

By: Puente

H.B. No. 3103

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to authorizing measures to support efforts to attract  
3 major motor sports racing events to this state.

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

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

8 (8) "Site selection organization" means the United  
9 States Olympic Committee, the International Olympic Committee, the  
10 Pan American Sports Organization, the National Football League, the  
11 National Collegiate Athletic Association, the National Basketball  
12 Association, the National Hockey League, Major League Baseball,  
13 Federation Internationale de Football Association (FIFA), ~~[or]~~ the  
14 International World Games Association, or the Automobile  
15 Competition Committee of the United States (ACCUS) affiliated with  
16 the Federation Internationale de l'Automobile.

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

20 Sec. 2. PURPOSE. The purpose of this Act is to provide  
21 assurances required by a site selection organization sponsoring one  
22 or more major sporting or athletic events ~~[games]~~ and to provide  
23 financing for the costs of:

24 (1) applying or bidding for selection as the site of

1 major sporting or athletic events [~~the games~~] in this state;

2 (2) making the preparations necessary and desirable  
3 for the conduct of major sporting or athletic events [~~the games~~] in  
4 this state, including the construction or renovation of facilities;  
5 and

6 (3) conducting major sporting or athletic events [~~the~~  
7 ~~games~~] in this state.

8 SECTION 3. Section 3, Chapter 1507, Acts of the 76th  
9 Legislature, Regular Session, 1999 (Article 5190.14, Vernon's  
10 Texas Civil Statutes), as amended by Section 2, Chapter 579, and  
11 Section 5.02, Chapter 814, Acts of the 78th Legislature, Regular  
12 Session, 2003, is reenacted and amended to read as follows:

13 Sec. 3. LEGISLATIVE FINDINGS. The conduct in this state of  
14 one or more major sporting or athletic events [~~games~~] will:

15 (1) provide invaluable public visibility throughout  
16 the nation or world for this state and the communities where the  
17 major sporting or athletic events [~~games~~] are held;

18 (2) encourage and provide major economic benefits to  
19 the communities where the major sporting or athletic events [~~games~~]  
20 are held and to the entire state; and

21 (3) provide opportunities for the creation of jobs by  
22 local and Texas businesses that pay a living wage.

23 SECTION 4. Chapter 1507, Acts of the 76th Legislature,  
24 Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil  
25 Statutes), is amended by adding Section 5B to read as follows:

26 Sec. 5B. GUARANTEE OF STATE AND MUNICIPAL OR COUNTY  
27 OBLIGATIONS; UNITED STATES GRAND PRIX TRUST FUND. (a) In this

1 section:

2 (1) "Endorsing county" means a county with a  
3 population of one million or more that contains a site selected by a  
4 site selection organization for one or more motor sports racing  
5 events.

6 (2) "Endorsing municipality" means a municipality  
7 with a population of one million or more that contains a site  
8 selected by a site selection organization for one or more motor  
9 sports racing events.

10 (3) "Event support contract" means a joinder  
11 undertaking, joinder agreement, or similar contract executed by an  
12 endorsing municipality or endorsing county and a site selection  
13 organization.

14 (4) "Motor sports racing event" means a specific  
15 automobile racing event for a particular year referred to as the  
16 United States Grand Prix. The term includes any events and  
17 activities held, sponsored, or endorsed by the site selection  
18 organization in conjunction with the racing event.

19 (b) If a site selection organization selects a site for a  
20 motor sports racing event in this state pursuant to an application  
21 by a local organizing committee, endorsing municipality, or  
22 endorsing county, not later than three months before the date of the  
23 motor sports racing event, the comptroller shall determine for the  
24 30-day period that ends at the end of the day after the date on which  
25 the racing event will be held, in accordance with procedures  
26 developed by the comptroller:

27 (1) the incremental increase in the receipts to the

1 state from taxes imposed under Chapters 151, 152, 156, and 183, Tax  
2 Code, and under Title 5, Alcoholic Beverage Code, within the market  
3 areas designated under Subsection (c) of this section, that is  
4 directly attributable, as determined by the comptroller, to the  
5 preparation for and presentation of the racing event;

