

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 5, 2009

TO: Honorable Mark Strama, Chair, House Committee on Technology, Economic Development & Workforce

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB398 by Ortiz, Jr. (Relating to special event trust funds used to promote major athletic, motor sports racing, and other special events in this state.), **As Introduced**

The fiscal impact to the state relating to the bill would depend upon the number and location of events covered under the bill. However, no significant fiscal implication to the State is anticipated.

The bill would amend the Local Government Code by adding Chapter 521 that would establish General Provisions for implementation of Chapters 522 through 524, Local Government Code and would establish as a "Special Event" a game or event as defined by Section 522.001, 523.001, or 524.001. The bill would transfer certain sections of Article 5190.14, Vernon's Texas Civil Statutes (V.T.C.S.) to the chapter.

The bill would create Chapter 522 as the authority for creation of a Major Sporting Events Trust Fund and would transfer Section 5A, Article 5190.14, Vernon's Texas Civil Statutes (Other Events Trust Fund) to the chapter. In addition to games currently included under Section 5A, Article 5190, V.T.C.S., the bill would add the Pan American Games and the Olympic Games.

The Comptroller would be required to determine the incremental increase in revenue from specified state and local taxes not later than six months before the date of the game, or nine months upon request. In addition, the bill would require the Comptroller's determination to be based on related attendees expenditures for the one-year period that begins on the first day of the sixth calendar month before the calendar month in which the game will be held. The Comptroller would be required to begin retaining and depositing local tax revenues with the first distribution of that tax revenue that occurs after the first day of the one-year period.

The bill would create Chapter 523, Local Government Code as the authority for the Motor Sports Racing Trust Fund and would transfer Section 5B, Article 5190.14, Vernon's Texas Civil Statutes to the chapter, and would remove current population requirements.

The bill would create Chapter 524, Local Government Code as the authority for the Special Events Trust Fund and would transfer Section 5C, Article 5190.14, Vernon's Texas Civil Statutes (Sporting Events Trust Fund) to the chapter. In addition, the bill would add to the definition of "Event" a special event that undergoes a nationwide site selection search and that benefits the state's economy. The bill would authorize the Comptroller to provide an estimate of the incremental tax revenue from hosting the event at any time during the three months before the date of the event if the Comptroller determines circumstances require doing so.

The bill would allow an endorsing municipality or an endorsing county to remit other local funds to the Comptroller for deposit in each of the three trust funds in an amount not to exceed the calculated local match. The bill would take effect September 1, 2009.

Under current law, the state authorizes the creation of four types of event trust funds to promote athletic and special events in Texas: the Other Event Trust Fund; the Motor Sports Racing Trust Fund; the Sporting Event Trust Fund; and the Special Event Trust Fund. The bill would transfer the authority for the first three to Chapters 522, 523, and 524 respectively. The Special Event Trust Fund (Chapter 398 of the Local Government Code under current law) would be repealed, but the bill would authorize special events, which are non-sporting events, to be included under Chapter 524.

The bill would require the Comptroller to lengthen to one year from two weeks the period during which the Comptroller would need to determine the incremental increase in tax revenue from hosting the event. This change would require the Comptroller's determination to include tax revenue resulting from indirect expenditures as well as direct expenditures from the event.

The bill would add "special events" to those events currently authorized under the Sporting Event Trust Fund. Under current law (Chapter 398 of the Local Government Code), revenue deposited in a Special Event Trust Fund is based solely on state sales tax revenue with no local match and is capped at the lesser of one-half of total event expenses or one-half of the anticipated state sales tax receipts. This bill would allow the creation of trust funds for special events that would be funded with revenue from several state taxes (sales, motor vehicle rental, hotel occupancy, and alcoholic beverage taxes) and local taxes (sales, hotel occupancy, and mixed beverage taxes) associated with hosting the event.

The provisions of the bill allowing an endorsing municipality or endorsing county to remit other local funds to the Comptroller for deposit into the trust funds would have no fiscal implications for the state or local governments since the other local funds would offset local tax revenue required for the local match.

Local Government Impact

The bill would allow an endorsing municipality or county, and a site selection organization to enter into a joint agreement in connection with the selection of a site for a special event. The fiscal impact to a local entity would vary depending on a local entity being selected by a site selection organization to host a special event.

Source Agencies: 304 Comptroller of Public Accounts

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