

1-1 By: Wentworth S.B. No. 150
1-2 (In the Senate - Filed December 30, 2004; February 3, 2005,
1-3 read first time and referred to Subcommittee on Emerging
1-4 Technologies and Economic Development; March 30, 2005, reported
1-5 adversely, with favorable Committee Substitute to Committee on
1-6 Business and Commerce; April 11, 2005, reported adversely, with
1-7 favorable Committee Substitute from Committee on Business and
1-8 Commerce by the following vote: Yeas 8, Nays 0; April 11, 2005,
1-9 sent to printer.)

1-10 COMMITTEE SUBSTITUTE FOR S.B. No. 150 By: Carona

1-11 A BILL TO BE ENTITLED
1-12 AN ACT

1-13 relating to authorizing measures to support efforts to attract
1-14 major motor sports racing events to this state.

1-15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-16 SECTION 1. Subdivision (8), Section 1, Chapter 1507, Acts
1-17 of the 76th Legislature, Regular Session, 1999 (Article 5190.14,
1-18 Vernon's Texas Civil Statutes), is amended to read as follows:

1-19 (8) "Site selection organization" means the United
1-20 States Olympic Committee, the International Olympic Committee, the
1-21 Pan American Sports Organization, the National Football League, the
1-22 National Collegiate Athletic Association, the National Basketball
1-23 Association, the National Hockey League, Major League Baseball,
1-24 Federation Internationale de Football Association (FIFA), ~~or~~ the
1-25 International World Games Association, or the Automobile
1-26 Competition Committee for the United States (ACCUS) affiliated with
1-27 the Federation Internationale de l'Automobile.

1-28 SECTION 2. Section 2, Chapter 1507, Acts of the 76th
1-29 Legislature, Regular Session, 1999 (Article 5190.14, Vernon's
1-30 Texas Civil Statutes), is amended to read as follows:

1-31 Sec. 2. PURPOSE. The purpose of this Act is to provide
1-32 assurances required by a site selection organization sponsoring one
1-33 or more major sporting or athletic events ~~[games]~~ and to provide
1-34 financing for the costs of:

1-35 (1) applying or bidding for selection as the site of
1-36 major sporting or athletic events ~~[the games]~~ in this state;

1-37 (2) making the preparations necessary and desirable
1-38 for the conduct of major sporting or athletic events ~~[the games]~~
1-39 in this state, including the construction or renovation of facilities
1-40 to the extent authorized by this Act; and

1-41 (3) conducting major sporting or athletic events ~~[the~~
1-42 ~~games]~~ in this state.

1-43 SECTION 3. Section 3, Chapter 1507, Acts of the 76th
1-44 Legislature, Regular Session, 1999 (Article 5190.14, Vernon's
1-45 Texas Civil Statutes), as amended by Section 2, Chapter 579, and
1-46 Section 5.02, Chapter 814, Acts of the 78th Legislature, Regular
1-47 Session, 2003, is reenacted and amended to read as follows:

1-48 Sec. 3. LEGISLATIVE FINDINGS. The conduct in this state of
1-49 one or more major sporting or athletic events ~~[games]~~ will:

1-50 (1) provide invaluable public visibility throughout
1-51 the nation or world for this state and the communities where the
1-52 major sporting or athletic events ~~[games]~~ are held;

1-53 (2) encourage and provide major economic benefits to
1-54 the communities where the major sporting or athletic events ~~[games]~~
1-55 are held and to the entire state; and

1-56 (3) provide opportunities for the creation of jobs by
1-57 local and Texas businesses that pay a living wage.

1-58 SECTION 4. Chapter 1507, Acts of the 76th Legislature,
1-59 Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil
1-60 Statutes), is amended by adding Section 5B to read as follows:

1-61 Sec. 5B. GUARANTEE OF STATE AND MUNICIPAL OR COUNTY
1-62 OBLIGATIONS; UNITED STATES GRAND PRIX TRUST FUND. (a) In this
1-63 section:

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

2-5 (2) "Endorsing municipality" means a municipality
 2-6 with a population of one million or more that contains a site
 2-7 selected by a site selection organization for one or more motor
 2-8 sports racing events.

