

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 3, 2005**

**TO:** Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB2638** by Goodman (Relating to measures to support efforts of municipalities and counties to recruit or retain special events.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would add Chapter 398 to Subtitle C, Title 12 of the Local Government Code, relating to measures to support efforts of municipalities and/or counties to recruit or retain special events.

The bill would authorize a host community to use a portion of the sales tax revenue generated by a special event to assist in paying expenses incurred in connection with the event. To be eligible, a host community would have an economic impact study certified by the Comptroller of Public Accounts for the geographic area expected to experience economic benefits from the special event. For the event to qualify, the site would have to be selected by a "site selection organization" that through a competitive process chose that site to hold its event.

The host community seeking funds under this bill would have to submit its special event plan, as certified by the Comptroller, to the Texas Economic Development and Tourism Office. The Tourism Office would submit the plan to the Governor, the Lieutenant Governor, and the Speaker of the House of Representatives for approval. If written approval from each were not received, the special event plan would be considered disapproved.

If the special event plan were approved and the host community selected as the event site, the Comptroller would deposit, into a special event trust fund established for the host community and outside the State Treasury, an amount not to exceed the lesser of one-half of the amount of total expenses estimated to be incurred by each political subdivision within the host community in hosting the event, or one-half of the amount of the anticipated increase in sales tax receipts to the state. A host community could use the money only for a public purpose related to the special event to pay the expenses laid out by the bill. The host community could not use the money to construct a facility.

According to the Comptroller of Public Accounts, the fiscal impact of the bill cannot be estimated, as it is not known what events would be selected by the site selection organization and where those events would be held. It is also not known in what amount one-half of the expenses or one-half of the sales tax increases would be.

The bill would take effect September 1, 2005.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

## **Local Government Impact**

The fiscal impact on the state and units of local government cannot be estimated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, SD, JRO, WP, EB