

1-1 By: Wentworth S.B. No. 1523
1-2 (In the Senate - Filed March 8, 2007; March 20, 2007, read
1-3 first time and referred to Subcommittee on Emerging Technologies
1-4 and Economic Development; April 19, 2007, reported adversely, with
1-5 favorable Committee Substitute from Committee on Business and
1-6 Commerce by the following vote: Yeas 7, Nays 0; April 19, 2007,
1-7 sent to printer.)

1-8 COMMITTEE SUBSTITUTE FOR S.B. No. 1523 By: Janek

1-9 A BILL TO BE ENTITLED
1-10 AN ACT

1-11 relating to facilitating and supporting efforts of certain
1-12 municipalities and counties to promote economic development by
1-13 hosting certain major sporting or athletic events.

1-14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-15 SECTION 1. Chapter 1507, Acts of the 76th Legislature,
1-16 Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil
1-17 Statutes), is amended by adding Section 5C to read as follows:

1-18 Sec. 5C. SPORTING EVENT TRUST FUND FOR CERTAIN
1-19 MUNICIPALITIES AND COUNTIES. (a) In this section:

1-20 (1) "Endorsing county" means a county with a
1-21 population of 800,000 or more that contains a site selected by a
1-22 site selection organization for one or more games.

1-23 (2) "Endorsing municipality" means a municipality
1-24 with a population of 600,000 or more that contains a site selected
1-25 by a site selection organization for one or more games.

1-26 (3) "Event support contract" means a joinder
1-27 undertaking, a joinder agreement, or a similar contract executed by
1-28 an endorsing municipality or endorsing county and a site selection
1-29 organization.

1-30 (4) "Game" means a National Collegiate Athletic
1-31 Association regional tournament or playoff game, a Senior Olympic
1-32 activity, including a training program or feeder program sanctioned
1-33 by the National Senior Games Association, or a major sporting or
1-34 athletic event sanctioned by a site selection organization. The
1-35 term includes any events and activities related to or associated
1-36 with the games.

1-37 (5) "Site selection organization" means the National
1-38 Collegiate Athletic Association, the Professional Golfers'
1-39 Association, USA Track & Field, the United States Volleyball
1-40 Association, the World Karting Association, the Professional Rodeo
1-41 Cowboys Association, and USA Cycling.

1-42 (b) If a site selection organization selects a site for a
1-43 game in this state pursuant to an application by a local organizing
1-44 committee, endorsing municipality, or endorsing county, not later
1-45 than three months before the date of the game, the comptroller shall
1-46 determine for the two-week period that ends at the end of the day
1-47 after the date on which the game will be held or, if the game occurs
1-48 on more than one day, after the last date on which the game will be
1-49 held, in accordance with procedures developed by the comptroller:

1-50 (1) the incremental increase in the receipts to this
1-51 state from taxes imposed under Chapters 151, 152, 156, and 183, Tax
1-52 Code, and under Title 5, Alcoholic Beverage Code, within the market
1-53 areas designated under Subsection (c) of this section, that is
1-54 directly attributable, as determined by the comptroller, to the
1-55 preparation for and presentation of the game and related events;

1-56 (2) the incremental increase in the receipts collected
1-57 by this state on behalf of each endorsing municipality in the market
1-58 area from the sales and use tax imposed by each endorsing
1-59 municipality under Section 321.101(a), Tax Code, and the mixed
1-60 beverage tax revenue to be received by each endorsing municipality
1-61 under Section 183.051(b), Tax Code, that is directly attributable,
1-62 as determined by the comptroller, to the preparation for and
1-63 presentation of the game and related events;

2-1 (3) the incremental increase in the receipts collected
 2-2 by this state on behalf of each endorsing county in the market area
 2-3 from the sales and use tax imposed by each endorsing county under
 2-4 Section 323.101(a), Tax Code, and the mixed beverage tax revenue to
 2-5 be received by each endorsing county under Section 183.051(b), Tax
 2-6 Code, that is directly attributable, as determined by the
 2-7 comptroller, to the preparation for and presentation of the game
 2-8 and related events;

2-9 (4) the incremental increase in the receipts collected
 2-10 by each endorsing municipality in the market area from the hotel
 2-11 occupancy tax imposed under Chapter 351, Tax Code, that is directly
 2-12 attributable, as determined by the comptroller, to the preparation
 2-13 for and presentation of the game and related events; and

2-14 (5) the incremental increase in the receipts collected
 2-15 by each endorsing county in the market area from the hotel occupancy
 2-16 tax imposed under Chapter 352, Tax Code, that is directly
 2-17 attributable, as determined by the comptroller, to the preparation
 2-18 for and presentation of the game and related events.

