

BILL ANALYSIS

Senate Research Center
84R30545 CLG-D

C.S.H.B. 26
By: Button et al. (Fraser)
Natural Resources & Economic Development
5/20/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties point out that the emergence of Texas as a leader in job creation is not a coincidence. These parties note that in addition to offering many pro-business policies, Texas offers varied incentive programs to help bring jobs and economic growth to the state. However, the parties believe that more could be done to help further ensure that Texas remains a leader in encouraging economic development. H.B. 26 addresses these concerns by doing two things:

1. Nobel Laureates and National Academy members have a tangible impact on the Texas economy by bringing new commercialization activity to the state. C.S.H.B. 26 creates the Governor's University Research Initiative to help recruit these Nobel Laureates and National Academy members to Texas public universities, which will be a catalyst for economic development. The bill abolishes the Emerging Technology Fund and splits the unexpended balances between the Governor's University Research Initiative and the Texas Enterprise Fund.
2. The Texas Legislature established the Events Trust Fund programs to help communities offset the costs of hosting sporting and other special events and to encourage organizations to bring their events to Texas. The purpose of the funds is to attract visitors from out of state who will increase state and local tax revenue by spending money at local businesses and restaurants. By hosting major events and using the programs to encourage organizations to look to Texas for possible locations to hold their events, we stand to continue our growth in revenue.

Through a competitive bidding process, Texas cities compete with communities in other states for the right to host a qualifying event. The Trust Fund programs attract tourist activity to the state by applying gains from taxes to pay costs associated with hosting events.

Currently the Trust Funds are managed and reported on by the Comptroller of Public Accounts of the State of Texas (comptroller). C.S.H.B. 26 transfers the Trust Fund programs from the comptroller to the Economic Development and Tourism Division of the Office of the Governor (EDT) and repeals the Special Events Trust Fund. EDT is responsible for maintaining an effective tourism campaign and partnering with local governments to promote Texas' economic growth in tourism. By using this core function, the funds can continue to grow in success while streamlining the state's tourism efforts.

While the comptroller compiles tax data, the estimates required for the Trust Fund programs rely on a collective understanding of tourism spending, lengths of stay, hotel rates, et cetera. EDT serves as an expert on tourism spending data that can be used to estimate the potential effects of these events. The comptroller desires to renew its focus on the core functions of the agency while creating efficiency at all levels of government, and all of the Trust Fund programs are better suited for EDT.

The bill also renames the Events Trust Fund programs as Reimbursement Fund programs, since that name seems to better fit what the programs actually do.

C.S.H.B. 26 amends current law relating to state economic development measures, including abolishment of the Texas emerging technology fund, creation of the governor's university research initiative, and the administration of programs to support certain events.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Economic Development and Tourism Office within the office of the governor in SECTION 1.01 (Section 62.162, Education Code) and SECTION 2.08 (Article 5190.14, Vernon's Texas Civil Statutes) of this bill.

Rulemaking authority previously granted to the comptroller of public accounts of the State of Texas is rescinded in SECTION 2.08 and SECTION 2.12 (Article 5190.14, Vernon's Texas Civil Statutes) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE; ABOLISHMENT OF TEXAS EMERGING TECHNOLOGY FUND

SECTION 1.01. Amends Chapter 62, Education Code, by adding Subchapter H, as follows:

SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

Sec. 62.161. DEFINITIONS. Defines "distinguished researcher," "eligible institution," "fund," "general academic teaching institution," "medical and dental unit," "office," and "private or independent institution of higher education."

Sec. 62.162. ADMINISTRATION OF INITIATIVE. (a) Provides that the governor's university research initiative is administered by the Texas Economic Development and Tourism Office (office) within the office of the governor.

(b) Authorizes the office to adopt any rules the office considers necessary to administer this subchapter.

Sec. 62.163. MATCHING GRANTS TO RECRUIT DISTINGUISHED RESEARCHERS. (a) Requires the office to award matching grants to assist eligible institutions in recruiting distinguished researchers from the governor's university research initiative fund.

(b) Authorizes an eligible institution to apply to the office for a matching grant from the fund. Requires the office to award to the applicant institution a grant amount equal to the amount committed by the institution for the recruitment of a distinguished researcher if the office approves a grant application.

