

BILL ANALYSIS

C.S.H.B. 3349
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Culture, Recreation & Tourism
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Events Trust Fund (ETF) program assists Texas communities with paying costs related to preparing for or conducting an event by depositing projected gains in various local and state taxes generated from an event in a dedicated event-specific trust fund to cover allowable expenses. Those funds are disbursed with a state match on a reimbursement basis following a review of submitted costs after the completion of the qualified event. The bill author has informed the committee that although the ETF has successfully attracted events to Texas, the program disproportionately benefits local governments and events that occur in more populous municipalities and counties relative to smaller communities. C.S.H.B. 3349 seeks to make the ETF more accessible to smaller communities by increasing state funding to an event held primarily in a county or municipality with a population of less than 500,000 and exempting certain events primarily held in such a county or municipality from the requirement for a site selection committee to consider a site outside of Texas. The bill makes certain other changes regarding the administration of the ETF and also abolishes the Pan American Games trust fund, the Olympic Games trust fund, and the motor sports racing trust fund.

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. 3349 amends the Government Code, with respect to the events trust fund (ETF), to establish that a site selection committee for an event to be held primarily in a county or municipality with a population of less than 500,000 is not required to consider a site outside of Texas to be eligible for funding if the estimated attendance at the event is a number equal to at least 25 percent of the applicable county's or municipality's population.

C.S.H.B. 3349 revises the provision limiting to 10 the number of events with a total incremental increase in tax receipts of less than \$200,000 for which an endorsing municipality or endorsing county may submit requests for ETF funding during any 12-month period as follows:

- changes it from a limitation on the number of events for which funding requests may be submitted to a limitation on the number of events for which funding may be received; and
- makes the limitation applicable only to an endorsing municipality or endorsing county with a population of more than 500,000.

The bill repeals the prohibition against more than three of the 10 events being nonsporting events.

C.S.H.B. 3349 requires a municipality or county to submit an ETF funding request to the Texas Economic Development and Tourism Office (TEDTO) not later than the 90th day before the date an event begins. With respect to the requirement for TEDTO to determine the incremental increase in certain tax receipts not later than the earlier of the 30th day after the date TEDTO receives the information for an event submitted by an applicable entity on which TEDTO bases the determination and three months before the date of the event, changes the deadline from three months before the date of the event to the 60th day before the date the event begins.

C.S.H.B. 3349, with respect to the requirement for TEDTO to provide an estimate of the total amount of tax revenue that would be transferred or deposited to the ETF in connection with an event if the event were held in Texas at a site selected in accordance with an application by a local organizing committee, endorsing municipality, or endorsing county, changes the deadline from not later than three months before the date of an event to not later than two months before the date an event begins.

C.S.H.B. 3349 repeals Government Code provisions that do the following with respect to the deposit into the ETF of certain municipal and county tax revenue based on the estimated incremental increase in tax receipts attributable to an eligible event, as determined by TEDTO:

- require an endorsing municipality or endorsing county to remit the applicable amount of its hotel occupancy tax revenue to the comptroller of public accounts and require the comptroller to deposit that remitted tax revenue into the ETF; and
- require the comptroller to retain the applicable amount of sales and use tax revenue and mixed beverage tax revenue and deposit that retained tax revenue to the ETF.

The bill accordingly replaces the authorization for an endorsing municipality or endorsing county, in lieu of remittance or retention of tax revenues under the repealed provisions, to remit to TEDTO for deposit to the ETF other local money in an amount equal to the applicable amount of tax revenue for each of the specified tax types based on the estimated incremental increase with a requirement for the municipality or county to remit that amount of local money to TEDTO for such deposit. The bill retains the provision in current law setting the deadline for the local money to be remitted to TEDTO as not later than the 90th day after the last day of the event.

C.S.H.B. 3349 revises the formula for determining the amount of state tax revenue transferred to the ETF, which is currently 6.25 multiplied by the local share, by changing the multiplier from 6.25 for all events to a range of multipliers as follows:

- 12.5 for an event held primarily in a county or municipality with a population of less than 50,000;
- 10.9375 for an event held primarily in a county or municipality with a population of 50,000 or more but less than 250,000;
- 9.375 for an event held primarily in a county or municipality with a population of 250,000 or more but less than 500,000; and
- 6.25 for an event held primarily in a county or municipality with a population of 500,000 or more.

