

BILL ANALYSIS

C.S.S.B. 1678
By: Deuell
Economic & Small Business Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Texas has a set of economic incentives programs that interested parties assert have brought capital investment and jobs into the state at a low cost to the taxpayers. The parties contend, however, that there are areas in which these programs could be improved through increased transparency and additional reporting to state leaders, which would result in policy decisions being made with more information. In addition, these parties say that some programs need to be more closely monitored to ensure the programs are fulfilling their original purpose. C.S.S.B. 1678 seeks to make economic incentive programs relating to events more effective and to improve on the general administration of the programs.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the comptroller of public accounts in SECTIONS 1 and 2 of this bill.

ANALYSIS

C.S.S.B. 1678 amends Sections 5A and 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes) to prohibit the comptroller of public accounts, in considering whether to make a disbursement from either the major events trust fund or the events trust fund for certain municipalities and counties, from considering a contingency clause in an event support contract as relieving the obligation of a local organizing committee, endorsing municipality, or endorsing county to pay a cost under the contract. The bill establishes that the authorization to use either trust fund to pay costs relating to event preparations is subject to the disbursement limitation and specifies that the authorization is for necessary preparations, rather than necessary or desirable preparations.

C.S.S.B. 1678 specifies that the requirement for a local organizing committee, endorsing municipality, or endorsing county to provide information to the comptroller relating to attendance at an event eligible for disbursements from the major events trust fund or the events trust fund for certain municipalities and counties includes an estimate of the number of people expected to attend the event who are not residents of Texas.

C.S.S.B. 1678 requires the comptroller, after the conclusion of an event, to compare information on the actual attendance figures provided to the comptroller with the estimated attendance numbers used to determine the incremental increase in state and local tax receipts directly attributable to the event and authorizes the comptroller, if the actual attendance figures are significantly lower than the estimated attendance numbers, to reduce the amount of a disbursement for an endorsing entity under the major events trust fund or the events trust fund for certain municipalities and counties in proportion to the discrepancy between the actual and estimated attendance and in proportion to the amount contributed to the fund by the entity. The bill requires the comptroller by rule to define "significantly lower" for this purpose and to provide the manner in which a disbursement may be proportionately reduced. The bill provides that these requirements do not affect the authorized remittance of any money remaining in the

major events trust fund or the events trust fund for certain municipalities and counties.

C.S.S.B. 1678 adds to the requirements for funding from the major events trust fund that the amount of the incremental increase in state and local tax receipts determined by the comptroller as directly attributable to the event equals or exceeds \$1 million. The bill, as a component of that requirement, requires the incremental increase in tax receipts, for an event scheduled to be held each year for a period of years under an event contract or event support contract, to be calculated as if the event did not occur in the prior year. The bill adds, as an alternative to the requirement that a site selection organization has selected a site in Texas as the sole site for the event, that a site selection organization has selected a site in Texas as the sole site for the event in a region composed of Texas and one or more adjoining states. The bill establishes that the requirement for a site selection organization to select a site located in Texas for the event after considering one or more sites that are not located in Texas is for an event to be held one time or, for an event scheduled to be held each year for a period of years under an event contract, or an events support contract, one time each year for the period of years.

C.S.S.B. 1678 requires a request for a determination of the amount of incremental increase in state and local tax receipts determined by the comptroller to be directly attributable to an event eligible for disbursements from the major events trust fund to be submitted to the comptroller not later than 45 days, rather than three months, before the date the event begins. The bill prohibits the comptroller from undertaking any of the responsibilities or duties relating to the major events trust fund unless, in addition to other requirements, the event meets all the requirements for funding, including the requirement that the event will generate an incremental increase in state and local tax receipts in an amount that equals or exceeds \$1 million. The bill changes the deadline by which the comptroller is required to complete an economic impact study of an event from not later than 18 months after the last day of the event to not later than 10 months after the last day of the event. The bill expands the required content of the posted results of the study to include specified information relating to the comptroller's determination of the amount of the incremental increase in state and local tax receipts directly attributable to the event. The bill establishes that these provisions do not require the disclosure of information that is confidential under the state's public information law or that is confidential or privileged under other law. The bill repeals provisions applicable only to an event that the comptroller determines will generate at least \$15 million in state and local tax revenue.