2-19 (c) For the purposes of Subsection (b)(1) of this section,
 2-20 the comptroller shall designate as a market area for the game each
 2-21 area in which the comptroller determines there is a reasonable
 2-22 likelihood of measurable economic impact directly attributable to
 2-23 the preparation for and presentation of the game and related
 2-24 events, including areas likely to provide venues, accommodations,
 2-25 and services in connection with the game based on the proposal
 2-26 provided by the local organizing committee to the comptroller. The
 2-27 comptroller shall determine the geographic boundaries of each
 2-28 market area. An endorsing municipality or endorsing county that
 2-29 has been selected as the site for the game must be included in a
 2-30 market area for the game.

2-31 (d) Each endorsing municipality or endorsing county shall
 2-32 remit to the comptroller and the comptroller shall deposit into a
 2-33 trust fund created by the comptroller and designated as the
 2-34 Sporting Events trust fund the amount of the municipality's or
 2-35 county's hotel occupancy tax revenue determined under Subsection
 2-36 (b)(4) or (5) of this section, less any amount of the revenue that
 2-37 the municipality or county determines is necessary to meet the
 2-38 obligations of the municipality or county. The comptroller shall
 2-39 retain the amount of sales and use tax revenue and mixed beverage
 2-40 tax revenue determined under Subsection (b)(2) or (3) of this
 2-41 section from the amounts otherwise required to be sent to the
 2-42 municipality under Sections 321.502 and 183.051(b), Tax Code, or to
 2-43 the county under Sections 323.502 and 183.051(b), Tax Code, and
 2-44 deposit into the trust fund the tax revenues, less any amount of the
 2-45 revenue that the municipality or county determines is necessary to
 2-46 meet the obligations of the municipality or county. The
 2-47 comptroller shall begin retaining and depositing the local tax
 2-48 revenues with the first distribution of that tax revenue that
 2-49 occurs after the first day of the two-week period described by
 2-50 Subsection (b) of this section and shall discontinue retaining the
 2-51 local tax revenues under this subsection when the amount of the
 2-52 applicable tax revenue determined under Subsection (b)(2) or (3) of
 2-53 this section has been retained. The Sporting Events trust fund is
 2-54 established outside the state treasury and is held in trust by the
 2-55 comptroller for administration of this section. Money in the trust
 2-56 fund may be disbursed by the comptroller without appropriation only
 2-57 as provided by this section.

2-58 (e) In addition to the tax revenue deposited in the Sporting
 2-59 Events trust fund under Subsection (d) of this section, an
 2-60 endorsing municipality or endorsing county may guarantee its
 2-61 obligations under a game support contract and this section by
 2-62 pledging surcharges from user fees, including parking or ticket
 2-63 fees, charged in connection with the game.

2-64 (f) The comptroller shall deposit into the Sporting Events
 2-65 trust fund a portion of the state tax revenue determined under
 2-66 Subsection (b)(1) of this section in an amount equal to 6.25 times
 2-67 the amount of the local sales and use tax revenue and mixed beverage
 2-68 tax revenue retained and the hotel occupancy tax revenue remitted
 2-69 by an endorsing municipality or endorsing county under Subsection

3-1 (d) of this section.

3-2 (g) To meet its obligations under a game support contract or
 3-3 event support contract to improve, construct, renovate, or acquire
 3-4 facilities or to acquire equipment, an endorsing municipality by
 3-5 ordinance or an endorsing county by order may authorize the
 3-6 issuance of notes. An endorsing municipality or endorsing county
 3-7 may provide that the notes be paid from and secured by amounts on
 3-8 deposit or amounts to be deposited into the Sporting Events trust
 3-9 fund or surcharges from user fees, including parking or ticket
 3-10 fees, charged in connection with the game. Any note issued must
 3-11 mature not later than seven years from its date of issuance.