(c) Requires that a grant application identify the source amount of the eligible institution's matching funds and must demonstrate that the proposed use of the grant has the support of the institution's governing board, the chair of the institution's governing board, or the chancellor of the university system, if the institution is a component of a university system. Authorizes an applicant eligible institution to commit for matching purposes any funds of the institution available for that purpose other than appropriated general revenue.

(d) Prohibits a matching grant from being used by an eligible institution to recruit a distinguished researcher from another eligible institution or a private or independent institution of higher education.

Sec. 62.164. GRANT AWARD CRITERIA; PRIORITIES. (a) Requires the office, in awarding grants, to give priority to grant proposals that involve the recruitment of distinguished researchers in the fields of science, technology, engineering, mathematics, and medicine. Requires the office, with respect to proposals involving those fields, to give priority to proposals that demonstrate a reasonable likelihood of contributing substantially to this state's national and global economic competitiveness.

(b) Provides that a grant proposal should identify a specific distinguished researcher being recruited.

Sec. 62.165. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE FUND. (a) Provides that the governor's university research initiative fund is a dedicated account in the general revenue fund.

(b) Provides that the fund consists of:

(1) amounts appropriated or otherwise allocated or transferred by law to the fund;

(2) money deposited to the fund under Section 62.166 of this subchapter or under Section 490.101(b-1) or 490.104, Government Code; and

(3) gifts, grants, and other donations received for the fund.

(c) Authorizes the fund to be used by the office only for the purposes of this subchapter, including for necessary expenses incurred in the administration of the fund and this subchapter.

Sec. 62.166. WINDING UP OF CONTRACTS AND AWARDS IN CONNECTION WITH TEXAS EMERGING TECHNOLOGY FUND. (a) Provides that the governor's university research initiative is the successor to the Texas emerging technology fund. Requires that awards from the Texas emerging technology fund be wound up in accordance with this section and Section 490.104, Government Code, and contracts governing awards from that fund be wound up in accordance with this section.

(b) Requires that royalties, revenues, or other financial benefits continue to be distributed in accordance with the terms of the contract unless the award recipient and the governor agree otherwise, if a contract governing an award from the Texas emerging technology fund provides for the distribution of royalties, revenue, or other financial benefits to the state, including royalties, revenue, or other financial benefits realized from the commercialization of intellectual or real property developed from an award from the fund. Requires that royalties, revenue, or other financial benefits accruing to the state under a contract described by this subsection, including any money returned or repaid to the state by an award recipient, be credited to the governor's university research initiative fund unless otherwise required by law.

(c) Requires that the money be distributed from the governor's university research initiative fund in accordance with the terms of the contract if money awarded from the Texas emerging technology fund is encumbered by a contract executed before September 1, 2015, but has not been distributed before that date, unless the award recipient and the governor agree otherwise.

(d) Provides that, except for an obligation regarding the distribution of royalties, revenue, or other financial benefits to the state as provided by Subsection (b), if money awarded from the Texas emerging technology fund under a contract executed before September 1, 2015, has been fully distributed and the entity that received the award has fully performed all specific actions under the terms of the contract governing the award, the entity is considered to have fully satisfied the entity's obligations under the contract. Requires that the entity file with the office a final report showing the purposes for which the award money has been spent and, if award money remains unspent, the purposes for which the recipient will spend the remaining money.

Sec. 62.167. CONFIDENTIALITY OF INFORMATION CONCERNING AWARDS FROM TEXAS EMERGING TECHNOLOGY FUND. (a) Provides that, except as provided by Subsection (b), information collected under former provisions of Chapter

490 (Funding For Emerging Technology), Government Code, concerning the identity, background, finance, marketing plans, trade secrets, or other commercially or academically sensitive information of an individual or entity that was considered for or received an award from the Texas emerging technology fund is confidential unless the individual or entity consents to disclosure of the information.

(b) Provides that the following information collected in connection with the Texas emerging technology fund is public information and may be disclosed under Chapter 552 (Public Information), Government Code:

- (1) the name and address of an individual or entity that received an award from that fund;
- (2) the amount of funding received by an award recipient;
- (3) a brief description of the project funded under former provisions of Chapter 490, Government Code;
- (4) if applicable, a brief description of the equity position that the governor, on behalf of the state, has taken in an entity that received an award from that fund; and
- (5) any other information with the consent of the governor, the lieutenant governor, the speaker of the house of representatives, and the individual or entity that received an award from that fund, if the information relates to that individual or entity.

