, janitorial, IT support, and security guards.

OED staff recommends City support of the MPDZ incentives for SSSD as a QMPL to support growth of the media industry and foster tangible investment in assets that strengthen the City's tax base, as well as to support creation of jobs in the target areas, in accordance with the City of Dallas Economic Development Policy.

The City council may nominate other locations within the City of Dallas Media Production Development Zone No. 1 for designation as a QMPL by the state and receive the same sales tax exemptions. There is a limitation of three locations allowed at any one time in an MPDZ in accordance with the Act and each QMPL designation is effective for two years.

A local sales tax exemption would serve as the local incentive for this project and is estimated to be approximately \$150,000.00 in the aggregate.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

Information about this item was provided to the Economic Development Committee on May 6, 2024.

On May 22, 2024, an item considering authorization of the creation of City of Dallas Media Production Development Zone No. 1 will be considered concurrently.

FISCAL INFORMATION

Estimated Sales Tax Revenue Foregone: General Fund \$150,000.00