C.S.S.B. 1678 revises the eligibility requirements for an event to receive funding from the events trust fund for certain municipalities and counties by establishing that the requirement for a site selection organization to select a site located in Texas for the event after considering one or more sites that are not located in Texas is for an event to be held one time or, for an event scheduled to be held each year for a period of years under an event contract, or an events support contract, one time each year for the period of years. The bill limits the number of requests for funding from the events trust fund for certain municipalities and counties that may be submitted by an endorsing county or endorsing municipality during any 12-month period for an event for which the comptroller determines that the total amount of the incremental increase in specified tax receipts is less than \$200,000 to, during any 12-month period, not more than 10 events, only three of which may be nonsporting events. The bill, in provisions authorizing the comptroller to make a disbursement from the events trust fund for certain municipalities and counties for a purpose related to an obligation under an event support contract, includes an obligation to pay costs incurred in the conduct of the event and costs incurred in making preparations necessary for the event. The bill prohibits a disbursement from the fund that the comptroller determines would be used for the purpose of constructing an arena, stadium, or convention center or conducting usual and customary maintenance of a facility. The bill authorizes the comptroller to adopt a model event support contract and to make the contract available on the comptroller's Internet website and authorizes the comptroller to adopt rules necessary to implement provisions relating to the events trust fund for certain municipalities and counties.

C.S.S.B. 1678, in temporary provisions set to expire September 1, 2015, requires the comptroller

to conduct a study to determine the economic impact of the events that qualify for funding through an events trust fund and whether the events would likely be held in Texas in the absence of the incentives provided through the fund. The bill requires the comptroller to prepare a report of the findings from the study and, not later than January 1, 2015, to electronically file a copy of the report with the lieutenant governor, the speaker of the house of representatives, and the presiding officer of each standing committee of the senate and house of representatives having primary jurisdiction over fiscal matters or matters related to tourism or recreation.

C.S.S.B. 1678 repeals Subsections (r), (s), (t), and (u), Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes).

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.S.B. 1678 may differ from the engrossed version in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED

SECTION 1. Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended by amending Subsections (a-1), (b-1), (h), (i), (k), (p), and (w) and adding Subsections (x) and (y) to read as follows:

(a-1) An event not listed [~~included~~] in Subsection (a)(4) of this section is ineligible [~~eligible~~] for funding under this section. A listed event may receive funding under this section only if:

(1) a site selection organization selects a site located in this state for the event to be held one time or, for an event scheduled to be held each year for a period of years under an event contract, one time each year for the period of years, after considering, through a highly competitive selection process, one or more sites that are not located in this state;

(2) a site selection organization selects a site in this state as:

(A) the sole site for the event; or
(B) the sole site for the event in a region composed of this state and one or more adjoining states; [~~and~~]

(3) the event is held not more than one time in any year; and

(4) the amount of the incremental increase in tax receipts determined by the

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended by amending Subsections (a-1), (b-1), (h), (i), (k), (p), and (w) and adding Subsections (x) and (y) to read as follows:

(a-1) An event not listed [~~included~~] in Subsection (a)(4) of this section is ineligible [~~eligible~~] for funding under this section. A listed event may receive funding under this section only if:

(1) a site selection organization selects a site located in this state for the event to be held one time or, for an event scheduled to be held each year for a period of years under an event contract, ~~or an events support contract,~~ one time each year for the period of years, after considering, through a highly competitive selection process, one or more sites that are not located in this state;

(2) a site selection organization selects a site in this state as:

(A) the sole site for the event; or
(B) the sole site for the event in a region composed of this state and one or more adjoining states; [~~and~~]

(3) the event is held not more than one time in any year; or

(4) the amount of the incremental increase in tax receipts determined by the

comptroller under Subsection (b) of this section equals or exceeds \$1 million.

(b-1) A request for a determination of the amount of incremental increase in tax receipts specified by Subsection (b) of this section must be submitted to the comptroller not earlier than one year and not later than 45 days [~~three months~~] before the date the event begins. The comptroller shall base the determination specified by Subsection (b) of this section on information submitted by the local organizing committee, endorsing municipality, or endorsing county, and must make the determination not later than the 30th day after the date the comptroller receives the request and related information.

(h) The funds in the Major Events trust fund may be used to pay the principal of and interest on notes issued by an endorsing municipality or endorsing county under Subsection (g) of this section and to fulfill 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, the [~~which~~] obligations may 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.