Sec. 62.168. REPORTING REQUIREMENT. (a) Requires the governor, before the beginning of each regular session of the legislature, to submit to the lieutenant governor, the speaker of the house of representatives, and the standing committees of each house of the legislature with primary jurisdiction over economic development and higher education matters and post on the office of the governor's Internet website a report on matching grants made to eligible institutions from the fund that states:

- (1) the total amount of matching funds granted by the office;
- (2) the total amount of matching funds granted to each recipient institution;
- (3) a brief description of each distinguished researcher recruited by each recipient institution, including any amount of external research funding that followed the distinguished researcher to the institution;
- (4) a brief description of the expenditures made from the matching grant funds for each distinguished researcher; and
- (5) when available, a brief description of each distinguished researcher's contribution to the state's economic competitiveness, including:
 - (A) any patents issued to the distinguished researcher after accepting employment by the recipient institution; and
 - (B) any external research funding, public or private, obtained by the distinguished researcher after accepting employment by the recipient institution.

(a-1) Provides that the report may not include information that is made confidential by law.

(b) Authorizes the governor to require an eligible institution that receives a matching grant under this subchapter to submit, on a form the governor provides, information required to complete the report.

SECTION 1.02. Amends Subchapter C, Chapter 490, Government Code, by adding Section 490.104, as follows:

Sec. 490.104. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING UP AND FINAL LIQUIDATION. (a) Defines "state's emerging technology investment portfolio"

(b) Requires the Texas Treasury Safekeeping Trust Company (trust company) to manage and wind up the state's emerging technology investment portfolio. Requires the trust company to wind up the portfolio in a manner that, to the extent feasible, provides for the maximum return on the state's investment. Authorizes the trust company, in managing those investments and associated assets through procedures and subject to restrictions that the trust company considers appropriate, to acquire, exchange, sell, supervise, manage, or retain any kind of investment or associated assets that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances then prevailing pertinent to each investment or associated asset. Authorizes the trust company to recover its reasonable and necessary costs incurred in the management of the portfolio from the earnings on the investments and associated assets in the portfolio.

(c) Requires that any realized proceeds or other earnings from the sale of stock or other investments or associated assets in the state's emerging technology investment portfolio, less the amount permitted to be retained for payment of its costs for managing the portfolio as provided by Subsection (b), be remitted by the trust company to the comptroller of public accounts of the State of Texas (comptroller) for deposit in the governor's university initiative trust fund established under Subchapter H, Chapter 62, Education Code.

(d) Provides that the trust company has any power necessary to accomplish the purposes of this section.

(e) Requires the trust company, on final liquidation of the state's emerging technology investment portfolio, to promptly notify the comptroller of that occurrence. Requires the comptroller, as soon as practicable after receiving that notice, to verify that the final liquidation has been completed and, if the comptroller so verifies, to certify to the governor that the final liquidation of the portfolio has been completed. Requires the governor to post notice of the certification on the office of the governor's Internet website.

(f) Requires that any balance remaining in the Texas emerging technology fund on final liquidation by the trust company be remitted to the comptroller for transfer to the credit of the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code.

SECTION 1.03. Amends Section 490.101, Government Code, by adding Subsections (b-1) and (b-2), as follows:

(b-1) Requires that benefits realized from a project undertaken with money from the fund, as provided by a contract entered into under former Section 490.103 (Allocation Of Proceeds), Government Code, notwithstanding Subsection (b) and before September 1, 2015, be deposited to the credit of the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code.

(b-2) Provides that the fund may be used only for the purposes described by Section 490.104, Government Code.

SECTION 1.04. (a) Repealers: Sections 490.101(c) (relating to uses of the fund), (d) (authorizing the committee to solicit and accept gifts and grants for the fund from public and private entities), (e) (relating to use of the fund), (f) (relating to the administration of the fund), (f-1) (relating to an award of money appropriated from the fund), (g) (relating to the governor entering into a written agreement with the entity to receive the award), (h) (relating to the governor making awards), and (i) (providing that the contract between the governor and a recipient of an award under this chapter may set the terms relating to an award), Government Code.

Repealer: Section 490.102 (Allocation of Fund), Government Code.

Repealers: Subchapters A (General Provisions), B (Texas Emerging Technology Advisory Committee), D (Incentives for Commercialization Activities), E (Research Award Matching), F (Acquisition of Research Superiority), and G (Clean Coal Projects), Chapter 490, Government Code.

