

BILL ANALYSIS

Senate Research Center

S.B. 1678
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Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1678 amends Article 5190.14, V.T.C.S., in regard to the eligibility, disbursement, and reporting requirements of the Major Events Trust Fund and the Events Trust Fund to require that the incremental increase in tax receipts be at least \$1 million if a site selection organization selects a site in this state as a sole site for the event in a region composed of this state and one or more adjoining states, and changes the time for determining the amount. Attendees from out of state must be included in the annual audited statement of financial record. If a structural improvement obligation is incurred and is expected to derive most of its value from subsequent uses of the site for future events, disbursements from the trust fund for that obligation is limited to five percent. S.B. 1678 also stipulates that the comptroller of public accounts of the State of Texas may not consider a subsequent request to participate in the Major Events Trust Fund for the same event until a post-study is completed. Projected and actual attendance for an event must be calculated.

As proposed, S.B. 1678 amends current law relating to the eligibility, disbursement, and reporting requirements of the Major Events trust fund and the Events trust fund.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), by amending Subsections (a-1), (b-1), (h), (i), (k), and (w) and adding Subsection (w-1), as follows:

(a-1) Provides that an event included in Subsection (a)(4) (defining "event") of this section (Payment of State and Municipal or County Obligations; Major Events Trust Fund) is eligible for funding under this section only if:

- (1) a site selection organization selects a site located in this state for the event 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
 - (B) the sole site for the event in a region composed of this state and one or more adjoining states;
- (3) the event is held not more than one time in any year; and
- (4) the incremental increase in tax receipts determined under Subsection (b) (relating to requiring the comptroller of public accounts of the State of Texas (comptroller), if a site selection organization selects a site for an event in this state

pursuant to a certain application, to determine for a certain time period, in accordance with procedures developed by the comptroller, the incremental increase in certain receipts) of this section is at least \$1 million.

(b-1) Requires that a request for a determination of the amount of incremental increase in tax receipts specified by Subsection (b) of this section be submitted to the comptroller not earlier than one year and not later than 45 days before the date the event begins, rather than not later than three months before the date the event begins.

(h) Authorizes the funds in the Major Events trust fund (METF) to be used to pay the principal of and interest on notes issued by an endorsing municipality or endorsing county under Subsection (g) (relating to authorizing an endorsing municipality by ordinance or an endorsing county by order to authorize the issuance of notes to meet its obligations under a certain game support contract or event support contract) of this section and to fulfill obligations of the state or an endorsing municipality or endorsing county to a site selection organization under a game support contract or event support contract. Authorizes the obligations, subject to Subsection (k) of this section, to include the payment of costs relating to the preparations strictly necessary for the conduct of the event and the payment of costs of conducting the event, including strictly necessary improvements or renovations to existing facilities or other facilities and costs of acquisition or construction of new facilities or other facilities that are strictly necessary for the event. Deletes existing text authorizing the funds in the METF to be used to pay the principal of and interest on notes issued by an endorsing municipality or endorsing county under Subsection (g) of this section and to fulfill obligations of the state or an endorsing municipality or endorsing county to a site selection organization under a game support contract or event support contract, which obligations are authorized to include the payment of costs relating to the preparations necessary or desirable for the conduct of the event and the payment of costs of conducting the event, including improvements or renovations to existing facilities or other facilities and costs of acquisition or construction of new facilities or other facilities.

(i) Requires a local organizing committee, endorsing municipality, or endorsing county to provide information required by the comptroller to enable the comptroller to fulfill the comptroller's duties under this section, including annual audited statements of any financial records required by a site selection organization and data obtained by the local organizing committee, an endorsing municipality, or an endorsing county relating to attendance at the event, including estimated attendees from out of state, and to the economic impact of the event. Requires a local organizing committee, endorsing municipality, or endorsing county to provide an annual audited financial statement required by the comptroller, if any, not later than the end of the fourth month after the date the period covered by the financial statement ends. Requires a local organizing committee, endorsing municipality, or endorsing county, after the conclusion of an event and on the comptroller's request, to provide information relating to the event, such as attendance figures, including estimated attendees from out of state, financial information, or other public information held by the local organizing committee, endorsing municipality, or endorsing county that the comptroller considers necessary.

(k) Authorizes the comptroller to make a disbursement from the METF on the prior approval of each contributing endorsing municipality or endorsing county for a purpose for which a local organizing committee, an endorsing municipality, or an endorsing county or the state is obligated under a game support contract or event support contract. Provides that, if an obligation is incurred under a game support contract or event support contract to make a structural improvement to the site or to add a fixture to the site for purposes of an event and that improvement or fixture is expected to derive most of its value from subsequent uses of the site for future events, a disbursement from the trust fund made for purposes of that obligation is limited to five percent of the cost of the improvement or fixture and the remainder of the obligation is not eligible for a disbursement from the trust fund.

(w) Requires the comptroller, not later than 10 months after the last day of an event eligible for disbursements from the METF for costs associated with the event, rather than not later than 18 months after the last day of an event eligible for disbursements from the METF for costs associated with the event, using existing resources to:

(1) complete a study in the market area of the event on the measurable economic impact directly attributable to the preparation for and presentation of the event and related activities; and

(2) post on the comptroller's Internet website the results of the study conducted under Subdivision (1) of this subsection.