(i) A local organizing committee, endorsing municipality, or endorsing county shall provide information required by the comptroller to enable the comptroller to fulfill the comptroller's duties under this section, including annual audited statements of any financial records required by a site selection organization and data obtained by the local organizing committee, an endorsing municipality, or an endorsing county relating to attendance at the event, including an estimate of the number of people expected to attend the event who are not residents of this state, and to the economic impact of the event. A local

comptroller under Subsection (b) of this section equals or exceeds \$1 million. For an event scheduled to be held each year for a period of years under an event contract or event support contract, the incremental increase in tax receipts shall be calculated as if the event did not occur in the prior year.

(b-1) A request for a determination of the amount of incremental increase in tax receipts specified by Subsection (b) of this section must be submitted to the comptroller not earlier than one year and not later than 45 days [~~three months~~] before the date the event begins. The comptroller shall base the determination specified by Subsection (b) of this section on information submitted by the local organizing committee, endorsing municipality, or endorsing county, and must make the determination not later than the 30th day after the date the comptroller receives the request and related information.

(h) The funds in the Major Events trust fund may be used to pay the principal of and interest on notes issued by an endorsing municipality or endorsing county under Subsection (g) of this section and to fulfill 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, the [~~which~~] obligations may 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.

(i) A local organizing committee, endorsing municipality, or endorsing county shall provide information required by the comptroller to enable the comptroller to fulfill the comptroller's duties under this section, including annual audited statements of any financial records required by a site selection organization and data obtained by the local organizing committee, an endorsing municipality, or an endorsing county relating to attendance at the event, including an estimate of the number of people expected to attend the event who are not residents of this state, and to the economic impact of the event. A local

organizing committee, endorsing municipality, or endorsing county must provide an annual audited financial statement required by the comptroller, if any, not later than the end of the fourth month after the date the period covered by the financial statement ends. After the conclusion of an event and on the comptroller's request, a local organizing committee, endorsing municipality, or endorsing county must provide information relating to the event, such as attendance figures, including an estimate of the number of attendees at the event who are not residents of this state, financial information, or other public information held by the local organizing committee, endorsing municipality, or endorsing county that the comptroller considers necessary.

(k) The comptroller may make a disbursement from the Major Events trust fund 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. If an obligation is incurred under a games 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.

In considering whether to make a disbursement from the trust fund, the comptroller may not consider a contingency clause in an event support contract as relieving a local organizing committee's, endorsing municipality's, or endorsing county's obligation to pay a cost under the contract. A disbursement may not be made from the trust fund that the comptroller determines would be used for the purpose of soliciting the relocation of a professional sports franchise located in this state.

(p) The comptroller may not undertake any of the responsibilities or duties set forth in

organizing committee, endorsing municipality, or endorsing county must provide an annual audited financial statement required by the comptroller, if any, not later than the end of the fourth month after the date the period covered by the financial statement ends. After the conclusion of an event and on the comptroller's request, a local organizing committee, endorsing municipality, or endorsing county must provide information relating to the event, such as attendance figures, including an estimate of the number of attendees at the event who are not residents of this state, financial information, or other public information held by the local organizing committee, endorsing municipality, or endorsing county that the comptroller considers necessary.

(k) The comptroller may make a disbursement from the Major Events trust fund 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.

In considering whether to make a disbursement from the trust fund, the comptroller may not consider a contingency clause in an event support contract as relieving a local organizing committee's, endorsing municipality's, or endorsing county's obligation to pay a cost under the contract. A disbursement may not be made from the trust fund that the comptroller determines would be used for the purpose of soliciting the relocation of a professional sports franchise located in this state.

(p) The comptroller may not undertake any of the responsibilities or duties set forth in

this section unless:

(1) a request is submitted by the municipality or the county in which the event will be located;

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

(3) the request is~~[- The request must be]~~ accompanied by documentation from a site selection organization selecting the site for the event.

(w) Not later than 10 ~~[18]~~ months after the last day of an event eligible for disbursements from the Major Events trust fund for costs associated with the event, the comptroller using existing resources shall~~[-~~ ~~(1)~~ 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. The comptroller shall~~[- and~~

~~(2)~~ 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 comptroller for the study;

(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)(3) of this section;

(4) any source documentation or information described under Subsection (i) of this section that was relied on by the comptroller in making the determination of the amount of incremental increase in tax receipts under Subsection (b) of this section; and

(5) documentation verifying that:

(A) a request submitted by a local organizing committee, endorsing municipality, or endorsing county under Subsection (p) of this section is complete and certified as such by the comptroller;

(B) the determination on the amount of incremental increases in tax receipts under Subsection (b) of this section considered the information submitted by a local organizing committee, endorsing municipality, or endorsing county as required under Subsection (b-1) of this section; and

(C) each deadline established under this

this section unless:

(1) a request is submitted by the municipality or the county in which the event will be located;

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

(3) the request is~~[- The request must be]~~ accompanied by documentation from a site selection organization selecting the site for the event.