(b) Provides that the Texas emerging technology fund is continued solely for the purposes of winding up the contracts governing awards from that fund and the state's portfolio of equity positions and other investments and associated assets in connection with awards from that fund in accordance with Section 490.104, Government Code, as added by this Act. Provides that the Texas emerging technology fund is abolished and Sections 490.101(a), (b), (b-1), and (b-2), Government Code, are repealed when the comptroller certifies to the governor as provided by Section 490.104, Government Code, as added by this Act, that the final liquidation of the state's portfolio of equity positions and other investments and associated assets by the trust company has been completed.

(c) Provides that the abolishment by this Act of the Texas emerging technology fund and the repeal of provisions of Chapter 490, Government Code, relating to that fund do not affect the validity of an agreement between the governor and the recipient of an award awarded under Chapter 490, or a person to be awarded money under that chapter, that is executed before September 1, 2015. Requires that those agreements be performed as provided by Section 62.166, Education Code, as added by this Act.

(d) Provides that a regional center of innovation and commercialization established under Section 490.152 (Regional Centers of Innovation and Commercialization), Government Code, is abolished on the effective date of this Act. Requires that each center transfer to the office of the governor a copy of any meeting minutes required to be retained under Section 490.1521 (Minutes Of Certain Meetings), Government Code, as that section existed immediately before that section's repeal by this Act, and requires that the office retain the minutes for the period prescribed by that section.

(e) Requires the comptroller, on the effective date of this Act, to transfer the unexpended balance of the Texas emerging technology fund, less an amount equal to 10 percent of the net cash balance of that fund on August 31, 2014, as follows:

(1) 50 percent of the transferred amount to the credit of the Texas Enterprise Fund under Section 481.078, Government Code; and

(2) 50 percent of the transferred amount to the credit of the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code, as added by this Act.

(f) Provides that, after the comptroller makes the transfers required by Subsection (e) of this section, the remaining amount of the unexpended balance of the Texas emerging technology fund may be used only by the trust company for the purposes of meeting the state's fiduciary obligations in winding up the state's portfolio of equity positions and other investments and associated assets in connection with awards from the Texas emerging technology fund in accordance with Section 490.104, Government Code, as added by this Act.

(f-1) Requires the comptroller, on the effective date of this Act, to transfer the encumbered balance of the Texas emerging technology fund to the credit of the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code, as added by this Act, for the purposes of Section 62.166, Education Code, as added by this Act.

(g) Provides that, except as provided by this Act, on September 1, 2015, the following powers, duties, functions, and activities performed by the office of the governor immediately before that date are transferred to the trust company:

(1) all powers, duties, functions, and activities related to equity positions in the form of stock or other security the governor has taken, on behalf of the state, in companies that received awards under the Texas emerging technology fund before September 1, 2015; and

(2) all powers, duties, functions, and activities related to other investments made by the governor, on behalf of the state, and associated assets in connection with an award made under the Texas emerging technology fund before September 1, 2015.

(h) Provides that, notwithstanding the repeal by this Act of provisions of Chapter 490, Government Code, those provisions of Chapter 490 are continued in effect for the limited purpose of winding up contracts governing awards from the Texas emerging technology fund in accordance with Section 62.166, Education Code, as added by this Act, and of winding up the state's portfolio of equity positions and other investments and associated assets in connection with awards from that fund in accordance with Section 490.104, Government Code, as added by this Act.

ARTICLE 2. CERTAIN EVENTS FUNDS

SECTION 2.01. Amends the heading to Section 4, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), to read as follows:

Sec. 4. GUARANTEE OF STATE AND MUNICIPAL OBLIGATIONS; PAN AMERICAN GAMES REIMBURSEMENT FUND.

SECTION 2.02. Amends Sections 4(b), (c), (d), (f), (g), (h), (j), (k), and (m), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), as follows:

(b) Changes references to comptroller to the Economic Development and Tourism Division, Office of the Governor (department). Makes conforming changes.

(c) Makes conforming changes.

(d) Requires the comptroller, at the direction of the department, to retain, for the purpose of guaranteeing the joint obligations of the state and the endorsing municipality under a games support contract and this Act, the amount of municipal sales and use tax revenue determined under Subsection (b)(2) of this section from the amounts otherwise required to be sent to the municipality under Section 321.502, Tax Code, beginning with the first distribution of that tax revenue that occurs after the date the department makes the determination of the amount of municipal sales and use tax revenue under Subsection (b)(2). Requires the comptroller to discontinue retaining municipal sales and use tax revenue under this subsection on the earlier of:

(1) the end of the third calendar month following the month in which the closing event of the games occurs; or

(2) the date the amount of municipal sales and use tax revenue and municipal hotel occupancy tax revenue in the Pan American Games reimbursement fund, rather than trust fund, equals 14 percent of the maximum amount of state and municipal tax revenue that may be transferred to or deposited in the fund under Subsection (m) of this section. Changes reference to trust fund to reimbursement fund.

