

BILL ANALYSIS

C.S.H.B. 2638
By: Goodman
Local Government Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

A special event is an event held in a public place within the boundaries of a host community. H.B. 2638 provides the tools for counties and municipalities to recruit or retain special events that could economically benefit the area. Some of the recruitment tools include using a portion of the sales tax revenue generated by a special event to assist in paying expenses incurred in connection with the event. H.B. 2638 requires the host community to submit a special event plan to the Texas Economic Development and Tourism Office. The plan must include an economic impact study which identifies the geographic area expected to experience economic benefits from the special event and the anticipated amount of increase in the state sales tax that is directly attributable to the preparation for and presentation of the event; the history of the event in the area, previous attempts to acquire the event, attempts by others to recruit the event, and other information justifying approval of the plan; a detailed explanation justifying each expense that the host community anticipates will be incurred in connection with hosting the event and how the host community intends to use the revenue; an estimate of the total expenses the host community anticipates will be incurred in hosting the event; and a request for an amount of money, not to exceed one-half of the amount of the total expenses estimated.

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

SECTION 1. Amends Subtitle C, Title 12, Local Government Code, by adding Chapter 398, as follows:

CHAPTER 398. MEASURES TO SUPPORT MUNICIPAL AND COUNTY SPECIAL EVENTS

Sec. 398.001. DEFINITIONS. Defines "host community," "special event" and "site selection organization."

Sec. 398.002. PURPOSE. Sets forth the purpose of this chapter.

Sec. 398.003. LEGISLATIVE FINDINGS. Sets forth legislative findings relating to conducting a special event in this state.

Sec. 398.004. ECONOMIC IMPACT STUDY. Requires a host community, to be eligible to use a portion of the tax revenue generated by a special event to assist in paying expenses incurred in connection with the event under this chapter, to submit an economic impact study identifying the geographic area expected to experience economic benefits from the special event and provide an estimate of certain effects of that event. The economic impact study will be submitted to the comptroller for certification. This will allow the Comptroller to determine if the impact study accurately estimates the increase in tax receipts.

Sec. 398.005. SPECIAL EVENT PLAN; REQUEST FOR MONEY; APPROVAL. (a) Requires a host community requesting money under this chapter, not less than six months before the first day of a special event, to submit a special event plan to the Texas Economic Development and Tourism Office (office).

(b) Sets forth requirements for information to be included in a special event plan.

(c) Authorizes a host community to submit with each special event plan a copy of an agreement between each political subdivision within the host community and the organizers of the special event, which may include provisions governing the expenses the host community or a political subdivision has agreed to pay. Prohibits the agreement from being for a term greater than five years.

(d) Requires the office to submit the host community's special event plan to the governor, the lieutenant governor, and the speaker of the house of representatives for approval. Provides that the plan is considered approved if the written approval of those persons is received by the office not later than the 90th day after the date the office received the plan from the host community.

(e) Provides that, if the required written approval is not received as provided by Subsection

(d), the special event plan is considered disapproved.

Sec. 398.006. SPECIAL EVENT TRUST FUND.

(a) Requires the comptroller of public accounts (comptroller), if a special event plan is approved under Section 398.005 and the host community is selected as the site of the special event, to deposit into a special event trust fund established by the comptroller for the host community the amount requested in the special event plan approved as provided by Section 398.005. Requires the comptroller to make the deposits from the state tax receipts as soon as practicable after those taxes are collected.

(b) Requires the special event trust fund for a host community to be established outside the treasury and held in trust by the comptroller for the administration of this chapter. Authorizes money in the trust fund to be disbursed by the comptroller as provided by this chapter and provides that no appropriation is necessary for that purpose.

(c) Authorizes a host community to use the money in the special event trust fund only for a public purpose related to the special event to pay certain expenses.

(d) Prohibits a host community from using the money in the special event trust fund to construct a facility.

(e) Requires each political subdivision within a host community to submit to the comptroller a written application for reimbursement for an approved event-related expense accompanied by a paid invoice or receipt. Requires the comptroller, on receipt of the application in proper form, to make a disbursement from the political subdivision's special event trust fund to reimburse the political subdivision for an event-related expense authorized by Subsection (c) and incurred by the political subdivision.

(f) Requires the comptroller, not later than the 180th day following the last day of the special event, or on an earlier date if each political subdivision within a host community certifies to the comptroller that the political subdivision has paid all obligations payable from the special event trust fund, to transfer to the general revenue fund any money remaining in the trust fund.

Sec. 398.007. INFORMATION AND AUDIT. Requires each political subdivision within a host community to provide the information required by the comptroller to enable the comptroller to carry out the comptroller's duties under this chapter. Requires a political subdivision to provide to the comptroller an audited financial statement in the form and at the time required by the comptroller with sufficient information to enable the comptroller to verify that all expenditures from a host community's special event trust fund were authorized by law.

Sec. 398.008. NO STATE GUARANTEE OF OBLIGATIONS. Prohibits this chapter from being construed as creating or requiring a state guarantee of obligations incurred by a host community under a contract or other agreement relating to hosting or conducted a special event in this state.

SECTION 2. Effective date: September 1, 2005.

EFFECTIVE DATE

Effective date: September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

CSHB 2638 adds a definition for Site Selection organization to ensure a competitive selection process, in which at least one non-Texas site was considered, chooses a site for their event. The term Special event was amended to mean any event chosen by a site selection organization. Next, the bill is amended so the economic impact study is submitted to the comptroller for certification. This will allow the Comptroller to determine if the impact study accurately estimates the increase in tax receipts. Finally, the fourth change deals with the request of money made in the impact study - the request can not exceed the lesser of one-half of the amount of total expenses estimated or one-half of the amount of the anticipated increase in tax receipts.