

BILL ANALYSIS

Senate Research Center

S.B. 1515
By: Watson
Economic Development
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Those involved with the two economic development programs built primarily around sporting events—the Other Events Trust Fund and the Sporting Events Trust Fund—state that the legal language that administers these programs is overly complicated and often contradictory. The language also limits the flexibility of the comptroller of public accounts (comptroller) to analyze which cities and counties might benefit from these events. The current system also limits the comptroller's ability to provide money up-front for different initiatives. Currently, the programs provide a mechanism for the state to provide incentive money, allowing cities and counties to host these events. That money is then repaid in increments of increased tax revenues that the events create.

S.B. 1515 amends current law relating to a major events trust fund, a motor sports racing trust fund, and an events trust fund for sporting and non-sporting events.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 4 (Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.)) and SECTION 7 (Section 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.)) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), by amending Subdivisions (1), (1-a), (2), (5)-(8) and adding Subdivision (2-a), to redefine "department," "endorsing county," "endorsing municipality," "joinder agreement," "joinder undertaking," "local organizing committee," and "site selection organization" and to define "event."

SECTION 2. Amends Sections 2 and 3, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), as follows:

Sec. 2. PURPOSE. Sets forth that the purpose of this Act is to provide assurances required by a site selection organization sponsoring a sporting or non-sporting game or event, rather than sponsoring one or more major sporting or athletic events, and to provide financing for the costs of applying or bidding for selection as the site of a game or event, rather than major sporting or athletic events, in this state; making the preparations necessary and desirable for the conduct of a game or event in this state, including the construction or renovation of facilities to the extent authorized by this Act; and conducting a game or event in this state. Makes conforming changes.

Sec. 3. LEGISLATIVE FINDINGS. Makes conforming changes.

SECTION 3. Amends the heading to Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), to read as follows:

Sec. 5A. PAYMENT OF STATE AND MUNICIPAL OR COUNTY OBLIGATIONS;
MAJOR EVENTS TRUST FUND.

SECTION 4. Amends Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), by amending Subsections (a)-(m), (o), and (p) and adding Subsections (a-1), (b-1), (d-1), and (r)-(v), as follows:

(a) Redefines "endorsing county," "endorsing municipality," "event support contract," "event," and "site selection organization."

(a-1) Provides that an event included in Subsection (a)(4) (relating to activities as defined as an event) of this section is eligible for funding under this section only if a site selection organization selects a site located in this state for the event after considering, through a highly competitive selection process, one or more sites that are not located in this state; a site selection organization selects a site in this state as the sole site for the event; and the event is held not more than one time in any year.

(b) Requires the comptroller of public accounts (comptroller), if a site selection organization selects a site for an event in this state pursuant to an application by a local organizing committee, endorsing municipality, or endorsing county, upon request of a local organizing committee, endorsing municipality, or endorsing county, to determine certain incremental increases for a one-year period that begins two months before the date on which the event will begin, in accordance with procedures developed by the comptroller. Deletes existing text requiring the comptroller, if a site selection organization selects a site for a game 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 game or six months before the date of the game upon request of a local organizing committee, endorsing municipality, or endorsing county, to determine certain incremental increases for the two-week period that ends at the end of the day after the date on which the game will be held. Makes conforming changes.

(b-1) Requires that a request for a determination of the amount of incremental increase in tax receipts specified by Subsection (b) of this section be submitted to the comptroller not earlier than one year and not later than three months before the date the event begins. Requires the comptroller to base the determination specified by Subsection (b) of this section on information submitted by the local organizing committee, endorsing municipality, or endorsing county, and is required to make the determination not later than the 30th day after the date the comptroller receives the request and related information.

(c) Requires the comptroller, for the purposes of Subsection (b)(1) (relating to the incremental increase in receipts to the state from taxes imposed under certain chapters and title within certain market areas) 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 measureable economic impact directly attributable to the preparation for the presentation of the event and related activities, including areas likely to provide venues, accommodations, and services in connection with the event based on the proposal provided by the local organizing committee to the comptroller. Makes conforming changes.

(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 Major Events trust fund, rather than the Other Events trust fund, the amount of the municipality's or county's hotel occupancy tax revenue determined under Subsection (b)(4) (relating to an incremental increase in the receipts collected by each endorsing municipality in the market area from the hotel occupancy tax) or (b)(5) (relating to an incremental increase in the receipts collected by each endorsing county in the market area from the hotel occupancy tax) 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 begin retaining and depositing the local tax revenues with the first distribution of that tax revenue that occurs after the first day of the one-year, rather than two-week, period described by Subsection (b) of this section or at a time otherwise determined to be practicable by the comptroller. Makes a conforming change.

