

By: Wentworth

S.B. No. 1523

A BILL TO BE ENTITLED

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AN ACT

relating to facilitating and supporting efforts of certain municipalities and counties to promote economic development by hosting certain major sporting or athletic events.

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

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

Sec. 5C. SPORTING EVENT TRUST FUND FOR CERTAIN MUNICIPALITIES AND COUNTIES. (a) In this section:

(1) "Endorsing county" means a county with a population of 800,000 or more that contains a site selected by a site selection organization for one or more games.

(2) "Endorsing municipality" means a municipality with a population of 600,000 or more that contains a site selected by a site selection organization for one or more games.

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

(4) "Game" means a National Collegiate Athletic Association regional tournament or playoff game, a Senior Olympic activity, including a training program or feeder program sanctioned by the National Senior Games Association, or a major sporting or

1 athletic event sanctioned by a site selection organization. The
2 term includes any events and activities related to or associated
3 with the games.

4 (5) "Site selection organization" means the National
5 Collegiate Athletic Association, the Professional Golfers'
6 Association, USA Track & Field, the United States Volleyball
7 Association, the World Karting Association, the Professional Rodeo
8 Cowboys Association, and USA Cycling.

9 (b) If a site selection organization selects a site for a
10 game in this state pursuant to an application by a local organizing
11 committee, endorsing municipality, or endorsing county, not later
12 than three months before the date of the game, the comptroller shall
13 determine for the two-week period that ends at the end of the day
14 after the date on which the game will be held or, if the game occurs
15 on more than one day, after the last date on which the game will be
16 held, in accordance with procedures developed by the comptroller:

17 (1) the incremental increase in the receipts to this
18 state from taxes imposed under Chapters 151, 152, 156, and 183, Tax
19 Code, and under Title 5, Alcoholic Beverage Code, within the market
20 areas designated under Subsection (c) of this section, that is
21 directly attributable, as determined by the comptroller, to the
22 preparation for and presentation of the game and related events;

23 (2) the incremental increase in the receipts collected
24 by this state on behalf of each endorsing municipality in the market
25 area from the sales and use tax imposed by each endorsing
26 municipality under Section 321.101(a), Tax Code, and the mixed
27 beverage tax revenue to be received by each endorsing municipality

1 under Section 183.051(b), Tax Code, that is directly attributable,
2 as determined by the comptroller, to the preparation for and
3 presentation of the game and related events;

4 (3) the incremental increase in the receipts collected
5 by this state on behalf of each endorsing county in the market area
6 from the sales and use tax imposed by each endorsing county under
7 Section 323.101(a), Tax Code, and the mixed beverage tax revenue to
8 be received by each endorsing county under Section 183.051(b), Tax
9 Code, that is directly attributable, as determined by the
10 comptroller, to the preparation for and presentation of the game
11 and related events;

12 (4) the incremental increase in the receipts collected
13 by each endorsing municipality in the market area from the hotel
14 occupancy tax imposed under Chapter 351, Tax Code, that is directly
15 attributable, as determined by the comptroller, to the preparation
16 for and presentation of the game and related events; and

17 (5) the incremental increase in the receipts collected
18 by each endorsing county in the market area from the hotel occupancy
19 tax imposed under Chapter 352, Tax Code, that is directly
20 attributable, as determined by the comptroller, to the preparation
21 for and presentation of the game and related events.

22 (c) For the purposes of Subsection (b)(1) of this section,
23 the comptroller shall designate as a market area for the game each
24 area in which the comptroller determines there is a reasonable
25 likelihood of measurable economic impact directly attributable to
26 the preparation for and presentation of the game and related
27 events, including areas likely to provide venues, accommodations,

1 and services in connection with the game based on the proposal
2 provided by the local organizing committee to the comptroller. The
3 comptroller shall determine the geographic boundaries of each
4 market area. An endorsing municipality or endorsing county that
5 has been selected as the site for the game must be included in a
6 market area for the game.

7 (d) Each endorsing municipality or endorsing county shall
8 remit to the comptroller and the comptroller shall deposit into a
9 trust fund created by the comptroller and designated as the
10 Sporting Events trust fund the amount of the municipality's or
11 county's hotel occupancy tax revenue determined under Subsection
12 (b)(4) or (5) of this section, less any amount of the revenue that
13 the municipality or county determines is necessary to meet the
14 obligations of the municipality or county. The comptroller shall
15 retain the amount of sales and use tax revenue and mixed beverage
16 tax revenue determined under Subsection (b)(2) or (3) of this
17 section from the amounts otherwise required to be sent to the
18 municipality under Sections 321.502 and 183.051(b), Tax Code, or to
19 the county under Sections 323.502 and 183.051(b), Tax Code, and
20 deposit into the trust fund the tax revenues, less any amount of the
21 revenue that the municipality or county determines is necessary to
22 meet the obligations of the municipality or county. The
23 comptroller shall begin retaining and depositing the local tax
24 revenues with the first distribution of that tax revenue that
25 occurs after the first day of the two-week period described by
26 Subsection (b) of this section and shall discontinue retaining the
27 local tax revenues under this subsection when the amount of the

1 applicable tax revenue determined under Subsection (b)(2) or (3) of
2 this section has been retained. The Sporting Events trust fund is
3 established outside the state treasury and is held in trust by the
4 comptroller for administration of this section. Money in the trust
5 fund may be disbursed by the comptroller without appropriation only
6 as provided by this section.

