

BILL ANALYSIS

C.S.H.B. 2768
By: Woolley
Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, the state may use a portion of the state sales and use tax revenues, and certain cities may use a portion of the municipal sales and use tax revenues to support a bid for, preparation for, and hosting of the 2007 Pan American Games or the 2012 Olympic Games. Cities may also use hotel occupancy tax revenues to support a bid for, preparation for, and hosting of the 2007 Pan American Games.

CSHB 2768 would expand upon this authority by granting the state and certain cities and counties the ability to use sales and use tax revenue, mixed beverage tax revenue, and hotel occupancy tax revenue to support a bid for, preparation for, and hosting of the Olympics, Super Bowl, NCAA Final Four, NBA All Star Game, NHL All Star Game, MLB All Star Game, BCS Games, and World Cup Soccer Games, and any events and activities related to or associated with any of the foregoing. Notes could also be issued by a city or county to support a bid for, preparation for, and hosting of any of the foregoing events. CSHB 2768 would also permit the use of certain state taxes and a portion of a city's hotel occupancy taxes to support a bid for, preparation for, and hosting of the Olympic Games as is now permitted for the Pan American Games, and would extend the state's and a city's ability to use this authority to the Pan American Games and the Olympic Games regardless of the year in which such games are held.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

CSHB 2768 amends Article 5190.14, Vernon's Texas Civil Statutes, to add the definition of endorsing county, amend the definitions of endorsing municipality, games, and add to the definitions of joinder agreement, joinder undertaking, local organizing committee, and site selection organization.

CSHB 2768 amends Article 5190.14, Vernon's Texas Civil Statutes, to provide that the purpose of this Act is to provide financing for bidding, preparing for, and conducting game sin this state.

CSHB 2768 amends Article 5190.14, Vernon's Texas Civil Statutes, to allow certain cities and counties to use a portion of their sales and use tax revenues, mixed beverage tax revenues, and hotel occupancy tax revenues to pay obligations relating to a bid for or hosting of the Olympics. These amendments would also allow the state to allocate a portion of state mixed beverage tax and hotel occupancy tax revenues, in addition to certain state sales tax revenues which the state is already permitted to use for this purpose, to pay state obligations relating to a bid for or hosting of the Olympics. Any local and state tax revenues allocated to such obligations which remain after payment in full of such obligations would be paid to the state and local entities in proportion to the amount contributed by the respective state or local entity.

CSHB 2768 amends Article 5190.14, Vernon's Texas Civil Statutes, to add Section 5A, permitting certain cities and counties to use a portion of their sales and use tax revenues, mixed beverage tax revenues, and hotel occupancy tax revenues to pay obligations relating to a bid for or hosting of the Super Bowl, NCAA

Final Four, NBA All Star Game, NHL All Star Game, MLB All Star Game, BCS Games, and World Cup Soccer Games, and any events and activities related to or associated with any of the foregoing. The state would also be permitted to allocate a portion of its sales and use tax revenues, mixed beverage tax revenues, and hotel occupancy tax revenues to such obligations. The local and state tax revenues allocated to such obligations would be those which the comptroller estimates would be attributable to the holding of any particular game during a two week period surrounding the time the game is held in the state, within a market area designated by the comptroller as the area likely to receive an increase in these tax revenues due to the holding of the game in that area. A city or county would also be able to use user, parking, and ticket fees to pay obligations incurred to hold a game within its jurisdiction. A city or county would also be able to issue notes with a maximum maturity of seven years payable from such tax revenues and fees to improve or construct facilities or acquire equipment related to the hosting of a game. Any local and state tax revenues allocated to such obligations which remain after payment in full of such obligations would be paid to the state and local entities in proportion to the amount contributed by the respective state or local entity. This new authority provided in new Section 5A would expire on January 1, 2007.

CSHB 2768 amends Article 5190.14, Vernon's Texas Civil Statutes, to clarify that voter approval is needed before a city or a county may use the incremental increase in its local sales and use tax revenues to pay obligations relating to a bid for or hosting of a game. Cities and counties would not be required to obtain voter approval to use the incremental increase in their respective mixed beverage tax revenues and hotel occupancy tax revenues for such purposes. An election would not be required, however, by a city or county for the use of the incremental increase in local sales and use tax revenues to support the hosting of the 2004 Super Bowl if the time between the adoption of these amendments and the date on which the 2004 Super Bowl will be held does not provide enough time to hold the election and gain preclearance from the U.S. Department of Justice for the election.

CSHB 2768 amends the Tax Code to clarify that any increase in the sales and use tax revenues attributable to the hosting of a game in the state is not additional sales and use tax revenue subjecting a city or county to rollback requirements.

EFFECTIVE DATE

September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute makes non-substantive conforming drafting changes; includes the World Games to the definition of "Games;" and adds the procedures for the quarterly remittance of an endorsing municipality's hotel occupancy tax revenue for the comptroller to deposit into the Pan American Games trust fund and the Olympic Games trust fund.

The substitute changes the category of counties which may use certain tax revenues to support a bid for or hosting of the Olympic Games from a county in which a city making a bid for the hosting of the Games, to a county in which a city with a population of 850,000 or more is located. Any local and state tax revenues allocated to obligations relating to the Games which remain after payment in full of such obligations would be paid to the state and local entities in proportion to the amount contributed by the respective state or local entity.

The substitute permits the state to use the incremental increase in state sales and use tax, mixed beverage tax, and hotel occupancy tax revenues resulting from the hosting of the Super Bowl, NCAA Final Four, NBA All Star Game, NHL All Star Game, MLB All Star Game, BCS Games, and World Cup Soccer Games, to pay obligations incurred by the state relating to a bid for or hosting of one of these games. The substitute also revises the category of cities and counties which may use the incremental increase in their sales and use, mixed beverage, and hotel occupancy tax revenues resulting from the hosting of a game to cities with a population of 1 million or more and counties in which cities with a population of 1 million or more are located. These cities and counties, in addition to local organizing committees, may make a bid

to host one or more of these games. The period during which the incremental increase in state and local tax revenues may be collected for such purposes is decreased to a two week period. Disbursement of such tax revenues to pay obligations would now require approval of the city and county contributing their respective tax revenues for such purposes, in addition to the approval of the state. The substitute also clarifies that the authority provided for the use of state tax revenues is not to be construed as a guarantee by the state of its obligations relating to the hosting of a game. The authority to use the incremental increase in local and state tax revenues resulting from the hosting of a game for these purposes expires on January 1, 2007.

The substitute clarifies that voter approval is needed only for the use of the incremental increase in local sales and use tax revenues by a city or a county for the hosting of the Olympic Games, Super Bowl, NCAA Final Four, NBA All Star Game, NHL All Star Game, MLB All Star Game, BCS Games, and World Cup Soccer Games. The substitute also states that an election is not required by a city or county for the use of the incremental increase in local sales and use tax revenues to support the hosting of the 2004 Super Bowl if the time between the adoption of these amendments and the date on which the 2004 Super Bowl will be held does not provide enough time to hold the election and gain preclearance from the U.S. Department of Justice for the election.

The substitute also clarifies that any increase in the local sales and use tax revenues attributable to the hosting of a game in the state is not additional local sales and use tax revenue subjecting a city or county to rollback requirements.