

BILL ANALYSIS

C.S.H.B. 3103
By: Puente
Culture, Recreation, & Tourism
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, there are many site selection organizations, such as the National Football League, the National Collegiate Athletic Association, Major League Baseball, the National Basketball Association, the National Hockey League, and the Federation Internationale de Football Association, that operate to promote and bring major sporting and athletic events to Texas.

These site selection organizations benefit from statutes which provide a structure for financing the costs of bidding for, preparing for, and conducting major sporting and athletic events. No such statutory support exists for the Automobile Competition Committee of the United States (ACCUS).

As proposed, CSHB 3103 adds ACCUS to the existing list of site selection organizations and provides a structure for financing the costs of bidding for, preparing for, and conducting a major sports racing event in Texas.

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 Section 1(8), Chapter 1507, Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), to redefine "site selection organization."

SECTION 2. Amends Section 2, Chapter 1507, Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), as follows:

Sec. 2. PURPOSE. Provides that the purpose of this Act is to provide assurances required by a site selection organization sponsoring one or more major sporting or athletic events, rather than games, and to provide financing for certain costs. Makes conforming changes.

SECTION 3. Reenacts and amends Section 3, Chapter 1507, Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), as amended by Section 2, Chapter 579, and Section 5.02, Chapter 814, Acts of the 78th Legislature, Regular Session, 2003, as follows:

Sec. 3. LEGISLATIVE FINDINGS. Provides that the conduct in this state of one or more major sporting athletic events will perform certain functions. Makes conforming changes.

SECTION 4. Amends Chapter 1507, Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), by adding Section 5B, as follows:

Sec. 5B. GUARANTEE OF STATE AND MUNICIPAL OR COUNTY OBLIGATIONS; UNITED STATES GRAND PRIX TRUST FUND. (a) Defines "endorsing county," "endorsing municipality," "event support contract," and "motor sports racing event."

(b) Requires the comptroller, if a site selection organization selects a site for a motor sports racing event in this state pursuant to an application by a local organizing committee, endorsing municipality, or endorsing county, not later than three months before the date of the motor sports racing event, to determine for the 30-day period that ends at the end of the day after the date on which the racing event will be held, in accordance with procedures developed by the comptroller, the incremental increase in the receipts of various taxes collected by certain governmental entities.

(c) Requires the comptroller, for the purpose of Subsection (b)(1) of this section, to designate as a market area for the motor sports racing event each area in which the comptroller determines there is a reasonable likelihood of measurable economic impact directly attributable to the preparation for and presentation of the racing event, including areas likely to provide venues, accommodations, and services in connection with the racing event based on a proposal or other information provided by an endorsing municipality, endorsing county, or local organizing committee to the comptroller. Requires the comptroller to determine the geographic boundaries of each market area. Requires an endorsing municipality or endorsing county that has been selected as the site for the racing event to be included in a market area for the racing event.

(d) Requires each endorsing municipality or endorsing county (endorsing entity) to remit to the comptroller and requires the comptroller to deposit into a trust fund created by the comptroller and designated as the United States Grand Prix trust fund (trust fund) the amount of the endorsing entity's hotel occupancy tax revenue determined under Subsection (b)(4) or (b)(5) of this section, less any amount of the revenue that the endorsing entity determines is necessary to meet the obligations of the municipality or county. Requires the comptroller to retain the amount of sales and use tax revenue and mixed beverage tax revenue determined under Subsection (b)(2) or (b)(3) of this section from the amounts otherwise required to be sent to the municipality under Sections 321.502 and 183.051(b), (Distribution of Trust Funds; Mixed Beverage Tax Clearance Fund), Tax Code and or to the county under Section 323.502 and 183.051(b), Tax Code, and deposit into the trust fund the tax revenues, less any amount of the revenue that the endorsing entity determines is necessary to meet the obligations of the endorsing entity. Requires the comptroller to begin retaining and depositing the local tax revenues with the first distribution of that tax revenue that occurs after the first day of the 30-day period described by Subsection (b) of this section and discontinue retaining the local tax revenues under this subsection when the amount of the applicable tax revenue determined under Subsection (b)(2) or (b)(3) of this section has been retained. Provides that the trust fund is established outside the state treasury and is held in trust by the comptroller for administration of this section. Authorizes money in the trust fund to be disbursed by the comptroller without appropriation only as provided by this section.

