

BILL ANALYSIS

C.S.S.B. 1515

By: Watson

Technology, Economic Development & Workforce
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, the Sporting Event Trust Fund, Motor Sports Racing Trust Fund, and the Other Events Trust Fund assist local governments in recruiting or retaining events that are actively being recruited by other states. The programs authorize a portion of state tax revenue generated by an event to be returned to the city or county that hosted the event to assist in paying expenses incurred in connection with the event.

C.S.S.B 1515 renames the “Other Events Trust Fund;” renames the “Sporting Event Trust Fund;” expands the purpose of the specified funds from sporting or athletic events to sporting or non-sporting games or events; and modifies application and reimbursement procedures for the newly named “Major Events Trust Fund” and “Events Trust Fund.” In addition, the bill removes certain population criteria for the Motor Sports Racing Trust Fund and the Events Trust Fund.

RULEMAKING AUTHORITY

It is the committee’s opinion that rulemaking authority is expressly granted to the comptroller of public accounts in SECTIONS 4 and 7 of this bill.

ANALYSIS

Major Events Trust Fund

C.S.S.B. 1515 amends Article 5190.14, Vernon’s Texas Civil Statutes to rename the “Other Events Trust Fund” the “Major Events Trust Fund,” repeals a provision relating to the bid for the 2004 Super Bowl, and allows the Comptroller to adopt rules necessary to implement the provisions relating to the fund. For the Major Events Trust Fund, the bill provides that a county and municipality can be an endorsing county or endorsing municipality, respectively, without an event site chosen by a site selection organization if the county or municipality is in the market area for the event as designated by the Comptroller and the county or municipality is a party to an event support contract. The bill adds Formula One automobile races and the Breeders’ Cup World Championships to those events eligible for the Major Events Trust Fund and the bill adds to the specified site selection organizations: Formula One Management Limited, the Federation Internationale de l’Automobile, and the National Thoroughbred Racing Association. The bill provides that for an event to be eligible for funding from the Major Events Trust Fund, a site selection organization must choose a Texas site after a highly competitive process in which one or more out-of-state sites are considered, the chosen Texas site is the sole site for the event, and the event is not held more than once a year.

Currently, the Comptroller has three months (or six months upon request) before the date of a game to determine incremental increases in certain tax receipts tied to preparing for and presenting a game and related activities during a two week time period. For Major Events Trust Fund events, the bill modifies the required time frame in which the Comptroller must make this determination; increases (from two weeks to one year) the time period to attribute incremental tax receipts increases; and provides that this time period begins two months before the date of event. The bill deletes the provision specifying that the time period ends at the end of the day after the date on which the game is held. The bill requires that a request made by a local organizing committee or endorsing municipality or county of the Comptroller for incremental tax receipt increase determination be submitted to the Comptroller not earlier than one year and not later than three months before the date of the event. This determination would be based on

information submitted by the local organizing committee or endorsing municipality or county and would have to be made by the Comptroller not later than 30 days after receipt of the request and related information.

C.S.S.B. 1515 adds provisions that apply only to an event that the Comptroller determines will generate at least \$15 million in state and local tax revenue. The bill authorizes the Comptroller and one or more endorsing municipalities or counties to enter into an agreement to provide for one or more endorsing municipalities or counties to remit to the Comptroller a specified local contribution to be deposited into the Major Events Trust Fund prior to the event. The bill 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 provisions relating to the deposit of state revenue in relation to the amount of local revenue retained or remitted from any amounts appropriated by the Texas Legislature for this purpose. The bill requires the Comptroller to deposit these funds for the limited purpose of paying the costs of attracting and securing an eligible event. The bill authorizes the Comptroller to make disbursements from the trust fund in amounts that do not exceed the deposited amounts in accordance with the agreement to pay costs relating to attracting and securing the event. The bill authorizes an agreement to provide that, following the last day of an event, the funds eligible for disbursement may be held in the trust fund and made available to pay the cost of securing the event in future years.