(w) Not later than 10 ~~[18]~~ months after the last day of an event eligible for disbursements from the Major Events trust fund for costs associated with the event, the comptroller using existing resources shall~~[-~~ ~~(1)~~ 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. The comptroller shall~~[- and~~

~~(2)~~ 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 comptroller for the study;

(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)(3) of this section;

(4) any source documentation or information described under Subsection (i) of this section that was relied on by the comptroller in making the determination of the amount of incremental increase in tax receipts under Subsection (b) of this section; and

(5) documentation verifying that:

(A) a request submitted by a local organizing committee, endorsing municipality, or endorsing county under Subsection (p) of this section is complete and certified as such by the comptroller;

(B) the determination on the amount of incremental increases in tax receipts under Subsection (b) of this section considered the information submitted by a local organizing committee, endorsing municipality, or endorsing county as required under Subsection (b-1) of this section; and

(C) each deadline established under this

section was timely met [~~Subdivision (1) of this subsection~~].

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

(y) After the conclusion of an event, the comptroller shall compare information on the actual attendance figures provided to the comptroller under Subsection (i) of this section with the estimated attendance numbers used to determine the incremental increase in tax receipts under Subsection (b) of this section. If the actual attendance figures are significantly lower than the estimated attendance numbers, the comptroller may reduce the amount of a disbursement for an endorsing entity under the Major Events trust fund in proportion to the discrepancy between the actual and estimated attendance and in proportion to the amount contributed to the fund by the entity. The comptroller by rule shall define "significantly lower" for purposes of this subsection and provide the manner in which a disbursement may be proportionately reduced. This subsection does not affect the remittance of any money remaining in the fund in accordance with Subsection (m) of this section.

SECTION 2. Section 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended by adding Subsections (b-1), (b-2), (k-1), (r), (s), and (t) and amending Subsections (h), (i), and (k) to read as follows:

(b-1) An endorsing county or endorsing municipality may, during any 12-month period, request funding under this section for not more than 10 events, only three of

section was timely met [~~Subdivision (1) of this subsection~~].

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

(y) After the conclusion of an event, the comptroller shall compare information on the actual attendance figures provided to the comptroller under Subsection (i) of this section with the estimated attendance numbers used to determine the incremental increase in tax receipts under Subsection (b) of this section. If the actual attendance figures are significantly lower than the estimated attendance numbers, the comptroller may reduce the amount of a disbursement for an endorsing entity under the Major Events trust fund in proportion to the discrepancy between the actual and estimated attendance and in proportion to the amount contributed to the fund by the entity. The comptroller by rule shall define "significantly lower" for purposes of this subsection and provide the manner in which a disbursement may be proportionately reduced. This subsection does not affect the remittance of any money remaining in the fund in accordance with Subsection (m) of this section.

SECTION 2. Section 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended by adding Subsections (a-1), (b-1), (k-1), (r), (s), and (t) and amending Subsections (h), (i), and (k) to read as follows:

(a-1) An event is eligible for funding under this section only if:

(1) a site selection organization selects a site for the event located in this state to be held one time or, for an event scheduled to be held each year for a period of years under an event contract, or an events support contract, one time each year for the period of years, after considering, through a highly competitive selection process, one or more sites that are not located in this state;

(b-1) The number of requests for funding under this section that may be submitted by an endorsing county or endorsing municipality during any 12-month period

which may be nonsporting events.

(b-2) An endorsing county may not submit a request for funding under this section for an event held at a location wholly within the corporate boundaries of a municipality.

(h) The money in the Events trust fund may be used to pay the principal of and interest on notes issued by an endorsing municipality or endorsing county under Subsection (g) of this section and to fulfill obligations of this state or an endorsing municipality or endorsing county to a site selection organization under an event support contract. Subject to Subsection (k) of this section, the~~[-which]~~ obligations may 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.