(w-1) Prohibits the comptroller from considering a subsequent request to participate in the METF for the same event in the same endorsing municipality or endorsing county until a post-event study is completed under Subsection (w) of this section for the preceding event.

SECTION 2. Amends Section 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), by adding Subsections (a-2) and (r) and amending Subsections (h), (i), and (k), as follows:

(a-2) Authorizes an endorsing municipality or endorsing county to only submit one request for participation in the Events trust fund (ETF) per calendar year, except for any additional events that would result in a minimum of \$375,000 in incremental tax gain or draw 25,000 or more out of state visitors to an event.

(h) Authorizes the money in the ETF to be used to pay the principal of and interest on notes issued by an endorsing municipality or endorsing county under Subsection (g) (relating to authorizing an endorsing municipality by ordinance or an endorsing county by order to authorize the issuance of notes to meet its obligations under a certain event support contract) of this section (Events Trust Fund for Certain Municipalities and Counties) and to fulfill obligations of this state or an endorsing municipality or endorsing county to a site selection organization under an event support contract. Authorizes obligations, subject to Subsection (k) of this section, to include the payment of costs relating to the preparations strictly necessary for the conduct of the event and the payment of costs of conducting the event, including strictly necessary improvements or renovations to existing facilities or other facilities and costs of acquisition or construction of new facilities or other facilities strictly necessary for the event. Deletes existing text authorizing the money in the ETF to be used to pay the principal of and interest on notes issued by an endorsing municipality or endorsing county under Subsection (g) of this section and to fulfill obligations of this state or an endorsing municipality or endorsing county to a site selection organization under an event support contract, which obligations are authorized to include the payment of costs relating to the preparations necessary or desirable for the conduct of the event and the payment of costs of conducting the event, including improvements or renovations to existing facilities or other facilities and costs of acquisition or construction of new facilities or other facilities.

(i) Requires a local organizing committee, endorsing municipality, or endorsing county to provide information required by the comptroller to enable the comptroller to fulfill the comptroller's duties under this section, including annual audited statements of any financial records required by a site selection organization and data obtained by the local organizing committee, an endorsing municipality, or an endorsing county relating to attendance at the event, including estimated attendees from out of state, and to the economic impact of the event. Requires a local organizing committee, endorsing municipality, or endorsing county to provide an annual audited financial statement required by the comptroller, if any, not later than the end of the fourth month after the date the period covered by the financial statement ends. Requires a local organizing committee, endorsing municipality, or endorsing county, after the conclusion of an event and on the comptroller's request, to provide information relating to the event, such as attendance figures, including estimated attendees from out of state, financial information,

or other public information held by the local organizing committee, endorsing municipality, or endorsing county that the comptroller considers necessary.

(k) Authorizes the comptroller to make a disbursement from the ETF on the prior approval of each contributing endorsing municipality or endorsing county for a purpose for which a local organizing committee, an endorsing municipality, or an endorsing county or this state is obligated under an event support contract. Provides that, if an obligation is incurred under a game support contract or event support contract to make a structural improvement to the site or to add a fixture to the site for purposes of an event and that improvement or fixture is expected to derive most of its value from subsequent uses of the site for future events, a disbursement from the trust fund made for purposes of that obligation is limited to five percent of the cost of the improvement or fixture and the remainder of the obligation is not eligible for a disbursement from the trust fund.

(r) Requires the comptroller, after an event has concluded, to compare information relating to the actual attendance count at the event submitted to the comptroller under Subsection (i) to the projected attendance count used to determine the incremental tax increase under Subsection (b) (relating to requiring the comptroller, if a site selection organization selects a site for an event pursuant to a certain application, not later than three months before the date of the event, to determine for a certain timer period, in accordance with procedures developed by the comptroller, to determine the incremental increase of certain receipts). Authorizes the comptroller, if the comptroller determines that the actual attendance count is significantly less than the projected attendance count, to proportionately reduce the total amount that an endorsing municipality or endorsing county may be eligible to receive in total disbursement distributions from the trust fund. Authorizes any excess amounts remaining in the trust fund, after the payment of all eligible disbursements, to be refunded under Subsection (m) (relating to requiring the comptroller, on payment of all state, municipal, or county obligations under an event support contract related to the location of any particular event in this state, to remit to each endorsing entity, in proportion to the amount contributed by the entity, any money remaining in the ETF).

SECTION 3. Repealers: Sections 5A(r) (relating to providing that this subsection applies only to an event that the comptroller determines under Subsection (b) of this section will generate at least \$15 million in state and local tax revenue), (s) (relating to prohibiting the term of a certain agreement to not exceed 10 years and is required to terminate on the final termination date provided in the agreement or if the event covered by the agreement is not held during any 18-month period covered by the agreement), (t) (relating to requiring that the total amount of the state's initial contribution under a certain agreement, on termination of the agreement, be repaid to the state from certain funds or from any other source specified in the agreement), and (u) (relating to requiring the comptroller to deposit a certain amount into the Major Event trust fund for the limited purpose of paying the costs of attracting and securing a certain event), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.).

SECTION 4. Provides that the changes in law made by this Act apply only to a request submitted to the comptroller by an endorsing municipality or endorsing county under Section 5A or 5C, Chapter 1507 (Senate Bill No. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), on or after the effective date of this Act. Provides that a request submitted under Section 5A or 5C before that date is governed by the law in effect on the date the request is submitted, and that law is continued in effect for that purpose.

SECTION 5. Effective date: September 1, 2013.