

By: Barrientos

S.B. No. 39

A BILL TO BE ENTITLED

1 AN ACT

2 relating to facilitating and supporting efforts of certain
3 municipalities and counties to promote economic development by
4 hosting certain major sporting or athletic events.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Chapter 1507, Acts of the 76th Legislature,
7 Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil
8 Statutes), is amended by adding Section 5C to read as follows:

9 Sec. 5C. SPORTING EVENT TRUST FUND FOR CERTAIN
10 MUNICIPALITIES AND COUNTIES. (a) In this section:

11 (1) "Endorsing county" means a county with a
12 population of 800,000 or more that contains a site selected by a
13 site selection organization for one or more games.

14 (2) "Endorsing municipality" means a municipality
15 with a population of 600,000 or more that contains a site selected
16 by a site selection organization for one or more games.

17 (3) "Event support contract" means a joinder
18 undertaking, joinder agreement, or a similar contract executed by
19 an endorsing municipality or endorsing county and a site selection
20 organization.

21 (4) "Game" means a National Collegiate Athletic
22 Association regional tournament or playoff game, a University
23 Interscholastic League Championship event, a Senior Olympic
24 activity, including a training program or feeder program sanctioned

1 by the National Senior Games Association, or a major sporting or
2 athletic event sanctioned by a site selection organization. The
3 term includes any events and activities related to or associated
4 with the games.

5 (5) "Site selection organization" means the National
6 Collegiate Athletic Association, the Professional Golfers'
7 Association, USA Track & Field, the United States Volleyball
8 Association, the World Karting Association, the University
9 Interscholastic League, the Professional Rodeo Cowboys
10 Association, and USA Cycling.

11 (b) If a site selection organization selects a site for a
12 game in this state pursuant to an application by a local organizing
13 committee, endorsing municipality, or endorsing county, not later
14 than three months before the date of the game, the comptroller shall
15 determine for the two-week period that ends at the end of the day
16 after the date on which the game will be held or, if the game occurs
17 on more than one day, after the last date on which the game will be
18 held, in accordance with procedures developed by the comptroller:

19 (1) the incremental increase in the receipts to the
20 state from taxes imposed under Chapters 151, 152, 156, and 183, Tax
21 Code, and under Title 5, Alcoholic Beverage Code, within the market
22 areas designated under Subsection (c) of this section, that is
23 directly attributable, as determined by the comptroller, to the
24 preparation for and presentation of the game and related events;

25 (2) the incremental increase in the receipts collected
26 by the state on behalf of each endorsing municipality in the market
27 area from the sales and use tax imposed by each endorsing

1 municipality under Section 321.101(a), Tax Code, and the mixed
2 beverage tax revenue to be received by each endorsing municipality
3 under Section 183.051(b), Tax Code, that is directly attributable,
4 as determined by the comptroller, to the preparation for and
5 presentation of the game and related events;

6 (3) the incremental increase in the receipts collected
7 by the state on behalf of each endorsing county in the market area
8 from the sales and use tax imposed by each endorsing county under
9 Section 323.101(a), Tax Code, and the mixed beverage tax revenue to
10 be received by each endorsing county under Section 183.051(b), Tax
11 Code, that is directly attributable, as determined by the
12 comptroller, to the preparation for and presentation of the game
13 and related events;

14 (4) the incremental increase in the receipts collected
15 by each endorsing municipality in the market area from the hotel
16 occupancy tax imposed under Chapter 351, Tax Code, that is directly
17 attributable, as determined by the comptroller, to the preparation
18 for and presentation of the game and related events; and

19 (5) the incremental increase in the receipts collected
20 by each endorsing county in the market area from the hotel occupancy
21 tax imposed under Chapter 352, Tax Code, that is directly
22 attributable, as determined by the comptroller, to the preparation
23 for and presentation of the game and related events.

24 (c) For the purposes of Subsection (b)(1) of this section,
25 the comptroller shall designate as a market area for the game each
26 area in which the comptroller determines there is a reasonable
27 likelihood of measurable economic impact directly attributable to

1 the preparation for and presentation of the game and related
2 events, including areas likely to provide venues, accommodations,
3 and services in connection with the game based on the proposal
4 provided by the local organizing committee to the comptroller. The
5 comptroller shall determine the geographic boundaries of each
6 market area. An endorsing municipality or endorsing county that
7 has been selected as the site for the game must be included in a
8 market area for the game.

9 (d) Each endorsing municipality or endorsing county shall
10 remit to the comptroller and the comptroller shall deposit into a
11 trust fund created by the comptroller and designated as the
12 Sporting Events trust fund the amount of the municipality's or
13 county's hotel occupancy tax revenue determined under Subsection
14 (b)(4) or (b)(5) of this section, less any amount of the revenue
15 that the municipality or county determines is necessary to meet the
16 obligations of the municipality or county. The comptroller shall
17 retain the amount of sales and use tax revenue and mixed beverage
18 tax revenue determined under Subsection (b)(2) or (b)(3) of this
19 section from the amounts otherwise required to be sent to the
20 municipality under Sections 321.502 and 183.051(b), Tax Code, or to
21 the county under Sections 323.502 and 183.051(b), Tax Code, and
22 deposit into the trust fund the tax revenues, less any amount of the
23 revenue that the municipality or county determines is necessary to
24 meet the obligations of the municipality or county. The
25 comptroller shall begin retaining and depositing the local tax
26 revenues with the first distribution of that tax revenue that
27 occurs after the first day of the two-week period described by

1 Subsection (b) of this section and shall discontinue retaining the
2 local tax revenues under this subsection when the amount of the
3 applicable tax revenue determined under Subsection (b)(2) or (b)(3)
4 of this section has been retained. The Sporting Events trust fund
5 is established outside the state treasury and is held in trust by
6 the comptroller for administration of this Act. Money in the trust
7 fund may be disbursed by the comptroller without appropriation only
8 as provided by this section.

