

## **BILL ANALYSIS**

Senate Research Center

S.B. 1523  
By: Wentworth  
Business & Commerce  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

There are many site selection organizations that operate to promote and bring major sporting and athletic events to Texas. The sporting events trust fund (trust fund) provides a structure for financing the costs of bidding for, preparing for, and conducting those events. These events generate valuable tax dollars which are used to replenish the fund. Currently, only counties with a minimum population of one million can qualify for funds from the trust fund.

S.B. 1523 allows a county with a population of at least 800,000 or a municipality with a population of at least 600,000 to apply to the Office of the Comptroller of Public Accounts (comptroller) for use of funds from the trust fund for certain events conducted by certain site selection organizations. Authorizes a county or municipality to guarantee its obligations under an event support contract by pledging surcharges from certain fees and the issuance of certain notes. Such a county or municipality would be limited to events sanctioned by certain entities.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 4B, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), by adding Subsection (e-2), as follows:

(e-2) Authorizes the eligible city, at a sales and use tax election called and held under Subsection (d) of this section, to also allow the voters to vote on a ballot proposition that limits the length of time that a sales and use tax may be imposed. Authorizes an eligible city that imposes a tax for a limited time under this subsection to later extend the period of the tax's imposition or reimpose the tax only if the extension or reimposition is authorized by a majority of the qualified voters of the city voting in an election called and held for that purpose in the same manner as an election held under Section 4A(n) of this Act. Authorizes the city at such an election to also allow the voters to vote on a ballot proposition that limits the use of the sales and use tax to a specific project. Authorizes a corporation that has been created to perform a specific project as provided by this subsection to retain its corporate existence and perform other projects as may be approved by the voters of the city under an election called and held for that purpose in the same manner as Section 4A(r) of this Act provides for an election held under Section 4A(d) of this Act. Requires a corporation to hold a public hearing as otherwise provided by this section before expending funds to undertake a project.

SECTION 2. Amends Section 4B(n), Development Corporation Act of 1979 (Article 5190.6 V.T.C.S.), as follows:

(n) Provides that a corporation the creation of which was authorized by an eligible city with a population of less than 20,000 is not required to hold a public hearing over a proposed project before expending funds to undertake the project if the proposed project is defined by Section 2 of this Act.

SECTION 3. Amends Section 5B(a)(4), Chapter 1507, Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), to redefine "motor sports racing event."

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

Sec. 5C. SPORTING EVENT TRUST FUND FOR CERTAIN MUNICIPALITIES AND COUNTIES. (a) Defines "endorsing county," "endorsing municipality," "event," "event support contract," and "site selection organization."

(b) Requires the comptroller of public accounts (comptroller) to make certain determinations for the 30-day period that ends at the end of the day after the date on which the event will be held or, if the event occurs on more than one day, after the last date on which the event will be held, in accordance to specific procedures developed by the comptroller, if a site selection organization, after considering through a highly competitive process one or more sites that are not located in this state, selects a site for an 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 event.

(c) Requires the comptroller, for the purposes of Subsection (b)(1) of this section, to designate as a market area for the 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 event and related activities, including areas likely to provide venues, accommodations, and services in connection with the event (market area) based on the proposal provided by the 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 event to be included in the market area for the event.

(d) Requires each endorsing municipality or endorsing county to remit to the comptroller and requires the comptroller to deposit into a trust fund created by the comptroller and designated as the sporting events trust fund (trust fund) the amount of the municipality's or county's hotel occupancy tax revenue determined under Subsection (b)(4) or (b)(5) of this section, less any amount of the revenue that the municipality or county 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 (Distribution of Trust Funds) and 183.051(b) (relating to the issuance of a warrant drawn on the general revenue fund from the comptroller to certain counties), Tax Code, or to the county under Sections 323.502 (Distribution of Trust Funds) and 183.051(b), and deposit into the trust fund the tax revenues, less any amount of the revenue that the municipality or county determines is necessary to meet certain obligations. 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 period described by Subsection (b) of this section and to 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. Establishes the trust fund outside the state treasury, to be held in trust fund by the comptroller for administration of this Act. Authorizes money in the trust fund to be disbursed by the comptroller without appropriation only as provided by this section.

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

(f) Requires the comptroller to deposit into the trust fund 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 municipality or endorsing county 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 an event support contract in order to improve, construct, renovate, or acquire facilities or to acquire equipment. Authorizes an endorsing municipality or county 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 event. Requires any note issued to mature not later than seven years from its date of issuance.

(h) Authorizes the money in the trust fund to be used to pay the principal of and interest on notes issued by an endorsing municipality or county under Subsection (g) of this section and to fulfill obligations of the state or an endorsing municipality or county to a site selection organization under an event support contract or event support contract, which obligations are authorized to include the payment of costs relating to the preparations necessary or desirable for the conduct of the event and the payment of costs of conducting the 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, endorsing municipality, or endorsing county to provide information required by the comptroller to enable the comptroller to fulfill certain duties under this section. Requires a local organizing committee or endorsing municipality or county 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 an event of the total amount of tax revenue that would be deposited in the trust fund under this section in connection with that event, if the event were to be held in Texas at a site selected pursuant to an application by a local organizing committee or endorsing municipality or county. Requires the comptroller to provide the estimate on request to a local organizing committee or endorsing municipality or county. Authorizes a local organizing committee or endorsing municipality or county 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 municipality or county for a purpose for which an endorsing municipality or county or the state is obligated under an event support contract. Prohibits a disbursement that the comptroller determines would be used for the purpose of soliciting the relocation of a professional sports franchise located in this state from being made from the trust fund.

(l) Provides that if a disbursement is made from the trust fund under Subsection (k), the obligation requires it to be satisfied proportionately from the state and local revenue in the trust fund.

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

(n) Prohibits this section from being construed as creating or requiring a state guarantee to obligations imposed on the state or an endorsing municipality or

county under an event support contract or other agreement relating to hosting one or more events in Texas.

(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 or the county in which the event will be located. Requires the request to be accompanied by documentation from a site selection organization selecting the site for the event.

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 certain sections, including Section 5C.

SECTION 6. Effective date: upon passage or September 1, 2007.