Makes conforming changes.

(f) Requires the comptroller, subject to Subsection (m) of this section, at the direction of the department, to deposit into a fund designated as the Pan American Games reimbursement fund the amount of municipal sales and use tax revenue retained under Subsection (d) of this section and, at the same time, to transfer to the fund a portion of the state tax revenue determined by the department under Subsection (b)(1) of this section in an amount equal to 6.25 times the amount of that municipal sales and use tax revenue. Requires the endorsing municipality, subject to Subsection (m) of this section, to deposit into the fund the amount of the endorsing municipality's hotel occupancy tax revenue determined by the department under Subsection (b)(3) of this section. Requires the endorsing municipality to deposit that hotel occupancy tax revenue into the fund at least quarterly. Requires the comptroller, when the endorsing municipality makes a deposit of its hotel occupancy tax revenue, at the direction of the department, to transfer to the fund, rather than deposit, at the same time a portion of the state tax revenue determined under Subsection (b)(1) of this section in an amount equal to 6.25 times the amount of that municipal hotel occupancy tax revenue. Provides that the Pan American Games reimbursement fund is established outside the treasury but is held in trust by the comptroller for the administration of this Act. Authorizes money in the fund to be spent by the department without appropriation only as provided by this Act. Requires the comptroller to discontinue transferring, rather than depositing, into the fund any state tax revenue determined by the department under Subsection (b)(1) of this section on the earlier of:

(1) the end of the third calendar month following the month in which the closing event of the games occurs; or

(2) the date on which the amount of state revenue in the Pan American Games reimbursement fund equals 86 percent of the maximum amount of state and municipal tax revenue that may be transferred to or deposited in the fund under Subsection (m) of this section.

Makes conforming changes to this subsection.

(g) Changes reference to funds to money and makes conforming changes.

(h), (j), and (k) Makes conforming changes to these subsections.

(m) Provides that, in no event may:

(1) the total amount of state and municipal tax revenue transferred to or deposited in the Pan American Games reimbursement fund exceed \$20 million; makes conforming changes; or

(2) makes conforming changes to this subdivision.

SECTION 2.03. Amends and reenacts Sections 4(i) and (l), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), as amended by Chapters 579 (H.B. 1675) and 814 (S.B. 275), Acts of the 78th Legislature, Regular Session, 2003, as follows:

(i) Requires the department to provide an estimate not later than September 1, rather than December 1, 2003, of the year that is eight years before the year in which the games

would be held in this state of the total amount of state and municipal tax revenue that would be transferred to or deposited in the Pan American Games reimbursement fund before January 1, rather than January 1, 2012, of the year following the year in which the games would be held, if the games were to be held in this state at a site selected pursuant to an application by a local organizing committee. Requires the department to provide the estimate on request to a local organizing committee. Authorizes a local organizing committee to submit the department's organization estimate to a site selection organization. Makes conforming changes to this subsection.

(l) Requires the comptroller, on January 1, rather than January 1, 2013, of the second year following the year in which the games are held in this state, at the direction of the department, to transfer to the general revenue fund any money remaining in the Pan American Games reimbursement fund, not to exceed the amount of state revenue remaining in the fund, plus any interest earned on that state revenue. Requires the comptroller to remit to the endorsing municipality any money remaining in the fund after the required amount is transferred to the general revenue fund. Makes conforming changes to this subsection.

SECTION 2.04. Amends the heading to Section 5, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), to read as follows:

Sec. 5. GUARANTEE OF STATE AND MUNICIPAL OBLIGATIONS; OLYMPIC GAMES REIMBURSEMENT FUND.

SECTION 2.05. Amends Sections 5(b), (c), (d), (f), (g), (h), (i), (j), (k), (l), and (m), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), as follows:

(b)-(d) Makes conforming changes to these subsections.

