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S.B. No. 1678

A BILL TO BE ENTITLED

AN ACT

relating to the events and expenses eligible for, reporting requirements concerning disbursements from, an audit by the state auditor of, and a study by the comptroller of the Major Events trust fund and the Events trust fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

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

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

5 (4) the amount of the incremental increase in tax
6 receipts determined by the comptroller under Subsection (b) of this
7 section equals or exceeds \$1 million.

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

18 (h) The funds in the Major Events trust fund may be used to
19 pay the principal of and interest on notes issued by an endorsing
20 municipality or endorsing county under Subsection (g) of this
21 section and to fulfill obligations of the state or an endorsing
22 municipality or endorsing county to a site selection organization
23 under a game support contract or event support contract. Subject to
24 Subsection (k) of this section, the [~~which~~] obligations may
25 include the payment of costs relating to the preparations necessary
26 [~~or desirable~~] for the conduct of the event and the payment of costs
27 of conducting the event, including improvements or renovations to

1 existing facilities or other facilities and costs of acquisition or
2 construction of new facilities or other facilities.

3 (i) A local organizing committee, endorsing municipality,
4 or endorsing county shall provide information required by the
5 comptroller to enable the comptroller to fulfill the comptroller's
6 duties under this section, including annual audited statements of
7 any financial records required by a site selection organization and
8 data obtained by the local organizing committee, an endorsing
9 municipality, or an endorsing county relating to attendance at the
10 event, including an estimate of the number of people expected to
11 attend the event who are not residents of this state, and to the
12 economic impact of the event. A local organizing committee,
13 endorsing municipality, or endorsing county must provide an annual
14 audited financial statement required by the comptroller, if any,
15 not later than the end of the fourth month after the date the period
16 covered by the financial statement ends. After the conclusion of an
17 event and on the comptroller's request, a local organizing
18 committee, endorsing municipality, or endorsing county must
19 provide information relating to the event, such as attendance
20 figures, including an estimate of the number of attendees at the
21 event who are not residents of this state, financial information,
22 or other public information held by the local organizing committee,
23 endorsing municipality, or endorsing county that the comptroller
24 considers necessary.

25 (k) The comptroller may make a disbursement from the Major
26 Events trust fund on the prior approval of each contributing
27 endorsing municipality or endorsing county for a purpose for which

1 a local organizing committee, an endorsing municipality, or an
2 endorsing county or the state is obligated under a game support
3 contract or event support contract. If an obligation is incurred
4 under a games support contract or event support contract to make a
5 structural improvement to the site or to add a fixture to the site
6 for purposes of an event and that improvement or fixture is expected
7 to derive most of its value in subsequent uses of the site for
8 future events, a disbursement from the trust fund made for purposes
9 of that obligation is limited to five percent of the cost of the
10 improvement or fixture and the remainder of the obligation is not
11 eligible for a disbursement from the trust fund. In considering
12 whether to make a disbursement from the trust fund, the comptroller
13 may not consider a contingency clause in an event support contract
14 as relieving a local organizing committee's, endorsing
15 municipality's, or endorsing county's obligation to pay a cost
16 under the contract. A disbursement may not be made from the trust
17 fund that the comptroller determines would be used for the purpose
18 of soliciting the relocation of a professional sports franchise
19 located in this state.

20 (p) The comptroller may not undertake any of the
21 responsibilities or duties set forth in this section unless:

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

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

26 (3) the request is [~~The request must be~~] accompanied
27 by documentation from a site selection organization selecting the

1 site for the event.

2 (w) Not later than 10 [~~18~~] months after the last day of an
3 event eligible for disbursements from the Major Events trust fund
4 for costs associated with the event, the comptroller using existing
5 resources shall[+]

6 [~~(1)~~] complete a study in the market area of the event
7 on the measurable economic impact directly attributable to the
8 preparation for and presentation of the event and related
9 activities. The comptroller shall[+ and

10 [~~(2)~~] post on the comptroller's Internet website:

11 (1) the results of the study conducted under this
12 subsection, including any source documentation or other
13 information relied on by the comptroller for the study;

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

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

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

23 (5) documentation verifying that:

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

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

6 (C) each deadline established under this section
7 was timely met [~~Subdivision (1) of this subsection~~].

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

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

27 SECTION 2. Section 5C, Chapter 1507 (S.B. 456), Acts of the

1 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's
2 Texas Civil Statutes), is amended by adding Subsections (b-1),
3 (b-2), (k-1), (r), (s), and (t) and amending Subsections (h), (i),
4 and (k) to read as follows:

5 (b-1) An endorsing county or endorsing municipality may,
6 during any 12-month period, request funding under this section for
7 not more than 10 events, only three of which may be nonsporting
8 events.

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

12 (h) The money in the Events trust fund may be used to pay the
13 principal of and interest on notes issued by an endorsing
14 municipality or endorsing county under Subsection (g) of this
15 section and to fulfill obligations of this state or an endorsing
16 municipality or endorsing county to a site selection organization
17 under an event support contract. Subject to Subsection (k) of this
18 section, the ~~, which~~ obligations may include the payment of costs
19 relating to the preparations necessary ~~[or desirable]~~ for the
20 conduct of the event and the payment of costs of conducting the
21 event, including improvements or renovations to existing
22 facilities or other facilities and costs of acquisition or
23 construction of new facilities or other facilities.