2-9 (3) "Event support contract" means a joinder
 2-10 undertaking, joinder agreement, or similar contract executed by an
 2-11 endorsing municipality or endorsing county and a site selection
 2-12 organization.

2-13 (4) "Motor sports racing event" means a specific
 2-14 automobile racing event for a particular year referred to as the
 2-15 United States Grand Prix. The term includes any events and
 2-16 activities held, sponsored, or endorsed by the site selection
 2-17 organization in conjunction with the racing event.

2-18 (b) If a site selection organization selects a site for a
 2-19 motor sports racing event in this state pursuant to an application
 2-20 by a local organizing committee, endorsing municipality, or
 2-21 endorsing county, not later than three months before the date of the
 2-22 motor sports racing event, the comptroller shall determine for the
 2-23 30-day period that ends at the end of the day after the date on which
 2-24 the racing event will be held, in accordance with procedures
 2-25 developed by the comptroller:

2-26 (1) the incremental increase in the receipts to the
 2-27 state from taxes imposed under Chapters 151, 152, 156, and 183, Tax
 2-28 Code, and under Title 5, Alcoholic Beverage Code, within the market
 2-29 areas designated under Subsection (c) of this section, that is
 2-30 directly attributable, as determined by the comptroller, to the
 2-31 preparation for and presentation of the racing event;

2-32 (2) the incremental increase in the receipts collected
 2-33 by the state on behalf of each endorsing municipality in the market
 2-34 area from the sales and use tax imposed by each endorsing
 2-35 municipality under Section 321.101(a), Tax Code, and the mixed
 2-36 beverage tax revenue to be received by each endorsing municipality
 2-37 under Section 183.051(b), Tax Code, that is directly attributable,
 2-38 as determined by the comptroller, to the preparation for and
 2-39 presentation of the racing event;

2-40 (3) the incremental increase in the receipts collected
 2-41 by the state on behalf of each endorsing county in the market area
 2-42 from the sales and use tax imposed by each endorsing county under
 2-43 Section 323.101(a), Tax Code, and the mixed beverage tax revenue to
 2-44 be received by each endorsing county under Section 183.051(b), Tax
 2-45 Code, that is directly attributable, as determined by the
 2-46 comptroller, to the preparation for and presentation of the racing
 2-47 event;

2-48 (4) the incremental increase in the receipts collected
 2-49 by each endorsing municipality in the market area from the hotel
 2-50 occupancy tax imposed under Chapter 351, Tax Code, that is directly
 2-51 attributable, as determined by the comptroller, to the preparation
 2-52 for and presentation of the racing event; and

2-53 (5) the incremental increase in the receipts collected
 2-54 by each endorsing county in the market area from the hotel occupancy
 2-55 tax imposed under Chapter 352, Tax Code, that is directly
 2-56 attributable, as determined by the comptroller, to the preparation
 2-57 for and presentation of the racing event.

2-58 (c) For the purposes of Subsection (b)(1) of this section,
 2-59 the comptroller shall designate as a market area for the motor
 2-60 sports racing event each area in which the comptroller determines
 2-61 there is a reasonable likelihood of measurable economic impact
 2-62 directly attributable to the preparation for and presentation of
 2-63 the racing event, including areas likely to provide venues,
 2-64 accommodations, and services in connection with the racing event
 2-65 based on a proposal or other information provided by an endorsing
 2-66 municipality, endorsing county, or local organizing committee to
 2-67 the comptroller. The comptroller shall determine the geographic
 2-68 boundaries of each market area. An endorsing municipality or
 2-69 endorsing county that has been selected as the site for the racing

3-1 event must be included in a market area for the racing event.