(d-1) Authorizes a municipality or county to remit to the comptroller for deposit in the Major Events trust fund other local funds in an amount equal to the total amount of local tax revenue determined under Subsections (b)(2) through (5) (relating to incremental increases in the receipts collected by the state on behalf of each endorsing municipality or county in the market area from the sales and use tax imposed by each endorsing municipality or county and by each endorsing municipality or county in the market area from the hotel occupancy tax) of this section not later than the 90th day after the last day of an event and in lieu of the local tax revenues remitted to or retained by the comptroller under Subsection (d) of this section. Provides that the amount deposited by the comptroller into the Major Events trust fund under this subsection is subject to Subsection (f) of this section.

(e) Authorizes an endorsing municipality or endorsing county to collect and remit to the comptroller surcharges and user fees attributable to the event for deposit into the Major Events trust fund. Makes conforming changes.

(f) Requires the comptroller to deposit into the Major Events trust fund a portion of the state tax revenue not to exceed the amount determined under Subsection (b)(1) of this section in an amount equal to 6.25 times the amount of the local revenue retained or remitted under this section, including surcharge and user fee revenue. Deletes existing text related to certain revenue amounts remitted by an endorsing municipality or endorsing county under Subsection (d) of this section. Makes nonsubstantive changes.

(g)-(h) Makes conforming changes.

(i) Requires a local organizing committee, endorsing municipality, or endorsing county, after the conclusion of an event and on the comptroller's request, to provide information relating to the event, such as attendance figures, financial information, or other public information held by the local organizing committee, endorsing municipality, or endorsing county that the comptroller considers necessary. Makes conforming changes.

(j) Requires the comptroller, not later than the 30th day after the date a request of a local organizing committee, endorsing municipality, or endorsing county is submitted to the comptroller under Subsection (b-1) of this section, to provide an estimate of the total amount of tax revenue that would be deposited in the Major Events trust fund under this section in connection with that event, if the event were to be held in this state at a site selected pursuant to an application by a local organizing committee, endorsing municipality, or endorsing county. Deletes existing text requiring the comptroller to provide an estimate no later than three months before the date of a game or six months before the date of the game upon request of a local organizing committee, endorsing municipality, or endorsing county of the total amount of tax revenue that would be deposited in the Other Events trust fund under this section in connection with that game, if the game were to be held in this state at a site selected pursuant to an application by a local organizing committee, endorsing municipality, or endorsing county. Deletes existing text requiring the comptroller to provide the estimate on request to a local organizing committee, endorsing municipality, or endorsing county. Makes conforming changes.

(k)-(m) and (o)-(p) Makes conforming changes.

(r) Provides that this subsection applies only to an event that the comptroller determines under Subsection (b) of this section will generate at least \$15 million in state and local tax revenue. Authorizes the comptroller and one or more endorsing municipalities or endorsing counties to enter into agreement to provide that an amount equal to the amount of local tax revenue determined by the comptroller under Subsections (b)(2) through (5) of this section is required to be remitted to the comptroller by one or more endorsing municipalities or endorsing counties and is required to be deposited by the comptroller into the Major Events trust fund before the event. Authorizes the comptroller, in the 12 months immediately preceding the event, to deposit into the trust fund an amount equal to the amount the state is required to deposit under Subsection (f) of this section from any

amounts appropriated by the legislature for the purposes of this subsection. Authorizes the comptroller to make disbursements from the trust fund in amounts that do not exceed the amounts deposited under this subsection in accordance with the agreement to pay costs relating to attracting and securing the event. Authorizes that an agreement under this subsection provide that, following the last day of an event, the funds eligible for disbursement under Subsection (k) of this section be held in the trust fund and made available to pay the cost of securing the event in future years.

(s) Provides that the term of an agreement entered into under Subsection (r) of this section is prohibited from exceeding 10 years and is required to terminate on the final termination date provided in the agreement or if the event covered by the agreement is not held during any 18-month period covered by the agreement.

(t) Requires that the total amount of the state's initial contribution under the agreement be repaid to the state from funds disbursed under Subsection (k) of this section or from any other source specified in the agreement on termination of an agreement entered into under Subsection (r) of this section. Requires that an agreement entered into under Subsection (r) of this section include terms that the comptroller determines are necessary to protect the state's interest, including a provision for a performance bond or other guarantee of repayment if the event is not held in the state after a disbursement has been made.

(u) Requires the comptroller to deposit any amount appropriated by the legislature for the purposes of Subsection (r) of this section into the Major Event trust fund for the limited purpose of paying the costs of attracting and securing an event eligible under that subsection.