24 (i) A local organizing committee, endorsing municipality,
25 or endorsing county shall provide information required by the
26 comptroller to enable the comptroller to fulfill the comptroller's
27 duties under this section, including annual audited statements of

1 any financial records required by a site selection organization and
2 data obtained by the local organizing committee, an endorsing
3 municipality, or an endorsing county relating to attendance at the
4 event, including an estimate of the number of people expected to
5 attend the event who are not residents of this state, and to the
6 economic impact of the event. A local organizing committee,
7 endorsing municipality, or endorsing county must provide an annual
8 audited financial statement required by the comptroller, if any,
9 not later than the end of the fourth month after the date the period
10 covered by the financial statement ends. After the conclusion of an
11 event and on the comptroller's request, a local organizing
12 committee, endorsing municipality, or endorsing county must
13 provide information relating to the event, such as attendance
14 figures, including an estimate of the number of people who are not
15 residents of this state who attended the event, financial
16 information, or other public information held by the local
17 organizing committee, endorsing municipality, or endorsing county
18 that the comptroller considers necessary.

19 (k) The comptroller may make a disbursement from the Events
20 trust fund on the prior approval of each contributing endorsing
21 municipality or endorsing county for a purpose for which a local
22 organizing committee, an endorsing municipality, or an endorsing
23 county or this state is obligated under an event support contract,
24 including an obligation to pay costs incurred in the conduct of the
25 event and costs incurred in making preparations necessary for the
26 event. If an obligation is incurred under an event support contract
27 to make a structural improvement to the site or to add a fixture to

1 the site for purposes of an event and that improvement or fixture is
2 expected to derive most of its value in subsequent uses of the site
3 for future events, a disbursement from the trust fund made for
4 purposes of that obligation is limited to five percent of the cost
5 of the improvement or fixture and the remainder of the obligation is
6 not eligible for a disbursement from the trust fund. In considering
7 whether to make a disbursement from the trust fund, the comptroller
8 may not consider a contingency clause in an event support contract
9 as relieving a local organizing committee's, endorsing
10 municipality's, or endorsing county's obligation to pay a cost
11 under the contract.

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

14 (1) soliciting the relocation of a professional sports
15 franchise located in this state;

16 (2) constructing an arena, stadium, or convention
17 center;

18 (3) conducting usual and customary maintenance of a
19 facility; or

20 (4) making major renovations to a facility.

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

24 (s) The comptroller may adopt rules necessary to implement
25 this section.

26 (t) After the conclusion of an event, the comptroller shall
27 compare information on the actual attendance figures provided to

1 the comptroller under Subsection (i) of this section with the
2 estimated attendance numbers used to determine the incremental
3 increase in tax receipts under Subsection (b) of this section. If
4 the actual attendance figures are significantly lower than the
5 estimated attendance numbers, the comptroller may reduce the amount
6 of a disbursement for an endorsing entity under the Events trust
7 fund in proportion to the discrepancy between the actual and
8 estimated attendance and in proportion to the amount contributed to
9 the fund by the entity. The comptroller by rule shall define
10 "significantly lower" for purposes of this subsection and provide
11 the manner in which a disbursement may be proportionately reduced.
12 This subsection does not affect the remittance of any money
13 remaining in the fund in accordance with Subsection (m) of this
14 section.

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

19 SECTION 4. (a) The state auditor shall conduct an audit to
20 determine the efficiency and effectiveness of funding events
21 through an events trust fund authorized under Section 5, 5A, 5B, or
22 5C, Chapter 1507 (Senate Bill No. 456), Acts of the 76th
23 Legislature, Regular Session, 1999 (Article 5190.14, Vernon's
24 Texas Civil Statutes).

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

27 (1) disbursed in compliance with Section 5, 5A, 5B, or

1 5C, Chapter 1507 (Senate Bill No. 456), Acts of the 76th
2 Legislature, Regular Session, 1999 (Article 5190.14, Vernon's
3 Texas Civil Statutes), as applicable, the Government Code, and
4 other relevant laws or standards;

5 (2) monitored so that the event and the persons and
6 entities that receive money from the fund comply with the terms of
7 applicable agreements and with the applicable sections of Chapter
8 1507 (Senate Bill No. 456), Acts of the 76th Legislature, Regular
9 Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), the
10 Government Code, and other relevant laws or standards; and

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

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

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

23 (2) the degree to which past and present recipients of
24 money from a fund have complied with the terms of event agreements
25 and with the applicable sections of Chapter 1507 (Senate Bill No.
26 456), Acts of the 76th Legislature, Regular Session, 1999 (Article
27 5190.14, Vernon's Texas Civil Statutes), the Government Code, and

1 other relevant laws or standards.

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

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

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

8 (e) The comptroller of public accounts shall prepare a
9 report of the findings from the study conducted under Subsection
10 (d) of this section. Not later than January 1, 2015, the
11 comptroller shall electronically file a copy of the report with the
12 lieutenant governor, the speaker of the house of representatives,
13 and the presiding officer of each standing committee of the senate
14 and house of representatives having primary jurisdiction over
15 fiscal matters or matters related to tourism or recreation.

16 (f) Notwithstanding any other law, the comptroller of
17 public accounts shall reimburse the state auditor for the cost of
18 the audit conducted by the state auditor under Subsection (a) of
19 this section using any balances available in the 2014 state fiscal
20 year from the events trust funds established under Section 5, 5A,
21 5B, or 5C, Chapter 1507 (Senate Bill No. 456), Acts of the 76th
22 Legislature, Regular Session, 1999 (Article 5190.14, Vernon's
23 Texas Civil Statutes). The comptroller shall pay the audit cost
24 proportionally from the established funds based on the maximum
25 balances in the funds during the 2014 state fiscal year.

26 (g) This section expires September 1, 2015.

27 SECTION 5. The changes in law made by this Act apply only to

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

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