7 (e) In addition to the tax revenue deposited in the Sporting
8 Events trust fund under Subsection (d) of this section, an
9 endorsing municipality or endorsing county may guarantee its
10 obligations under a game support contract and this section by
11 pledging surcharges from user fees, including parking or ticket
12 fees, charged in connection with the game.

13 (f) The comptroller shall deposit into the Sporting Events
14 trust fund a portion of the state tax revenue determined under
15 Subsection (b)(1) of this section in an amount equal to 6.25 times
16 the amount of the local sales and use tax revenue and mixed beverage
17 tax revenue retained and the hotel occupancy tax revenue remitted
18 by an endorsing municipality or endorsing county under Subsection
19 (d) of this section.

20 (g) To meet its obligations under a game support contract or
21 event support contract to improve, construct, renovate, or acquire
22 facilities or to acquire equipment, an endorsing municipality by
23 ordinance or an endorsing county by order may authorize the
24 issuance of notes. An endorsing municipality or endorsing county
25 may provide that the notes be paid from and secured by amounts on
26 deposit or amounts to be deposited into the Sporting Events trust
27 fund or surcharges from user fees, including parking or ticket

1 fees, charged in connection with the game. Any note issued must
2 mature not later than seven years from its date of issuance.

3 (h) The money in the Sporting Events trust fund may be used
4 to pay the principal of and interest on notes issued by an endorsing
5 municipality or endorsing county under Subsection (g) of this
6 section and to fulfill obligations of this state or an endorsing
7 municipality or endorsing county to a site selection organization
8 under a game support contract or event support contract, which
9 obligations may include the payment of costs relating to the
10 preparations necessary or desirable for the conduct of the game and
11 the payment of costs of conducting the game, including improvements
12 or renovations to existing facilities or other facilities and costs
13 of acquisition or construction of new facilities or other
14 facilities.

15 (i) A local organizing committee, endorsing municipality,
16 or endorsing county shall provide information required by the
17 comptroller to enable the comptroller to fulfill the comptroller's
18 duties under this section, including annual audited statements of
19 any financial records required by a site selection organization and
20 data obtained by the local organizing committee, an endorsing
21 municipality, or an endorsing county relating to attendance at the
22 game and to the economic impact of the game. A local organizing
23 committee, endorsing municipality, or endorsing county must
24 provide an annual audited financial statement required by the
25 comptroller, if any, not later than the end of the fourth month
26 after the date the period covered by the financial statement ends.

27 (j) The comptroller shall provide an estimate not later than

1 three months before the date of a game of the total amount of tax
2 revenue that would be deposited in the Sporting Events trust fund
3 under this section in connection with that game, if the game were to
4 be held in this state at a site selected pursuant to an application
5 by a local organizing committee, endorsing municipality, or
6 endorsing county. The comptroller shall provide the estimate on
7 request to a local organizing committee, endorsing municipality, or
8 endorsing county. A local organizing committee, endorsing
9 municipality, or endorsing county may submit the comptroller's
10 estimate to a site selection organization.

11 (k) The comptroller may make a disbursement from the
12 Sporting Events trust fund on the prior approval of each
13 contributing endorsing municipality or endorsing county for a
14 purpose for which an endorsing municipality or endorsing county or
15 this state is obligated under a game support contract or event
16 support contract. A disbursement may not be made from the trust
17 fund that the comptroller determines would be used for the purpose
18 of soliciting the relocation of a professional sports franchise
19 located in this state.

20 (l) If a disbursement is made from the Sporting Events trust
21 fund under Subsection (k) of this section, the obligation shall be
22 satisfied proportionately from the state and local revenue in the
23 trust fund.

24 (m) On payment of all state, municipal, or county
25 obligations under a game support contract or event support contract
26 related to the location of any particular game in this state, the
27 comptroller shall remit to each endorsing entity, in proportion to

1 the amount contributed by the entity, any money remaining in the
2 Sporting Events trust fund.

3 (n) This section may not be construed as creating or
4 requiring a state guarantee of obligations imposed on this state or
5 an endorsing municipality or endorsing county under a game support
6 contract or other agreement relating to hosting one or more games in
7 this state.

8 (o) The comptroller may not undertake any of the
9 responsibilities or duties set forth in this section unless a
10 request is submitted by the municipality and the county in which the
11 game will be located. The request must be accompanied by
12 documentation from a site selection organization selecting the site
13 for the game.

14 SECTION 2. Subsection (a), Section 7, Chapter 1507, Acts of
15 the 76th Legislature, Regular Session, 1999 (Article 5190.14,
16 Vernon's Texas Civil Statutes), is amended to read as follows:

17 (a) The department shall review requests from a local
18 organizing committee, endorsing municipality, or endorsing county
19 that the department, on behalf of the state, enter into a games
20 support contract that is required by a site selection organization
21 in connection with the committee's, municipality's, or county's bid
22 to host any of the games. This section does not affect or apply to
23 an event support contract under Section 5A, ~~[or Section]~~ 5B, or 5C
24 of this Act to which the department is not a party.

25 SECTION 3. This Act takes effect September 1, 2007.