(v) Authorizes the comptroller to adopt rules necessary to implement this section.

SECTION 5. Amends Subdivisions (1) and (2), Subsection (a), Section 5B, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), to redefine "endorsing county" and "endorsing municipality."

SECTION 6. Amends the heading to Section 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), to read as follows:

Sec. 5C. EVENTS TRUST FUND FOR CERTAIN MUNICIPALITIES AND COUNTIES.

SECTION 7. Amends Section 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), by amending Subsections (a), (b), and (d)-(m), and adding Subsections (a-1), (c-1), (d-1), (p) and (q), as follows:

(a) Redefines "endorsing county," "endorsing municipality," "event," "event support contract," and "site selection organization."

(a-1) Provides that an event is eligible for funding under this section only if a site selection organization selects a site for the event located in this state after considering, through a highly competitive selection process, one or more sites that are not located in this state; a site selection organization selects a site in this state as the sole site for the event or the sole site for the event in a region composed of this state and one or more adjoining states; and the event is held not more than one time in this state or any adjoining state in any year.

(b) Deletes existing text related to selecting sites for an event after considering through a highly competitive process one or more sites that are not located in this state.

(c-1) Requires the comptroller to base the determination specified by Subsection (b) of this section on information submitted by the local organizing committee, endorsing municipality, or endorsing county, and requires the comptroller to make the

determination not later than the 30th day after the date the comptroller receives the information.

(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 Events trust fund, rather than the sporting events trust fund, the amount of the municipality's or county's hotel occupancy tax revenue determined under Subsection (b)(4) (relating to an incremental increase in the receipts collected by each endorsing municipality in the market area from the hotel occupancy tax) or (5) (relating to an incremental increase in the receipts collected by each endorsing county in the market area from the hotel occupancy tax) 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 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 or at a time otherwise determined to be practicable by the comptroller and requires the comptroller to discontinue retaining the local tax revenues under this subsection when the amount of the applicable tax revenue determined under Subsection (b)(2) (relating to incremental increases in the receipts collected by the state on behalf of each endorsing municipality in the market area from the sales and use tax imposed by each endorsing municipality) or (3) (relating to incremental increases in the receipts collected by the state on behalf of each endorsing county in the market area from the sales and use tax imposed by each endorsing county) of this section has been retained. Makes conforming changes.

(d-1) Authorizes a municipality or county to remit to the comptroller for deposit in the Events trust fund other local funds in an amount equal to the total amount of local tax revenue determined under Subsections (b)(2) through (5) (relating to incremental increases in the receipts collected by the state on behalf of each endorsing municipality or county in the market area from the sales and use tax imposed by each endorsing municipality or county and by each endorsing municipality or county in the market area from the hotel occupancy tax) of this section not later than the 90th day after the last day of an event and in lieu of the local tax revenues remitted to or retained by the comptroller under Subsection (d) of this section. Provides that the amount deposited by the comptroller into the Events trust fund under this subsection is subject to Subsection (f) of this section.

(e) Authorizes an endorsing municipality or endorsing county to collect and remit to the comptroller surcharges and user fees attributable to the event for deposit into the Events trust fund. Makes a conforming change.

(f) Requires the comptroller to deposit into the Events trust fund a portion of the state revenue not to exceed the amount determined under Subsection (b)(1) (relating to the incremental increase in receipts to the state from taxes imposed under certain chapters and title within certain market areas) of this section in an amount equal to 6.25 times the amount of the local revenue retained or remitted under this section, including surcharge and user fee revenue. Deletes existing text related to a certain revenue amount remitted by an endorsing municipality or endorsing county under Subsection (d) of this section. Makes conforming and nonsubstantive changes.

(g)-(h) Makes conforming changes.

(i) Requires a local organizing committee, endorsing municipality, or endorsing county, after the conclusion of an event and on the comptroller's request, to provide information relating to the event, such as attendance figures, financial information, or other public information held by the local organizing committees, endorsing municipality, or endorsing county that the comptroller considers necessary.

(j)-(m) Makes conforming changes.

(p) Authorizes the comptroller to adopt rules necessary to implement this section.

(q) Authorizes the comptroller, in determining the amount of state revenue available under Subsection (b)(1) of this section, to consider whether the event has been held in this state on previous occasions and changes to the character of the event could affect the incremental increase in receipts collected and remitted to the state by an endorsing county or endorsing municipality under that subsection.

SECTION 8. Repealer: Section 5A(n) (relating to a bid to host the 2004 Super Bowl), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.).

SECTION 9. Makes application of this Act prospective to September 1, 2009.

SECTION 10. Effective date: September 1, 2009.