6 (2) the incremental increase in the receipts collected  
7 by the state on behalf of each endorsing municipality in the market  
8 area from the sales and use tax imposed by each endorsing  
9 municipality under Section 321.101(a), Tax Code, and the mixed  
10 beverage tax revenue to be received by each endorsing municipality  
11 under Section 183.051(b), Tax Code, that is directly attributable,  
12 as determined by the comptroller, to the preparation for and  
13 presentation of the racing event;

14 (3) the incremental increase in the receipts collected  
15 by the state on behalf of each endorsing county in the market area  
16 from the sales and use tax imposed by each endorsing county under  
17 Section 323.101(a), Tax Code, and the mixed beverage tax revenue to  
18 be received by each endorsing county under Section 183.051(b), Tax  
19 Code, that is directly attributable, as determined by the  
20 comptroller, to the preparation for and presentation of the racing  
21 event;

22 (4) the incremental increase in the receipts collected  
23 by each endorsing municipality in the market area from the hotel  
24 occupancy tax imposed under Chapter 351, Tax Code, that is directly  
25 attributable, as determined by the comptroller, to the preparation  
26 for and presentation of the racing event; and

27 (5) the incremental increase in the receipts collected

1 by each endorsing county in the market area from the hotel occupancy  
2 tax imposed under Chapter 352, Tax Code, that is directly  
3 attributable, as determined by the comptroller, to the preparation  
4 for and presentation of the racing event.

5 (c) For the purposes of Subsection (b)(1) of this section,  
6 the comptroller shall designate as a market area for the motor  
7 sports racing event each area in which the comptroller determines  
8 there is a reasonable likelihood of measurable economic impact  
9 directly attributable to the preparation for and presentation of  
10 the racing event, including areas likely to provide venues,  
11 accommodations, and services in connection with the racing event  
12 based on a proposal or other information provided by an endorsing  
13 municipality, endorsing county, or local organizing committee to  
14 the comptroller. The comptroller shall determine the geographic  
15 boundaries of each market area. An endorsing municipality or  
16 endorsing county that has been selected as the site for the racing  
17 event must be included in a market area for the racing event.

18 (d) Each endorsing municipality or endorsing county shall  
19 remit to the comptroller and the comptroller shall deposit into a  
20 trust fund created by the comptroller and designated as the United  
21 States Grand Prix trust fund the amount of the municipality's or  
22 county's hotel occupancy tax revenue determined under Subsection  
23 (b)(4) or (b)(5) of this section, less any amount of the revenue  
24 that the municipality or county determines is necessary to meet the  
25 obligations of the municipality or county. The comptroller shall  
26 retain the amount of sales and use tax revenue and mixed beverage  
27 tax revenue determined under Subsection (b)(2) or (b)(3) of this

1 section from the amounts otherwise required to be sent to the  
2 municipality under Sections 321.502 and 183.051(b), Tax Code, or to  
3 the county under Sections 323.502 and 183.051(b), Tax Code, and  
4 deposit into the trust fund the tax revenues, less any amount of the  
5 revenue that the municipality or county determines is necessary to  
6 meet the obligations of the municipality or county. The  
7 comptroller shall begin retaining and depositing the local tax  
8 revenues with the first distribution of that tax revenue that  
9 occurs after the first day of the 30-day period described by  
10 Subsection (b) of this section and shall discontinue retaining the  
11 local tax revenues under this subsection when the amount of the  
12 applicable tax revenue determined under Subsection (b)(2) or (b)(3)  
13 of this section has been retained. The United States Grand Prix  
14 trust fund is established outside the state treasury and is held in  
15 trust by the comptroller for administration of this section. Money  
16 in the trust fund may be disbursed by the comptroller without  
17 appropriation only as provided by this section.

18 (e) In addition to the tax revenue deposited in the United  
19 States Grand Prix trust fund under Subsection (d) of this section,  
20 an endorsing municipality or endorsing county may guarantee its  
21 obligations under a motor sports racing event support contract and  
22 this section by pledging surcharges from user fees, including  
23 parking or ticket fees, charged in connection with the racing  
24 event.

25 (f) The comptroller shall deposit a portion of the state tax  
26 revenue determined under Subsection (b)(1) of this section in an  
27 amount equal to 6.25 times the amount of the local sales and use tax

1 revenue and mixed beverage tax revenue retained and the hotel  
2 occupancy tax revenue remitted by an endorsing municipality or  
3 endorsing county under Subsection (d) of this section.

