

BILL ANALYSIS

Senate Research Center
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S.B. 765
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Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 765 seeks to create more transparency and accountability for the Major Events Trust Fund (METF) and the administration of it. The bill:

- specifies that events not specifically listed for METF funding are ineligible for the program;
- clarifies that improvements "necessary for the event" are eligible for METF incentives;
- states that only those obligations "strictly necessary for the conduct of the event" are eligible to be covered by METF disbursements and that permanent structural improvements and fixtures "expected to derive most of its value in subsequent uses of the site for future events" are eligible for no more than five percent of the cost of that improvement or fixture;
- creates an event oversight committee consisting of a representative of the comptroller of public accounts of the State of Texas (comptroller), the state auditor, and the local governmental agency applying for the event—the local official should have "significant experience in auditing procedures or fiscal matters relevant to the event";
- gives the event oversight committee (rather than just the comptroller) the responsibility of receiving and reviewing data about the event and determining the incentives that an event is eligible for;
- states that the comptroller cannot take action on providing incentives unless the event oversight committee unanimously agrees on the projected economic impact of an event and until all of the requirements in the code are fulfilled; and
- requires a more comprehensive review of the economic impact of an event 18 months after its completion, and requires that the review and the documentation used to create it be posted on the comptroller's website.

As proposed, S.B. 765 amends current law relating to the establishment and duties of an event oversight committee for an event eligible to receive funding through a major events trust fund and limits payments from the fund to reimbursement for attracting unique events to Texas.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 5A(a), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), by adding Subdivision (6), to define "event oversight committee."

SECTION 2. 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-1), (b), (b-1), (c), (h), (i), (j), (k), (m), (p), (r), and (w) and adding Subsections (a-2) and (x), as follows:

(a-1) Provides that an event not listed in Subsection (a)(4) (defining "event") of this section is ineligible for funding under this section, rather than providing that an event

included in Subsection (a)(4) of this section is eligible for funding under this section. Authorizes a listed event to receive funding under this section only if:

(1) a site selection organization listed in Subsection (a)(5) (defining site selection organization) of this section 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;

(2) a site selection organization listed in Subsection (a)(5) of this section selects a site in this state as the sole site for the event; and

(3) Makes no change to this subdivision.

(a-2) Requires the comptroller of public accounts of the State of Texas (comptroller), if a site selection organization selects a site for an event in this state and a request is submitted in accordance with Subsection (p) of this section, to establish for that event an event oversight committee composed of the comptroller, the state auditor, and for each endorsing county and endorsing municipality for the event, one representative who has significant experience in auditing procedures or fiscal matters relevant to the event.

(b) Requires the event oversight committee, rather than the comptroller, if a site selection organization selects a site for an event in this state pursuant to an application by a certain entity, upon request of a certain entity, to determine 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:

(1) the incremental increase in the receipts to the state from taxes imposed under Chapters 151 (Limited Sales, Excise, and Use Tax), 152 (Taxes on Sale, Rental, and Use of Motor Vehicles), 156 (Hotel Occupancy Tax), and 183 (Mixed Beverage Tax), Tax Code, and under Title 5 (Taxation), Alcoholic Beverage Code, within the market areas designated under Subsection (c) (relating to the designation of a market area) of this section, that is directly attributable, as determined by the event oversight committee, rather than the comptroller, to the preparation for and presentation of the event and related activities;

(2) the incremental increase 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 under Section 321.101(a) (relating to the authority of a municipality to adopt or repeal by election a certain sales and use tax authorized by this chapter), Tax Code, and the mixed beverage tax revenue to be received by each endorsing municipality under Section 183.051(b) (relating to the issuance of certain warrants), Tax Code, that is directly attributable, as determined by the event oversight committee, rather than the comptroller, to the preparation for and presentation of the event and related activities;

(3) the incremental increase 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 under Section 323.101(a), Tax Code, and the mixed beverage tax revenue to be received by each endorsing county under Section 183.051(b), Tax Code, that is directly attributable, as determined by the event oversight committee, rather than the comptroller, to the preparation for and presentation of the event and related activities;

(4) the incremental increase in the receipts collected by each endorsing municipality in the market area from the hotel occupancy tax imposed under Chapter 351 (Municipal Hotel Occupancy Taxes), Tax Code, that is directly attributable, as determined by the event oversight committee, rather than the comptroller, to the preparation for and presentation of the event and related activities; and

(5) the incremental increase in the receipts collected by each endorsing county in the market area from the hotel occupancy tax imposed under Chapter 352 (County Hotel Occupancy Taxes), Tax Code, that is directly attributable, as determined by the event oversight committee, rather than the comptroller, to the preparation for and presentation of the event and related activities.

(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 event oversight committee, rather than the comptroller, not earlier than one year and not later than three months before the date the event begins. Requires the event oversight committee, rather than 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 to make the determination not later than the 30th day after the date the event oversight committee, rather than the comptroller, receives the request and related information.