C.S.S.B. 1515 prohibits the term of an agreement described above from exceeding 10 years and requires the agreement to terminate on the final termination date provided in the agreement or during any 18-month period covered by the agreement if the event covered by the agreement is not held. On termination of an agreement, the bill provides that the total amount of the state's initial contribution under the agreement must be repaid to the state from funds disbursed for an event support contract or from any other source specified in the agreement. The bill requires an agreement to 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 Texas after a disbursement has been made.

Events Trust Fund

C.S.S.B 1515 renames the "Sporting Event Trust Fund" the "Events Trust Fund," removes the population requirement for a county or municipality to be an endorsing county or municipality, and authorizes the Comptroller to adopt rules to implement provisions related to this fund. The bill removes language that events and site selection organizations are only related to sports and correspondingly provides that a site selection organization is any entity that conducts or considers conducting an eligible event in Texas. An event would be eligible for the Events Trust Fund if: a site selection organization chooses a Texas site after a highly competitive process in which one or more out-of-state sites are considered; the chosen Texas site is the sole site for the event or is the sole site in a region composed of Texas and one more adjoining states; and the event is not held more than once a year in Texas or an adjoining state.

For the Events Trust Fund, the bill requires the Comptroller to base the determination of the amount of incremental increase in tax receipts attributable to an event on information submitted by a local organizing committee or endorsing county or municipality. For these determinations, the bill authorizes the Comptroller to consider whether the event has been held in this state on previous occasions and whether 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 municipality. The determination would have to be made within 30 days after the Comptroller receives the information.

Major Events Trust Fund and the Events Trust Fund

For the Major Events Trust Fund and the Events Trust Fund, event support contracts could include those executed by a local organizing committee. For both funds, the bill provides that the Comptroller must retain and deposit certain local tax revenues with the first distribution of that tax revenue that occurs within the appropriate specified time period or at a time determined to be practicable to the Comptroller. Within 90 days after the last day of an event, a municipality or county would be authorized to remit other specified local funds that equal the amount of local tax revenue determined to be incremental tax receipts tied to an event, to the Comptroller for

deposit in the Major Events Trust Fund or the Events Trust Fund, as appropriate. These other local funds would be deemed a part of the currently required portion of the local tax revenue drawn from incremental tax receipts tied to an event that must be deposited in the appropriate trust fund. The bill authorizes an endorsing municipality or county to collect and remit to the Comptroller surcharges and user fees attributable to an event for deposit into the appropriate fund. For both funds, the bill modifies the tax revenue portion that would have to be deposited to include surcharge and user fee revenue, provides that the amount cannot exceed the Comptroller determined incremental tax receipt increase, and provides that the calculation for the state tax portion is based on the local revenue retained or remitted. For either fund, if the Comptroller requests information after an event, then a local organizing committee or endorsing municipality or county must provide information related to the event, such as attendance figures, financial information, or other public information considered necessary by the Comptroller and held by the endorsing county or municipality, or local organizing committee.

Motor Sports Racing Trust Fund

For the Motor Sports Racing Trust Fund, the bill removes the one million population requirement for a county or municipality to be an endorsing county or municipality of a selected site for an event under this fund.

EFFECTIVE DATE

September 1, 2009

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.S.B 1515 differs from the original by specifying that a local organizing committee can enter into a joinder agreement or joinder undertaking. In addition, an event support contract tied to the Major Events Trust Fund or Events Trust Fund could be executed by a local organizing committee. For the Major Events Trust Fund and Events Trust Fund, the substitute clarifies that the “other information” that a local organizing committee, endorsing municipality, or endorsing county must provide at the Comptroller’s request after an event, is public information held by a local organizing committee, endorsing municipality, or endorsing county. The substitute removes the minimum population requirement to be an endorsing county or municipality for the Motor Sports Racing Trust Fund. For the Major Events Trust Fund, the substitute adds the Breeders’ Cup World Championship to the list of eligible events and adds the relating organization as a site selection organization. For the Events Trust Fund, the substitute modifies the eligibility criteria for an event to provide that a site selected by a site selection organization can be the sole site for the event in a region composed of Texas and one or more adjoining states and that the event must not be held more than one time each year in Texas or an adjoining state.