4 (g) To meet its obligations under a motor sports racing  
5 event support contract or event support contract to improve,  
6 construct, renovate, or acquire facilities or to acquire equipment,  
7 an endorsing municipality by ordinance or an endorsing county by  
8 order may authorize the issuance of notes. An endorsing  
9 municipality or endorsing county may provide that the notes be paid  
10 from and secured by amounts on deposit or amounts to be deposited  
11 into the United States Grand Prix trust fund or surcharges from user  
12 fees, including parking or ticket fees, charged in connection with  
13 the racing event. Any note issued must mature not later than seven  
14 years from its date of issuance.

15 (h) The funds in the United States Grand Prix trust fund may  
16 be used to pay the principal of and interest on notes issued by an  
17 endorsing municipality or endorsing county under Subsection (g) of  
18 this section and to fulfill obligations of the state or an endorsing  
19 municipality or endorsing county to a site selection organization  
20 under a motor sports racing event support contract or event support  
21 contract, which obligations may include the payment of costs  
22 relating to the preparations necessary or desirable for the conduct  
23 of the racing event and the payment of costs of conducting the  
24 racing event, including improvements or renovations to existing  
25 facilities or other facilities and costs of acquisition or  
26 construction of new facilities or other facilities.

27 (i) A local organizing committee, endorsing municipality,

1 or endorsing county shall provide information required by the  
2 comptroller to enable the comptroller to fulfill the comptroller's  
3 duties under this section, including annual audited statements of  
4 any financial records required by a site selection organization and  
5 data obtained by the local organizing committee, an endorsing  
6 municipality, or an endorsing county relating to attendance at the  
7 motor sports racing event and to the economic impact of the racing  
8 event. A local organizing committee, endorsing municipality, or  
9 endorsing county must provide an annual audited financial statement  
10 required by the comptroller, if any, not later than the end of the  
11 fourth month after the date the period covered by the financial  
12 statement ends.

13 (j) The comptroller shall provide an estimate not later than  
14 three months before the date of a motor sports racing event of the  
15 total amount of tax revenue that would be deposited in the United  
16 States Grand Prix trust fund under this section in connection with  
17 that racing event, if the racing event were to be held in this state  
18 at a site selected pursuant to an application by a local organizing  
19 committee, endorsing municipality, or endorsing county. The  
20 comptroller shall provide the estimate on request to a local  
21 organizing committee, endorsing municipality, or endorsing county.  
22 A local organizing committee, endorsing municipality, or endorsing  
23 county may submit the comptroller's estimate to a site selection  
24 organization.

25 (k) The comptroller may make a disbursement from the United  
26 States Grand Prix trust fund on the prior approval of each  
27 contributing endorsing municipality or endorsing county for a



1 purpose for which an endorsing municipality or endorsing county or  
2 the state is obligated under a motor sports racing event support  
3 contract or event support contract. A disbursement may not be made  
4 from the trust fund that the comptroller determines would be used  
5 for the purpose of soliciting the relocation of a professional  
6 sports franchise located in this state.

7 (l) If a disbursement is made from the United States Grand  
8 Prix trust fund under Subsection (k) of this section, the  
9 obligation shall be satisfied proportionately from the state and  
10 local revenue in the trust fund.

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

17 (n) This section may not be construed as creating or  
18 requiring a state guarantee of obligations imposed on the state or  
19 an endorsing municipality or endorsing county under a motor sports  
20 racing event support contract or other agreement relating to  
21 hosting one or more racing events in this state.

22 (o) The comptroller may not undertake any of the  
23 responsibilities or duties set forth in this section unless a  
24 request is submitted by the municipality and the county in which the  
25 motor sports racing event will be held. The request must be  
26 accompanied by documentation from a site selection organization  
27 selecting the site for the racing event.

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

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

7           (a) The department shall review requests from a local  
8 organizing committee, endorsing municipality, or endorsing county  
9 that the department, on behalf of the state, enter into a games  
10 support contract that is required by a site selection organization  
11 in connection with the committee's, municipality's, or county's bid  
12 to host any of the games. This section does not affect or apply to  
13 an event support contract under Section 5A or Section 5B of this Act  
14 to which the department is not a party.

15           SECTION 6. This Act takes effect September 1, 2005.