(f) Requires each endorsing municipality or endorsing county, subject to Subsection (m) of this section, to remit to the comptroller and the comptroller, at the direction of the department, to deposit into a trust fund designated as the Olympic Games reimbursement fund, on a quarterly basis, the amount of the municipality's or county's hotel occupancy tax revenue determined by the department under Subsection (b)(4) or (b)(5) of this section, as applicable. Requires the comptroller, subject to Section 6 of this Act and Subsection (m) of this section, at the direction of the department, to deposit into the fund the amount of sales and use tax revenue and mixed beverage tax revenue retained under Subsection (d) of this section for the same calendar quarter and, at the same time, to transfer to the fund the state tax revenue determined by the department under Subsection (b)(1) of this section for the quarter. Provides that the Olympic Games reimbursement fund is established outside the treasury but is held in trust by the comptroller for the administration of this Act. Authorizes money in the fund to be spent by the department without appropriation only as provided by this Act. Requires the comptroller to discontinue transfer of the amount of state tax revenue determined by the department under Subsection (b)(1) of this section on the earlier of:

(1) the end of the third calendar month following the month in which the closing event of the games occurs; or

(2) the date the amount of state revenue in the Olympic Games reimbursement fund equals 86 percent of the maximum amount of state, municipal, and county tax revenue that may be transferred to or deposited in the fund under Subsection (m) of this section.

Makes conforming changes to this subsection.

(g)-(l) Makes conforming changes to these subsections.

(m) Provides that, in no event may:

(1) the total amount of state, municipal, and county tax revenue transferred to or deposited in the Olympic Games reimbursement fund exceed \$100 million; or

(2) the joint liability of the state and an endorsing municipality or county under a joinder agreement and any other games support contracts entered into pursuant to this Act exceed the lesser of:

(A) \$100 million; or

(B) the total amount of revenue transferred to or deposited in the Olympic Games reimbursement fund and interest earned on the fund.

Makes conforming changes to this subsection.

SECTION 2.06. Amends the heading to Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes) to read as follows:

Sec. 5A. PAYMENT OF STATE AND MUNICIPAL OR COUNTY OBLIGATIONS; MAJOR EVENTS REIMBURSEMENT FUND.

SECTION 2.07. Amends Sections 5A(a)(1) and (2), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), to define "endorsing county" and "endorsing municipality."

SECTION 2.08. Amends Sections 5A(a-1), (a-2), (b), (b-1), (c), (d), (d-1), (e), (f), (g), (i), (j), (k), (l), (m), (p), (v), (w), and (y), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), as follows:

(a-1), (a-2), (b), (b-2), and (c) Makes conforming changes to these subsections.

(d) Requires each endorsing municipality or endorsing county to remit to the comptroller and the comptroller to deposit into a fund created by the comptroller, at the direction of the department, and designated as the Major Events reimbursement fund the amount of the municipality's or county's hotel occupancy tax revenue determined by the department under Subsection (b)(4) or (b)(5) of this section, less any amount of the revenue that the municipality or county determines is necessary to meet the obligations of the municipality or county. Requires the comptroller, at the direction of the department, to retain the amount of sales and use tax revenue and mixed beverage tax revenue determined by the department under Subsection (b)(2) or (b)(3) of this section from the amounts otherwise required to be sent to the municipality under Sections 321.502 and 183.051(b), Tax Code, or to the county under Sections 323.502 (Distribution of Trust Funds) and 183.051(b) (relating to general revenue fund warrants to each county described by Subsection (a) by the comptroller), Tax Code, and deposit into the fund the tax revenues, less any amount of the revenue that the municipality or county determines is necessary to meet the obligations of the municipality or county. Requires the comptroller to begin retaining and depositing the local tax revenues with the first distribution of that tax revenue that occurs after the first day of the one-year period described by Subsection (b) of this section or at a time otherwise determined to be practicable by the department and to discontinue retaining the local tax revenues under this subsection when the amount of the applicable tax revenue determined by the department under Subsection (b)(2) or (b)(3) of this section has been retained. Provides that the Major Events reimbursement fund is established outside the state treasury and is held in trust by the comptroller for administration of this Act. Authorizes money in the fund to be disbursed by the department without appropriation only as provided by this section. Makes conforming changes to this subsection.

(d-1) and (e) Makes conforming changes to these subsections.

(f) Requires the comptroller, at the direction of the department, to transfer into the Major Events reimbursement fund a portion of the state tax revenue not to exceed the amount determined by the department under Subsection (b)(1) of this section in an amount equal to 6.25 times the amount of the local revenue retained or remitted under this section, including the tax revenues set forth. Makes conforming changes to this subsection.