C.S.H.B. 3349, with respect to money remaining in the ETF that TEDTO is required to remit, requires TEDTO to remit that money not later than the 120th day after the date TEDTO receives from an endorsing entity all event information TEDTO requires under applicable statutory provisions.

C.S.H.B. 3349 changes the deadline for a local organizing committee, endorsing municipality, or endorsing county to provide any annual audited financial statement required by TEDTO from not later than the end of the fourth month after the last day of the period covered by the financial statement to not later than the 90th day after that day. The bill, with respect to the requirement for a local organizing committee, endorsing municipality, or endorsing county, on TEDTO's

request, to provide certain information about an event after the conclusion of the event, clarifies that after the conclusion of an event means not later than the 90th day after the last day of the event.

C.S.H.B. 3349 repeals Government Code provisions that establish and provide for the Pan American Games trust fund, the Olympic Games trust fund, and the motor sports racing trust fund. The bill accordingly abolishes those funds as they existed immediately before the bill's effective date and establishes that the repeal of statutory provisions relating to the funds does not apply to an offense committed under those provisions before the repeal's effective date. An offense committed before the repeal's effective date is governed by the law as it existed on the date the offense was committed, and the former law is continued in effect for that purpose. For these purposes, an offense was committed before the repeal's effective date if any element of the offense occurred before that date. The bill accordingly makes the following changes:

- removes as a condition of TEDTO agreeing to execute a games support contract that TEDTO determines any financial commitment of the state will be satisfied exclusively by recourse to the Pan American Games trust fund or the Olympic Games trust fund, as applicable; and
- removes the requirement for a local organizing committee that submits a request for TEDTO to enter into a games support contract to file with the secretary of the endorsing municipality on April 15 of each year a copy of each financial statement a committee or a member of a committee is required to submit to the United States Olympic Committee during the preceding calendar year.

C.S.H.B. 3349 establishes that applicable statutory provisions relating to event reimbursement programs generally, the Pan American Games trust fund, the Olympic Games trust fund, the major events reimbursement program, and the motor sports racing trust fund, as those provisions existed immediately before the bill's effective date, including any fund established under those provisions, remain in effect as those provisions apply in relation to the applicable games or event until all money from the fund for the particular games or event has been disbursed and all obligations under a games support contract or event support contract for the particular games or event have been satisfied, contingent on the following conditions being met before the bill's effective date:

- pursuant to an application by a local organizing committee, endorsing municipality, or endorsing county, a site selection organization selects a site in Texas for the particular games or event to which statutory provisions relating to the Pan American Games trust fund, the Olympic Games trust fund, and the motor sports racing trust fund apply; and
- a local organizing committee, endorsing municipality, or endorsing county enters into a games support contract or event support contract for the particular games or event to which those provisions apply.

C.S.H.B. 3349 repeals the following provisions of the Government Code:

- Chapters 476, 477, and 479;
- Section 480.0052(c); and
- Section 480.0152.

C.S.H.B. 3349 repeals Section 26.041(j), Tax Code.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3349 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does the following, whereas the introduced did not:

- repeals provisions providing for certain municipal and county tax revenue based on the estimated incremental increase in tax receipts attributable to an event to be remitted to or retained by the comptroller for deposit to the ETF; and
- replaces the authorization for an endorsing municipality or endorsing county, in lieu of remittance or retention of tax revenues under the repealed provisions, to remit to TEDTO for deposit to the ETF other local money in a corresponding amount with a requirement for the municipality or county to remit that amount of local money to TEDTO for such deposit.

Both the introduced and substitute change the multiplier used to determine the amount of state tax revenue transferred to the ETF for certain events. However, whereas the introduced increased the multiplier to 12.25 for events held primarily in a county or municipality with a population of 500,000 or less and retained the 6.25 multiplier for events held primarily in a county or municipality with a population of more than 500,000, the substitute sets out the following range of multipliers:

- 12.5 for an event held primarily in a county or municipality with a population of less than 50,000;
- 10.9375 for an event held primarily in a county or municipality with a population of 50,000 or more but less than 250,000;
- 9.375 for an event held primarily in a county or municipality with a population of 250,000 or more but less than 500,000; and
- 6.25 for an event held primarily in a county or municipality with a population of 500,000 or more.