3-12 (h) The money in the Sporting Events trust fund may be used
 3-13 to pay the principal of and interest on notes issued by an endorsing
 3-14 municipality or endorsing county under Subsection (g) of this
 3-15 section and to fulfill obligations of this state or an endorsing
 3-16 municipality or endorsing county to a site selection organization
 3-17 under a game support contract or event support contract, which
 3-18 obligations may include the payment of costs relating to the
 3-19 preparations necessary or desirable for the conduct of the game and
 3-20 the payment of costs of conducting the game, including improvements
 3-21 or renovations to existing facilities or other facilities and costs
 3-22 of acquisition or construction of new facilities or other
 3-23 facilities.

3-24 (i) A local organizing committee, endorsing municipality,
 3-25 or endorsing county shall provide information required by the
 3-26 comptroller to enable the comptroller to fulfill the comptroller's
 3-27 duties under this section, including annual audited statements of
 3-28 any financial records required by a site selection organization and
 3-29 data obtained by the local organizing committee, an endorsing
 3-30 municipality, or an endorsing county relating to attendance at the
 3-31 game and to the economic impact of the game. A local organizing
 3-32 committee, endorsing municipality, or endorsing county must
 3-33 provide an annual audited financial statement required by the
 3-34 comptroller, if any, not later than the end of the fourth month
 3-35 after the date the period covered by the financial statement ends.

3-36 (j) The comptroller shall provide an estimate not later than
 3-37 three months before the date of a game of the total amount of tax
 3-38 revenue that would be deposited in the Sporting Events trust fund
 3-39 under this section in connection with that game, if the game were to
 3-40 be held in this state at a site selected pursuant to an application
 3-41 by a local organizing committee, endorsing municipality, or
 3-42 endorsing county. The comptroller shall provide the estimate on
 3-43 request to a local organizing committee, endorsing municipality, or
 3-44 endorsing county. A local organizing committee, endorsing
 3-45 municipality, or endorsing county may submit the comptroller's
 3-46 estimate to a site selection organization.

3-47 (k) The comptroller may make a disbursement from the
 3-48 Sporting Events trust fund on the prior approval of each
 3-49 contributing endorsing municipality or endorsing county for a
 3-50 purpose for which an endorsing municipality or endorsing county or
 3-51 this state is obligated under a game support contract or event
 3-52 support contract. A disbursement may not be made from the trust
 3-53 fund that the comptroller determines would be used for the purpose
 3-54 of soliciting the relocation of a professional sports franchise
 3-55 located in this state.

3-56 (l) If a disbursement is made from the Sporting Events trust
 3-57 fund under Subsection (k) of this section, the obligation shall be
 3-58 satisfied proportionately from the state and local revenue in the
 3-59 trust fund.

3-60 (m) On payment of all state, municipal, or county
 3-61 obligations under a game support contract or event support contract
 3-62 related to the location of any particular game in this state, the
 3-63 comptroller shall remit to each endorsing entity, in proportion to
 3-64 the amount contributed by the entity, any money remaining in the
 3-65 Sporting Events trust fund.

3-66 (n) This section may not be construed as creating or
 3-67 requiring a state guarantee of obligations imposed on this state or
 3-68 an endorsing municipality or endorsing county under a game support
 3-69 contract or other agreement relating to hosting one or more games in

4-1 this state.

4-2 (o) The comptroller may not undertake any of the
4-3 responsibilities or duties set forth in this section unless a
4-4 request is submitted by the municipality and the county in which the
4-5 game will be located. The request must be accompanied by
4-6 documentation from a site selection organization selecting the site
4-7 for the game.

4-8 SECTION 2. Subsection (a), Section 7, Chapter 1507, Acts of
4-9 the 76th Legislature, Regular Session, 1999 (Article 5190.14,
4-10 Vernon's Texas Civil Statutes), is amended to read as follows:

4-11 (a) The department shall review requests from a local
4-12 organizing committee, endorsing municipality, or endorsing county
4-13 that the department, on behalf of the state, enter into a games
4-14 support contract that is required by a site selection organization
4-15 in connection with the committee's, municipality's, or county's bid
4-16 to host any of the games. This section does not affect or apply to
4-17 an event support contract under Section 5A, [~~or Section~~] 5B, or 5C
4-18 of this Act to which the department is not a party.

4-19 SECTION 3. This Act takes effect September 1, 2007.

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