(g) and (i)-(k) Makes conforming changes to these subsections.

(l) Requires that the obligation be satisfied proportionately from the state and local revenue in the fund if a disbursement is made from the Major Events reimbursement fund under Subsection (k) of this section. Makes conforming changes to this subsection.

(m), (p), (v), (w), and (y) Makes conforming changes to these subsections.

SECTION 2.09. Amends the heading to Section 5B, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), to read as follows:

Sec. 5B. GUARANTEE OF STATE AND MUNICIPAL OR COUNTY OBLIGATIONS; MOTOR SPORTS RACING REIMBURSEMENT FUND.

SECTION 2.10. Amends Sections 5B(b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), and (o), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), as follows:

(b) and (c) Makes conforming changes to these subsections.

(d) Requires each endorsing municipality or endorsing county to remit to the comptroller and the comptroller to deposit into a fund created by the comptroller, at the direction of the department, and designated as the Major Events reimbursement fund the amount of the municipality's or county's hotel occupancy tax revenue determined by the department under Subsection (b)(4) or (b)(5) of this section, less any amount of the revenue that the municipality or county determines is necessary to meet the obligations of the municipality or county. Requires the comptroller, at the direction of the department, to retain the amount of sales and use tax revenue and mixed beverage tax revenue determined by the department under Subsection (b)(2) or (b)(3) of this section from the amounts otherwise required to be sent to the municipality under Sections 321.502 and 183.051(b), Tax Code, or to the county under Sections 323.502 and 183.051(b), Tax Code, and deposit into the fund the tax revenues, less any amount of the revenue that the municipality or county determines is necessary to meet the obligations of the municipality or county. Requires the comptroller to begin retaining and depositing the local tax revenues with the first distribution of that tax revenue that occurs after the first day of the one-year period described by Subsection (b) of this section or at a time otherwise determined to be practicable by the department and to discontinue retaining the local tax revenues under this subsection when the amount of the applicable tax revenue determined by the department under Subsection (b)(2) or (b)(3) of this section has been retained. Provides that the Major Events reimbursement fund is established outside the state treasury and is held in trust by the comptroller for administration of this Act. Authorizes money in the fund to be disbursed by the department without appropriation only as provided by this section. Makes conforming changes to this subsection.

(e) Makes conforming changes to this subsection.

(f) Requires the comptroller, at the direction of the department, to transfer a portion of the state tax revenue determined by the department under Subsection (b)(1) of this section in an amount equal to 6.25 times the amount of the local sales and use tax revenue and mixed beverage tax revenue retained and the hotel occupancy tax revenue remitted by an endorsing municipality or endorsing county under Subsection (d) of this section. Makes conforming changes to this subsection.

(g)-(m) and (o) Makes conforming changes to these subsections.

SECTION 2.11. Amends the heading to Section 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), to read as follows:

Sec. 5C. EVENTS REIMBURSEMENT FUND FOR CERTAIN MUNICIPALITIES AND COUNTIES.

SECTION 2.12. Amends Sections 5C(b), (b-1), (c), (c-1), (d), (d-1), (e), (f), (g), (h), (i), (j), (k), (k-1), (k-2), (l), (m), (o), (p), (q), (r), and (t), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), as follows:

(b), (b-1), (c), and (c-1) Makes conforming changes to these subsections.

(d) Requires each endorsing municipality or endorsing county to remit to the comptroller and the comptroller to deposit into a fund created by the comptroller, at the direction of the department, and designated as the Major Events reimbursement fund the amount of the municipality's or county's hotel occupancy tax revenue determined by the department under Subsection (b)(4) or (b)(5) of this section, less any amount of the revenue that the municipality or county determines is necessary to meet the obligations of the municipality or county. Requires the comptroller, at the direction of the department, to retain the amount of sales and use tax revenue and mixed beverage tax revenue determined by the department under Subsection (b)(2) or (b)(3) of this section from the amounts otherwise required to be sent to the municipality under Sections 321.502 and 183.051(b), Tax Code, or to the county under Sections 323.502 and 183.051(b), Tax Code, and deposit into the fund the tax revenues, less any amount of the revenue that the municipality or county determines is necessary to meet the obligations of the municipality or county. Requires the comptroller to begin retaining and depositing the local tax revenues with the first distribution of that tax revenue that occurs after the first day of the one-year period described by Subsection (b) of this section or at a time otherwise determined to be practicable by the department and to discontinue retaining the local tax revenues under this subsection when the amount of the applicable tax revenue determined by the department under Subsection (b)(2) or (b)(3) of this section has been retained. Provides that the Major Events reimbursement fund is established outside the state treasury and is held in trust by the comptroller for administration of this Act. Authorizes money in the fund to be disbursed by the department without appropriation only as provided by this section. Makes conforming changes to this subsection.