(c) Requires the event oversight committee, rather than the comptroller, for the purposes of Subsection (b)(1) of this section, to designate as a market area for the event each area in which the event oversight committee, rather than the comptroller, determines there is a reasonable likelihood of measurable economic impact directly attributable to the preparation for and 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 event oversight committee, rather than the comptroller. Requires the event oversight committee, rather than the comptroller, to determine the geographic boundaries of each market area.

(h) Authorizes the obligations of the state or an endorsing municipality or endorsing county to a site selection organization under a game support contract or event support contract, subject to Subsection (k) of this section, to include the payment of costs relating to the preparations necessary for the conduct of the event and the payment of costs of conducting the event, including necessary improvements or renovations to existing facilities or other facilities and costs of acquisition or construction of new facilities or other facilities necessary for the event, rather than authorizing the obligations of the state or an endorsing municipality or endorsing county to a site selection organization under a game support contract or event support contract to include the payment of costs relating to the preparations necessary or desirable for the conduct of the event and the payment of costs of conducting the event, including improvements or renovations to existing facilities or other facilities and costs of acquisition or construction of new facilities or other facilities for the event.

(i) Requires a certain entity to provide information required by the comptroller or event oversight committee, rather than the comptroller, to enable the comptroller and event oversight committee to fulfill duties imposed under this section, rather than the comptroller's duties under this section. Requires a certain entity to provide an annual audited financial statement required by the comptroller or event oversight committee, if any, not later than the end of the fourth month after the date the period covered by the financial statement ends. Requires a certain entity, after the conclusion of an event and on the request of the comptroller or another member of the event oversight committee, rather than the comptroller's request, to provide certain information relating to the event that the comptroller or other member of the event oversight committee considers necessary. Makes conforming changes.

(j) Requires the event oversight committee, rather than the comptroller, not later than the 30th day after the date a request of a certain entity is submitted to the event oversight committee 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 (METF) 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 certain entity. Authorizes a certain entity to submit the event oversight committee's estimate, rather than the comptroller's estimate, to a site selection organization. Makes a conforming change.

(k) Authorizes the comptroller to make a disbursement from the METF on the prior approval of each contributing endorsing municipality or endorsing county for a purpose for which a local organizing committee, an endorsing municipality, or an endorsing county or the state is obligated under a game support contract or event support contract, provided that the purpose for which the obligation was incurred is strictly necessary for the conduct of the event. Provides that if an obligation is incurred under a game support contract or event support contract to make a structural improvement to the site or to add a fixture to the site for purposes of an event and that improvement or fixture is expected to derive most of its value in subsequent uses of the site for future events, a disbursement from the trust fund made for purposes of that obligation is limited to five percent of the cost of the improvement or fixture, and the remainder of the obligation is not eligible for a disbursement from the trust fund.

(m) Requires the comptroller, on payment of all state, municipal, or county obligations under a game support contract or event support contract related to the location of any particular event in the state, to remit to each endorsing entity, in proportion to the amount contributed by the entity, the lesser of the amount the endorsing entity certifies to the comptroller that the endorsing entity expended on the event or the remainder of the money in the trust fund, rather than any money remaining in the trust fund.

(p) Prohibits the comptroller from undertaking any of the responsibilities or duties set forth in this section unless:

(1) Creates this subdivision from existing text and makes no further change;

(2) the event meets all the requirements for funding under this section, including Subsection (a-1) of this section;

(3) the event oversight committee members unanimously agree on the amounts of incremental increase in tax receipts determined under Subsection (b) of this section; and

(4) the request is accompanied by documentation from a site selection organization listed in Subsection (a)(5) of this section selecting the site for the event.

(r) Provides that this subsection applies only to an event that the event oversight committee, rather than 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 an agreement to provide that an amount equal to the amount of local tax revenue determined by the event oversight committee, rather than 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 to be deposited by the comptroller into the METF before the event.

(w) Requires the event oversight committee, rather than the comptroller, not later than 18 months after the last day of an event eligible for disbursements from the METF for costs associated with the event, using existing resources, to complete a study in the market area of the event on the measurable economic impact directly attributable to the preparation for and presentation of the event and related activities. Requires the comptroller to post on the comptroller's Internet website:

(1) the results of the study conducted under this subsection, including any source documentation or other information relied on by the event oversight committee for the study, rather than the results of the study conducted under Subdivision (1) (relating to a certain study on a certain measurable economic impact) of this subsection;

(2) the amount of incremental increase in tax receipts for the event determined under Subsection (b) of this section;

(3) the site selection organization documentation described in Subsection (p)(4) of this section; and

(4) any source documentation or information described under Subsection (i) of this section that was relied on by the event oversight committee in making the unanimous determination of the amount of incremental increase in tax receipts under Subsection (b) of this section.

(x) Provides that Subsection (w) of this section does not require disclosure of information that is confidential under Chapter 552 (Public Information), Government Code, or confidential or privileged under other law.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2013.