(e) Authorizes an endorsing entity, in addition to the tax revenue deposited in the trust fund under Subsection (d) of this section, to guarantee its obligations under a motor sports racing event support contract and this section by pledging surcharges from user fees, including parking or ticket fees, charged in connection with the racing event.

(f) Requires the comptroller to deposit a portion of the state tax revenue determined under Subsection (b)(1) of this section in an amount equal to 6.25 times the amount of the local sales and use tax revenue and mixed beverage tax revenue retained and the hotel occupancy tax revenue remitted by an endorsing entity under Subsection (d) of this section.

(g) Authorizes an endorsing municipality by ordinance or an endorsing county by order to authorize the issuance of notes to meet its obligations under a motor sports racing event support contract or event support contract to improve, construct, renovate, or acquire facilities or to acquire equipment. Authorizes an

endorsing entity to provide that the notes be paid from and secured by amounts on deposit or amounts to be deposited into the trust fund or surcharges from user fees, including parking or ticket fees, charged in connection with the racing event. Provides that any note issued must mature not later than seven years from its date of issuance.

(h) Authorizes the funds in the trust fund to be used to pay the principal of and interest on notes issued by an endorsing entity under Subsection (g) of this section and to fulfill obligations of the state or an endorsing entity to a site selection organization under a motor sports racing event support contract or event support contract, which obligations may include the payment of costs relating to the preparations necessary or desirable for the conduct of the racing event and the payment of costs of conducting the racing event, including improvements or renovations to existing facilities or other facilities and costs of acquisition or construction of new facilities or other facilities.

(i) Requires a local organizing committee or endorsing entity to provide information required by the comptroller to enable the comptroller to fulfill the comptroller's duties under this section, including annual audited statements of any financial records required by a site selection organization and data obtained by the local organizing committee or an endorsing entity relating to the attendance at the motor sports racing event and to the economic impact of the racing event. Requires a local organizing committee or endorsing entity to provide an annual audited financial statement required by the comptroller, if any, not later than the end of the fourth month after the date the period covered by the financial statement ends.

(j) Requires the comptroller to provide an estimate not later than three months before the date of a motor sports racing event of the total amount of tax revenue that would be deposited in the trust fund under this section in connection with that racing event, if the racing event were to be held in this state at a site selected pursuant to an application by a local organizing committee or endorsing entity. Requires the comptroller to provide the estimate on request to a local organizing committee or endorsing entity. Authorizes a local organizing committee or endorsing entity to submit the comptroller's estimate to a site selection organization.

(k) Authorizes the comptroller to make a disbursement from the trust fund on the prior approval of each contributing endorsing entity for a purpose which an endorsing entity or the state is obligated under a motor sports racing event support contract or event support contract. Prohibits a disbursement from being made from the trust fund that the comptroller determines would be used for the purpose of soliciting the relocation of a professional sports franchise located in this state.

(l) Requires the obligation to be satisfied proportionately from the state and local revenue in the trust fund if a disbursement is made from the trust under Subsection (k) of this section.

(m) Requires the comptroller, on payment of all state, municipal, or county obligations under a motor sports racing support contract or event support contract related to the location of any particular racing event in the state, to remit to each endorsing entity, in proportion to the amount contributed by the entity, any money remaining in the trust fund.

(n) Prohibits this section from being construed as creating or requiring a state guarantee of obligations imposed on the state or an endorsing entity under a motor sports racing event support contract or other agreement relating to hosting one or more racing events in this state.

(o) Prohibits the comptroller from undertaking any of the responsibilities or duties set forth in this section unless a request is submitted by the municipality and the county in which the motor sports racing event will be held. Requires the

request to be accompanied by documentation from a site selection organization selecting the site for the racing event.

(p) Provides that any provision of this Act applicable to games as defined by Section 1(3) of this Act also applies to a motor sports racing event as defined in this section.

SECTION 5. Amends Section 7(a), Chapter 1507, Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), to provide that this section does not affect or apply to an event support contract under Section 5A or Section 5B of this Act to which the Texas Department of Economic Development is not a party.

EFFECTIVE DATE

This Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B 3103 differs from the original H.B. 3103 replacing the terms United States Grand Prix Trust Fund to Texas Motor Sports Tourism Trust.