(d-1) Authorizes a municipality or county, not later than the 90th day after the last day of an event and in lieu of the local tax revenues remitted or retained under Subsection (d), rather than by the comptroller, of this section, to remit to the department for deposit in the Events reimbursement fund other local funds in an amount equal to the total amount of local tax revenue determined by the department under Subsections (b)(2) through (5) of this section. Provides that the amount deposited by the department into the Events reimbursement fund under this subsection is subject to Subsection (f) of this section. Makes conforming changes to this subsection.

(e) Makes conforming changes to this subsection.

(f) Requires the comptroller, at the direction of the department, to transfer into the Events reimbursement fund a portion of the state tax revenue not to exceed the amount determined by the department under Subsection (b)(1) of this section in an amount equal to 6.25 times the amount of the local tax revenue retained or remitted under this section, including tax revenues set forth. Makes conforming changes to this subsection.

(g)-(k), (k-1), (k-2), (l), (m), (o)-(r), and (t) Makes conforming changes to these subsections.

SECTION 2.13. Amends Sections 6(a) and (b), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), to make conforming changes.

SECTION 2.14. Amends Section 7(f), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), by making conforming changes.

SECTION 2.15. Repealer: Section 5C(s), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14 (Pan American Games; Olympic Games), Vernon's Texas Civil Statutes); and

Repealer: Chapter 398 (Measures to Support Municipal and County Special Events), Local Government Code.

SECTION 2.16. Requires the office of the governor and the comptroller, as soon as is practicable after the effective date of this Act, but not later than September 10, 2015, to develop and adopt a memorandum of understanding that:

- (1) identifies in detail the applicable powers and duties of the comptroller that are being transferred to the office of the governor as a result of this Act; and
- (2) establishes a plan for the identification and transfer of records, property, and unspent appropriations of the comptroller that are used for purposes of managing the funds transferred to the office of the governor.

SECTION 2.17. (a) Provides that, not later than September 10, 2015:

- (1) the administration of the Pan American Games reimbursement fund, Olympic Games reimbursement fund, Major Events reimbursement fund, Motor Sports Racing reimbursement fund, and Events reimbursement fund for sporting and non-sporting events shall be transferred from the comptroller of public accounts to the Texas Economic Development and Tourism Office;
- (2) all rules, forms, policies, procedures, or decisions of the comptroller that are related to the Pan American Games reimbursement fund, Olympic Games reimbursement fund, Major Events reimbursement fund, Motor Sports Racing reimbursement fund, and Events reimbursement fund for sporting and non-sporting events are continued in effect as rules, forms, policies, procedures, or decisions of the economic development and tourism division, office of the governor, until superseded by a rule or other appropriate act of the Texas Economic Development and Tourism Office; and
- (3) a reference in law or administrative rule to the comptroller relating to the decisions for and administration of the Pan American Games reimbursement fund, Olympic Games reimbursement fund, Major Events reimbursement fund, Motor Sports Racing reimbursement fund, and Events reimbursement fund for sporting and non-sporting events, other than a duty typically performed by the comptroller related to a state fund, means the Texas Economic Development and Tourism Office.

(b) Requires that the Olympic Games reimbursement fund, Major Events reimbursement fund, Motor Sports Racing reimbursement fund, and Events reimbursement fund for sporting and non-sporting events, the comptroller and the Texas Economic Development and Tourism Office coordinate the transfer of powers and duties, including records and other items, in accordance with the memorandum of understanding adopted under Section 16 of this Act, to ensure a smooth transition before the transfer of the administration of the Pan American Games reimbursement fund.

SECTION 2.18. Provides that, notwithstanding the repeal by this Act of Chapter 398 (Measures To Support Municipal And County Special Events), Local Government Code, a special event plan approved under former Chapter 398 of that code before September 1, 2015, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

ARTICLE 3. EFFECTIVE DATE

SECTION 3.01. Effective date: September 1, 2015.