

## **BILL ANALYSIS**

C.S.H.B. 3402  
By: Smith  
Economic & Small Business Development  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties point out that the City of Houston and Harris County have worked with the Harris County-Houston Sports Authority to attract games and events such as the NCAA Final Four. According to the parties, the sports authority is a venue district that acts as the local marketing agent in seeking economic incentives from the state and oversees the remittance of matching funds to the state. The parties contend that this centralized process allows the incremental tax receipts of both the city and the county to be included in the economic incentive determination, which is crucial in the selection process for a host city or region. The parties express concern that the sports authority must duplicate the application and reporting process independently for the city and county for each event. C.S.H.B. 3402 seeks to streamline the paperwork process by authorizing the sports authority to act as endorsing entity on behalf of the city and county in seeking to attract games and events, which would eliminate confusion and bureaucratic inefficiencies and remove the duplication of efforts.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3402 amends the Local Government Code to authorize a sports and community venue district located in a county with a population of 3.3 million or more to act as an endorsing municipality or endorsing county under Vernon's Texas Civil Statutes provisions regarding certain games, events, and related trust funds. The bill requires such a venue district to remit for deposit into the trust fund established for the games or event the amounts determined by the comptroller of public accounts and requires the comptroller to determine the incremental increase in receipts attributable to the games or event and related activities based on the amount of applicable taxes imposed by each municipality or county that comprises the venue district and not on the amount of taxes imposed by the venue district.

C.S.H.B. 3402 authorizes a venue district acting as an endorsing municipality or an endorsing county to guarantee the district's obligations under a games or event support contract by pledging surcharges from user fees, including parking or ticket fees, charged in connection with the games or event and related activities. The bill establishes that such a venue district has all the powers of an endorsing municipality or endorsing county under Vernon's Texas Civil Statutes provisions regarding certain games, events, and related trust funds and authorizes the district, by order or resolution, to take any action required to be taken under those provisions by an endorsing municipality or endorsing county by ordinance or order.

## EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

## COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3402 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

### INTRODUCED

SECTION 1. Subchapter E, Chapter 335, Local Government Code, is amended by adding a new Section 335.078 to read as follows:

"Sec. 335.078. VENUE DISTRICT AS ENDORSING ENTITY.

(a) Subject to subsection (b), a venue district located in a county with a population of 3.3 million or more may act as an endorsing municipality and endorsing county under Article 1590.14, Vernon's Texas Civil Statutes.

(b) A venue district acting as an endorsing municipality or endorsing county shall be responsible for remitting funds for deposit into the applicable game or event trust fund, but the determination of the incremental increase in receipts attributable to games, events and related activities under Article 1590.14, Vernon's Texas Civil Statutes, shall be based on the sales and use, hotel occupancy, mixed beverage or other tax imposed or to be received by the municipality or county that created the venue district, as applicable, and not any tax of the venue district.

(c) A venue district acting as an endorsing municipality or endorsing county may guarantee its obligations under a game or event support contract by pledging surcharges from user fees, including parking or ticket fees, charged in connection with the games, events or related activities.

(d) Subject to subsection (b), a venue district acting under this section

### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter E, Chapter 335, Local Government Code, is amended by adding Section 335.078 to read as follows:

Sec. 335.078. VENUE DISTRICT AS ENDORSING MUNICIPALITY OR COUNTY. (a) A venue district located in a county with a population of 3.3 million or more may act as an endorsing municipality or endorsing county under Chapter 1507, Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes).

(b) A venue district acting as an endorsing municipality or endorsing county under Chapter 1507, Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), shall remit for deposit into the trust fund established for the games or event the amounts determined by the comptroller under that chapter. The comptroller shall determine the incremental increase in receipts attributable to the games or event and related activities under that chapter based on the amount of applicable taxes imposed by each municipality or county that comprises the venue district and not on the amount of taxes imposed by the venue district.

(c) A venue district acting as an endorsing municipality or endorsing county under Chapter 1507, Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), may guarantee the district's obligations under a games or event support contract by pledging surcharges from user fees, including parking or ticket fees, charged in connection with the games or event and related activities.

(d) Subject to Subsection (b), a venue district acting as an endorsing municipality or endorsing county under Chapter 1507, Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil

shall have all the powers of an endorsing municipality and endorsing county under Article 5190.14, Vernon's Texas Civil Statutes, and any action required under that Act to be taken by an endorsing municipality by ordinance or an endorsing county by order may be taken by order or resolution of the venue district."

SECTION 2. 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, 2015.

Statutes), as authorized by this section, has all the powers of an endorsing municipality or endorsing county under that chapter, and any action an endorsing municipality or endorsing county is required to take by ordinance or order under that chapter may be taken by order or resolution of the venue district.

SECTION 2. Same as introduced version.