

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 25, 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: HB2779 by Harper-Brown (Relating to municipal authority to impose taxes to repair, upgrade, or demolish certain professional sports venues.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code by adding Section 334.026 to allow a city that owns a professional sports stadium and coliseum not constructed under Chapter 334 and that is occupied and used or planned to be used as the home field of a member team of a professional football league for a period of less than 10 years to designate by ordinance the facility as a venue project and impose an admissions tax and a parking tax without having to obtain voter approval. Other additional taxes authorized by Chapter 334, including sales tax, short-term motor vehicle rental tax, hotel tax and facility use tax, could also be imposed with voter approval. Revenue from the tax(es) imposed could be used to pay for the costs of repairing, upgrading, improving, modifying or demolishing the stadium or coliseum. The revenue could also be used to construct and equip an authorized sports and community venue project.

House Bill 92 from the 1997 Legislature added Chapter 334 to the Local Government Code. The primary purpose of this legislation was to provide cities and counties with a means of funding sports and community venue projects, including stadiums and coliseums designed to host professional sports teams. Though HB 92 provided a means for funding costs associated with construction of stadiums and coliseums, it did not address the needs cities may have to demolish an existing facility or to designate the facility as a project.

Current law requires cities and counties to submit documentation to the Comptroller detailing the proposed project and means of financing the project, and the Comptroller must certify whether the project would have any significant impact to state revenues. Also, current law requires that all projects and their means of financing be approved by the voters through a local election. Since 1997, a total of five project resolutions have been submitted to the Comptroller by cities and counties indicating intent to undertake venue projects for the construction of sports stadiums and coliseums.

Two Texas cities (Irving and Houston) host professional football teams that are part of the National Football League. Two others (Dallas and Austin) host teams that are part of the Arena Football League. There are many other much smaller professional (a.k.a. semi-pro) football teams throughout the state, some of which may play at municipally-owned stadiums and coliseums. Their exact number, however, cannot be determined.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect on September 1, 2005.

Local Government Impact

The Dallas Cowboys' lease at Texas Stadium in Irving will end in 2008, and the team has announced its intent to move to a stadium to be built in Arlington. The City of Irving indicated that the bill would allow the city to generate revenue, which will be needed after 2008, to be used in the demolition of

Texas Stadium to make way for new development. If the bill passes, the city would be able to generate enough revenues from the admissions and parking taxes over the next four years to pay for the costs to demolish the stadium. The city estimates that the bill would generate \$15.4 million for the city in admissions and parking taxes over the four remaining years that the Dallas Cowboys will use Texas Stadium.

Because it is unknown as to how many municipalities own a stadium or coliseum that may be used by a professional football team, and would elect to designate it as a venue project and impose a parking and/or admissions tax(es), the fiscal impact to all cities cannot be estimated.

Source Agencies: 304 Comptroller of Public Accounts

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