(i) A local organizing committee, endorsing municipality, or endorsing county shall provide information required by the comptroller to enable the comptroller to fulfill the comptroller's duties under this section, including annual audited statements of any financial records required by a site selection organization and data obtained by the local organizing committee, an endorsing municipality, or an endorsing county relating to attendance at the event, including an estimate of the number of people expected to attend the event who are not residents of this state, and to the economic impact of the event. A local organizing committee, endorsing municipality, or endorsing county must provide an annual audited financial statement required by the comptroller, if any, not later than the end of the fourth month after the date the period covered by the financial statement ends. After the conclusion of an event and on the comptroller's request, a local organizing committee, endorsing municipality, or endorsing county must provide information

for an event for which the comptroller determines that the total amount of the incremental increase in tax receipts under Subsection (b) of this section is less than \$200,000 is limited to, during any 12-month period, not more than 10 events, only three of which may be nonsporting events.

(h) The money in the Events trust fund may be used to pay the principal of and interest on notes issued by an endorsing municipality or endorsing county under Subsection (g) of this section and to fulfill obligations of this state or an endorsing municipality or endorsing county to a site selection organization under an event support contract. Subject to Subsection (k) of this section, the~~[-which]~~ obligations may 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.

(i) A local organizing committee, endorsing municipality, or endorsing county shall provide information required by the comptroller to enable the comptroller to fulfill the comptroller's duties under this section, including annual audited statements of any financial records required by a site selection organization and data obtained by the local organizing committee, an endorsing municipality, or an endorsing county relating to attendance at the event, including an estimate of the number of people expected to attend the event who are not residents of this state, and to the economic impact of the event. A local organizing committee, endorsing municipality, or endorsing county must provide an annual audited financial statement required by the comptroller, if any, not later than the end of the fourth month after the date the period covered by the financial statement ends. After the conclusion of an event and on the comptroller's request, a local organizing committee, endorsing municipality, or endorsing county must provide information

relating to the event, such as attendance figures, including an estimate of the number of people who are not residents of this state who attended the event, financial information, or other public information held by the local organizing committee, endorsing municipality, or endorsing county that the comptroller considers necessary.

(k) The comptroller may make a disbursement from the Events trust fund 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 this state is obligated under an event support contract, including an obligation to pay costs incurred in the conduct of the event and costs incurred in making preparations necessary for the event.

If an obligation is incurred under an 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.

In considering whether to make a disbursement from the trust fund, the comptroller may not consider a contingency clause in an event support contract as relieving a local organizing committee's, endorsing municipality's, or endorsing county's obligation to pay a cost under the contract.

(k-1) A disbursement may not be made from the trust fund that the comptroller determines would be used for the purpose of:

- (1) soliciting the relocation of a professional sports franchise located in this state;
- (2) constructing an arena, stadium, or convention center;
- (3) conducting usual and customary maintenance of a facility; or
- (4) making major renovations to a facility.

(r) The comptroller may adopt a model event support contract and make the contract available on the comptroller's Internet website.

(s) The comptroller may adopt rules

relating to the event, such as attendance figures, including an estimate of the number of people who are not residents of this state who attended the event, financial information, or other public information held by the local organizing committee, endorsing municipality, or endorsing county that the comptroller considers necessary.

(k) The comptroller may make a disbursement from the Events trust fund 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 this state is obligated under an event support contract, including an obligation to pay costs incurred in the conduct of the event and costs incurred in making preparations necessary for the event.

In considering whether to make a disbursement from the trust fund, the comptroller may not consider a contingency clause in an event support contract as relieving a local organizing committee's, endorsing municipality's, or endorsing county's obligation to pay a cost under the contract.

(k-1) A disbursement may not be made from the trust fund that the comptroller determines would be used for the purpose of:

- (1) soliciting the relocation of a professional sports franchise located in this state;
- (2) constructing an arena, stadium, or convention center; or
- (3) conducting usual and customary maintenance of a facility.

(r) The comptroller may adopt a model event support contract and make the contract available on the comptroller's Internet website.

(s) The comptroller may adopt rules

necessary to implement this section.

(t) After the conclusion of an event, the comptroller shall compare information on the actual attendance figures provided to the comptroller under Subsection (i) of this section with the estimated attendance numbers used to determine the incremental increase in tax receipts under Subsection (b) of this section. If the actual attendance figures are significantly lower than the estimated attendance numbers, the comptroller may reduce the amount of a disbursement for an endorsing entity under the Events trust fund in proportion to the discrepancy between the actual and estimated attendance and in proportion to the amount contributed to the fund by the entity. The comptroller by rule shall define "significantly lower" for purposes of this subsection and provide the manner in which a disbursement may be proportionately reduced. This subsection does not affect the remittance of any money remaining in the fund in accordance with Subsection (m) of this section.

SECTION 3. Subsections (r), (s), (t), and (u), Section 5A, Chapter 1507 (Senate Bill No. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), are repealed.