3-2 (d) Each endorsing municipality or endorsing county shall
 3-3 remit to the comptroller and the comptroller shall deposit into a
 3-4 trust fund created by the comptroller and designated as the United
 3-5 States Grand Prix trust fund the amount of the municipality's or
 3-6 county's hotel occupancy tax revenue determined under Subsection
 3-7 (b)(4) or (5) of this section, less any amount of the revenue that
 3-8 the municipality or county determines is necessary to meet the
 3-9 obligations of the municipality or county. The comptroller shall
 3-10 retain the amount of sales and use tax revenue and mixed beverage
 3-11 tax revenue determined under Subsection (b)(2) or (3) of this
 3-12 section from the amounts otherwise required to be sent to the
 3-13 municipality under Sections 321.502 and 183.051(b), Tax Code, or to
 3-14 the county under Sections 323.502 and 183.051(b), Tax Code, and
 3-15 deposit into the trust fund the tax revenues, less any amount of the
 3-16 revenue that the municipality or county determines is necessary to
 3-17 meet the obligations of the municipality or county. The
 3-18 comptroller shall begin retaining and depositing the local tax
 3-19 revenues with the first distribution of that tax revenue that
 3-20 occurs after the first day of the 30-day period described by
 3-21 Subsection (b) of this section and shall discontinue retaining the
 3-22 local tax revenues under this subsection when the amount of the
 3-23 applicable tax revenue determined under Subsection (b)(2) or (3) of
 3-24 this section has been retained. The United States Grand Prix trust
 3-25 fund is established outside the state treasury and is held in trust
 3-26 by the comptroller for administration of this section. Money in the
 3-27 trust fund may be disbursed by the comptroller without
 3-28 appropriation only as provided by this section.

3-29 (e) In addition to the tax revenue deposited in the United
 3-30 States Grand Prix trust fund under Subsection (d) of this section,
 3-31 an endorsing municipality or endorsing county may guarantee its
 3-32 obligations under a motor sports racing event support contract and
 3-33 this section by pledging surcharges from user fees, including
 3-34 parking or ticket fees, charged in connection with the racing
 3-35 event.

3-36 (f) The comptroller shall deposit a portion of the state tax
 3-37 revenue determined under Subsection (b)(1) of this section in an
 3-38 amount equal to 6.25 times the amount of the local sales and use tax
 3-39 revenue and mixed beverage tax revenue retained and the hotel
 3-40 occupancy tax revenue remitted by an endorsing municipality or
 3-41 endorsing county under Subsection (d) of this section.

3-42 (g) To meet its obligations under a motor sports racing
 3-43 event support contract or event support contract to improve,
 3-44 renovate, or acquire facilities or to acquire equipment, an
 3-45 endorsing municipality by ordinance or an endorsing county by order
 3-46 may authorize the issuance of notes. An endorsing municipality or
 3-47 endorsing county may provide that the notes be paid from and secured
 3-48 by amounts on deposit or amounts to be deposited into the United
 3-49 States Grand Prix trust fund or surcharges from user fees,
 3-50 including parking or ticket fees, charged in connection with the
 3-51 racing event. Any note issued must mature not later than seven
 3-52 years from its date of issuance.

3-53 (h) The funds in the United States Grand Prix trust fund may
 3-54 be used to pay the principal of and interest on notes issued by an
 3-55 endorsing municipality or endorsing county under Subsection (g) of
 3-56 this section and to fulfill obligations of the state or an endorsing
 3-57 municipality or endorsing county to a site selection organization
 3-58 under a motor sports racing event support contract or event support
 3-59 contract, which obligations may include the payment of costs
 3-60 relating to the preparations necessary or desirable for the conduct
 3-61 of the racing event and the payment of costs of conducting the
 3-62 racing event, including temporary improvements or temporary
 3-63 renovations to existing facilities or other facilities specific to
 3-64 the event.

