

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 30, 2015

TO: Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3402** by Smith (Relating to the authority of a venue district to act as an endorsing municipality or endorsing county for purposes of games or event trust funds; authorizing a fee.), **Committee Report 1st House, Substituted**

Depending on the number and size of events that would become eligible, there would be an indeterminate fiscal impact to the state.

The bill would amend Chapter 335 of the Local Government Code, regarding sports and community venue districts, to add Section 335.078, regarding venue district as an endorsing entity.

The new section would permit a venue district located in a county with a population of more than 3.3 million to act as a municipality or county as it relates to Article 5190.14, Vernon's Texas Civil Statutes. The venue district would be allowed to (1) request the establishment of a Pan American Games Trust Fund, Olympic Games Trust Fund, Major Events Trust Fund (METF), Events Trust Fund (ETF), and Motor Sports Racing Trust Fund (MSRTF) from the Comptroller, and have all the powers of an endorsing municipality or county under Article 5190.14; (2) guarantee obligations under an event support contract by pledging fees and surcharges it might collect in connection with an event; and (3) use, in lieu of its own taxes, the incremental tax receipts of the cities or counties that created the district to determine the amount of the local share attributable to secure funding through the METF, MSRTF or ETF. The venue district would pledge its own funds (taxes, fees, etc.) towards the local share.

The bill would give a venue district located in a county with a population more than 3.3 million (currently, only Harris County fits this definition) the same statutory authority as municipalities and counties as it relates to Article 5190.14, Vernon's Texas Civil Statutes, and utilize in lieu of its own taxes the incremental tax receipts of the cities or counties that created the district to determine the amount of the local share attributable to secure funding through the METF, MSRTF or ETF. This could be done without approval or direct endorsement by the cities or counties that created the district. The specific fiscal impact to the state is unknown as the size and number of events that would become eligible and held in this state is unknown. There would be a negative impact to the state if an event that would be held in the state irrespective of Article 5190.14 received funding under an event trust fund.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, CL, SD, AG, EK