

BILL ANALYSIS

Senate Research Center
85R1095 DDT-F

S.B. 105
By: Hall
Natural Resources & Economic Development
3/10/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

An audit released by the Office of State Auditor John Keel in 2015 detailed some major accountability problems with the Major Events Trust Fund (METF). The audit revealed inaccuracies in calculating disbursements which caused them to err on the generous side.

According to their model demonstration of the process using an actual sporting event, "auditors determined that 22 percent of the total funding that would have been approved for that major event was caused by the inclusion of tax types that were not permissible."

The audit noted it was impossible to even determine the economic impact of the events in question and, as a result, the return on investment, stating that it is "difficult to isolate the economic effect of a major event" due to the size and population of the state.

This bill abolishes the METF and directs all records under its authority to be transferred to the Office of the Governor.

- The METF chooses winners and losers, discriminately awarding funds supportive of certain types of industries but not others.
- The METF effectively operates as a corporate welfare slush-fund, inefficiently allocated to businesses under the guise of economic development.
- It seeks to solve economic growth problems which it cannot identify, and which have not currently ripened into problems.
- The METF is merely a solution in search of problems.

As proposed, S.B. 105 amends current law relating to abolishing the Pan American Games trust fund, Olympic Games trust fund, Major Events reimbursement program fund, Motor Sports Racing trust fund, and Events trust fund.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Office of the Governor is rescinded in SECTION 1 (Article 5190.14, Vernon's Texas Civil Statutes (V.T.C.S.)) of this bill.

Rulemaking authority previously granted to the Economic Development and Tourism Division of the Office of the Governor, is rescinded in SECTION 1 (Article 5190.14, V.T.C.S.) of this bill.

Rulemaking authority previously granted to the applicable site selection organization is rescinded in SECTION 1 (Article 5190.14, V.T.C.S) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. (a) Provides that on September 1, 2017:

(1) Repealers: Chapter 1507 (S.B. 456) (Pan American Games; Olympic Games), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.); Section 335.078 (Venue District as Endorsing Municipality or County), Local Government Code; and Section 26.041(j) (relating to the designation of amounts derived from the sales and use tax retained by the Texas comptroller of public accounts), Tax Code; and

(2) each fund established under Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S) (Pan American Games Trust Fund, Olympic Games Trust Fund, Major Events Reimbursement Program Fund, Motor Sports Racing Trust Fund, and Events Trust Fund), is abolished.

(b) Provides that the applicable provisions of Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), as that chapter existed immediately before the effective date of this Act, including any established funds, remain in effect as those provisions apply in relation to the particular games or events until all money from the fund for the particular games or event has been disbursed and all obligations under a games or event support contract for the particular games or event have been satisfied. Provides that this subsection only applies if, before the effective date of this Act, a site selection organization, pursuant to an application by a local organizing committee, endorsing municipality, or endorsing county, selects a site in Texas for a particular event to which Chapter 1507 applies; and one or more games or event support contracts for the particular games or event have been entered into.

SECTION 2. Provides that the repeal by this Act of Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), does not apply to an offense committed under Chapter 1507 before September 1, 2017. Provides that an offense committed before September 1, 2017, is governed by the law as it existed on the date the offense was committed, and the former law continues in effect for that purpose. Provides that, for purposes of this section, an offense was committed before September 1, 2017, if any element of the offense occurred before that date.

SECTION 3. Effective date: September 1, 2017.