SECTION 4.

(a) The state auditor shall conduct an audit to determine the efficiency and effectiveness of funding events through an events trust fund authorized under Section 5, 5A, 5B, or 5C, Chapter 1507 (Senate Bill No. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes).

(b) The audit, at a minimum, must determine whether money from an events trust fund is efficiently and effectively:

(1) disbursed in compliance with Section 5, 5A, 5B, or 5C, Chapter 1507 (Senate Bill No. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), as applicable, the Government Code, and other

necessary to implement this section.

(t) After the conclusion of an event, the comptroller shall compare information on the actual attendance figures provided to the comptroller under Subsection (i) of this section with the estimated attendance numbers used to determine the incremental increase in tax receipts under Subsection (b) of this section. If the actual attendance figures are significantly lower than the estimated attendance numbers, the comptroller may reduce the amount of a disbursement for an endorsing entity under the Events trust fund in proportion to the discrepancy between the actual and estimated attendance and in proportion to the amount contributed to the fund by the entity. The comptroller by rule shall define "significantly lower" for purposes of this subsection and provide the manner in which a disbursement may be proportionately reduced. This subsection does not affect the remittance of any money remaining in the fund in accordance with Subsection (m) of this section.

SECTION 3. Same as engrossed version.

SECTION 4.

No equivalent provision.

No equivalent provision.

relevant laws or standards;

(2) monitored so that the event and the persons and entities that receive money from the fund comply with the terms of applicable agreements and with the applicable sections of Chapter 1507 (Senate Bill No. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), the Government Code, and other relevant laws or standards; and

(3) maintained to provide adequate financial control systems and to ensure accountability for use of the money.

(c) The state auditor shall prepare a report of the audit conducted under Subsection (a) of this section. Not later than January 1, 2015, the state auditor shall electronically file a copy of the report with the lieutenant governor, the speaker of the house of representatives, and the presiding officer of each standing committee of the senate and house of representatives having primary jurisdiction over fiscal matters or matters related to tourism or recreation. The report must include details on:

(1) the process for approving the disbursement of money through an events trust fund; and

(2) the degree to which past and present recipients of money from a fund have complied with the terms of event agreements and with the applicable sections of Chapter 1507 (Senate Bill No. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), the Government Code, and other relevant laws or standards.

(d) The comptroller of public accounts shall conduct a study to determine:

(1) the economic impact of the events that qualify for funding through an events trust fund; and

(2) whether the events would likely be held in this state in the absence of the incentives provided through the fund.

(e) The comptroller of public accounts shall prepare a report of the findings from the study conducted under Subsection (d) of this section. Not later than January 1, 2015, the comptroller shall electronically file a copy of the report with the lieutenant governor,

No equivalent provision.

(a) The comptroller of public accounts shall conduct a study to determine:

(1) the economic impact of the events that qualify for funding through an events trust fund; and

(2) whether the events would likely be held in this state in the absence of the incentives provided through the fund.

(b) The comptroller of public accounts shall prepare a report of the findings from the study conducted under Subsection (a) of this section. Not later than January 1, 2015, the comptroller shall electronically file a copy of the report with the lieutenant governor,

the speaker of the house of representatives, and the presiding officer of each standing committee of the senate and house of representatives having primary jurisdiction over fiscal matters or matters related to tourism or recreation.

(f) Notwithstanding any other law, the comptroller of public accounts shall reimburse the state auditor for the cost of the audit conducted by the state auditor under Subsection (a) of this section using any balances available in the 2014 state fiscal year from the events trust funds established under Section 5, 5A, 5B, or 5C, Chapter 1507 (Senate Bill No. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes). The comptroller shall pay the audit cost proportionally from the established funds based on the maximum balances in the funds during the 2014 state fiscal year.

(g) This section expires September 1, 2015.

SECTION 5. The changes in law made by this Act apply only to a request submitted to the comptroller of public accounts by an endorsing municipality or endorsing county under Section 5A or 5C, Chapter 1507 (Senate Bill No. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), on or after the effective date of this Act. A request submitted under Section 5A or 5C before that date is governed by the law in effect on the date the request is submitted, and that law is continued in effect for that purpose.

SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

the speaker of the house of representatives, and the presiding officer of each standing committee of the senate and house of representatives having primary jurisdiction over fiscal matters or matters related to tourism or recreation.

No equivalent provision.

(c) This section expires September 1, 2015.

SECTION 5. Same as engrossed version.

SECTION 6. Same as engrossed version.