9 (e) In addition to the tax revenue deposited in the Sporting
10 Events trust fund under Subsection (d) of this section, an
11 endorsing municipality or endorsing county may guarantee its
12 obligations under a game support contract and this section by
13 pledging surcharges from user fees, including parking or ticket
14 fees, charged in connection with the game.

15 (f) The comptroller shall deposit into the Sporting Events
16 trust fund a portion of the state tax revenue determined under
17 Subsection (b)(1) of this section in an amount equal to 6.25 times
18 the amount of the local sales and use tax revenue and mixed beverage
19 tax revenue retained and the hotel occupancy tax revenue remitted
20 by an endorsing municipality or endorsing county under Subsection
21 (d) of this section.

22 (g) To meet its obligations under a game support contract or
23 event support contract to improve, construct, renovate, or acquire
24 facilities or to acquire equipment, an endorsing municipality by
25 ordinance or an endorsing county by order may authorize the
26 issuance of notes. An endorsing municipality or endorsing county
27 may provide that the notes be paid from and secured by amounts on

1 deposit or amounts to be deposited into the Sporting Events trust
2 fund or surcharges from user fees, including parking or ticket
3 fees, charged in connection with the game. Any note issued must
4 mature not later than seven years from its date of issuance.

5 (h) The money in the Sporting Events trust fund may be used
6 to pay the principal of and interest on notes issued by an endorsing
7 municipality or endorsing county under Subsection (g) of this
8 section and to fulfill obligations of the state or an endorsing
9 municipality or endorsing county to a site selection organization
10 under a game support contract or event support contract, which
11 obligations may include the payment of costs relating to the
12 preparations necessary or desirable for the conduct of the game and
13 the payment of costs of conducting the game, including improvements
14 or renovations to existing facilities or other facilities and costs
15 of acquisition or construction of new facilities or other
16 facilities.

17 (i) A local organizing committee, endorsing municipality,
18 or endorsing county shall provide information required by the
19 comptroller to enable the comptroller to fulfill the comptroller's
20 duties under this section, including annual audited statements of
21 any financial records required by a site selection organization and
22 data obtained by the local organizing committee, an endorsing
23 municipality, or an endorsing county relating to attendance at the
24 game and to the economic impact of the game. A local organizing
25 committee, endorsing municipality, or endorsing county must
26 provide an annual audited financial statement required by the
27 comptroller, if any, not later than the end of the fourth month

1 after the date the period covered by the financial statement ends.

2 (j) The comptroller shall provide an estimate not later than
3 three months before the date of a game of the total amount of tax
4 revenue that would be deposited in the Sporting Events trust fund
5 under this section in connection with that game, if the game were to
6 be held in this state at a site selected pursuant to an application
7 by a local organizing committee, endorsing municipality, or
8 endorsing county. The comptroller shall provide the estimate on
9 request to a local organizing committee, endorsing municipality, or
10 endorsing county. A local organizing committee, endorsing
11 municipality, or endorsing county may submit the comptroller's
12 estimate to a site selection organization.

13 (k) The comptroller may make a disbursement from the
14 Sporting Events trust fund on the prior approval of each
15 contributing endorsing municipality or endorsing county for a
16 purpose for which an endorsing municipality or endorsing county or
17 the state is obligated under a game support contract or event
18 support contract. A disbursement may not be made from the trust
19 fund that the comptroller determines would be used for the purpose
20 of soliciting the relocation of a professional sports franchise
21 located in this state.

22 (l) If a disbursement is made from the Sporting Events trust
23 fund under Subsection (k), the obligation shall be satisfied
24 proportionately from the state and local revenue in the trust fund.

25 (m) On payment of all state, municipal, or county
26 obligations under a game support contract or event support contract
27 related to the location of any particular game in the state, the

1 comptroller shall remit to each endorsing entity, in proportion to
2 the amount contributed by the entity, any money remaining in the
3 Sporting Events trust fund.

4 (n) This section may not be construed as creating or
5 requiring a state guarantee of obligations imposed on the state or
6 an endorsing municipality or endorsing county under a game support
7 contract or other agreement relating to hosting one or more games in
8 this state.

9 (o) The comptroller may not undertake any of the
10 responsibilities or duties set forth in this section unless a
11 request is submitted by the municipality and the county in which the
12 game will be located. The request must be accompanied by
13 documentation from a site selection organization selecting the site
14 for the game.

15 SECTION 2. Section 7(a), Chapter 1507, Acts of the 76th
16 Legislature, Regular Session, 1999 (Article 5190.14, Vernon's
17 Texas Civil Statutes), is amended to read as follows:

18 (a) The department shall review requests from a local
19 organizing committee, endorsing municipality, or endorsing county
20 that the department, on behalf of the state, enter into a games
21 support contract that is required by a site selection organization
22 in connection with the committee's, municipality's, or county's bid
23 to host any of the games. This section does not affect or apply to
24 an event support contract under Section 5A, ~~[or Section]~~ 5B, or 5C
25 of this Act to which the department is not a party.

26 SECTION 3. This Act takes effect September 1, 2006.