3-65 (i) A local organizing committee, endorsing municipality,
 3-66 or endorsing county shall provide information required by the
 3-67 comptroller to enable the comptroller to fulfill the comptroller's
 3-68 duties under this section, including annual audited statements of
 3-69 any financial records required by a site selection organization and

4-1 data obtained by the local organizing committee, an endorsing
4-2 municipality, or an endorsing county relating to attendance at the
4-3 motor sports racing event and to the economic impact of the racing
4-4 event. A local organizing committee, endorsing municipality, or
4-5 endorsing county must provide an annual audited financial statement
4-6 required by the comptroller, if any, not later than the end of the
4-7 fourth month after the date the period covered by the financial
4-8 statement ends.

4-9 (j) The comptroller shall provide an estimate not later than
4-10 three months before the date of a motor sports racing event of the
4-11 total amount of tax revenue that would be deposited in the United
4-12 States Grand Prix trust fund under this section in connection with
4-13 that racing event, if the racing event were to be held in this state
4-14 at a site selected pursuant to an application by a local organizing
4-15 committee, endorsing municipality, or endorsing county. The
4-16 comptroller shall provide the estimate on request to a local
4-17 organizing committee, endorsing municipality, or endorsing county.
4-18 A local organizing committee, endorsing municipality, or endorsing
4-19 county may submit the comptroller's estimate to a site selection
4-20 organization.

4-21 (k) The comptroller may make a disbursement from the United
4-22 States Grand Prix trust fund on the prior approval of each
4-23 contributing endorsing municipality or endorsing county for a
4-24 purpose for which an endorsing municipality or endorsing county or
4-25 the state is obligated under a motor sports racing event support
4-26 contract or event support contract. A disbursement may not be made
4-27 from the trust fund that the comptroller determines would be used
4-28 for the purpose of soliciting the relocation of a professional
4-29 sports franchise located in this state.

4-30 (l) If a disbursement is made from the United States Grand
4-31 Prix trust fund under Subsection (k) of this section, the
4-32 obligation shall be satisfied proportionately from the state and
4-33 local revenue in the trust fund.

4-34 (m) On payment of all state, municipal, or county
4-35 obligations under a motor sports racing support contract or event
4-36 support contract related to the location of any particular racing
4-37 event in the state, the comptroller shall remit to each endorsing
4-38 entity, in proportion to the amount contributed by the entity, any
4-39 money remaining in the trust fund.

4-40 (n) This section may not be construed as creating or
4-41 requiring a state guarantee of obligations imposed on the state or
4-42 an endorsing municipality or endorsing county under a motor sports
4-43 racing event support contract or other agreement relating to
4-44 hosting one or more racing events in this state.

4-45 (o) The comptroller may not undertake any of the
4-46 responsibilities or duties set forth in this section unless a
4-47 request is submitted by the municipality and the county in which the
4-48 motor sports racing event will be held. The request must be
4-49 accompanied by documentation from a site selection organization
4-50 selecting the site for the racing event.

4-51 (p) Any provision of this Act applicable to games as defined
4-52 by Section 1(3) of this Act also applies to a motor sports racing
4-53 event as defined in this section.

4-54 SECTION 5. Subsection (a), Section 7, Chapter 1507, Acts of
4-55 the 76th Legislature, Regular Session, 1999 (Article 5190.14,
4-56 Vernon's Texas Civil Statutes), is amended to read as follows:

4-57 (a) The department shall review requests from a local
4-58 organizing committee, endorsing municipality, or endorsing county
4-59 that the department, on behalf of the state, enter into a games
4-60 support contract that is required by a site selection organization
4-61 in connection with the committee's, municipality's, or county's bid
4-62 to host any of the games. This section does not affect or apply to
4-63 an event support contract under Section 5A or Section 5B of this Act
4-64 to which the department is not a party.

4-65 SECTION 6. This Act takes effect September 1, 2005.

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