

SUBJECT: Repealing city population threshold for use of the Other Events trust fund

COMMITTEE: Economic Development — committee substitute recommended

VOTE: 5 ayes — Deshotel, Straus, Kolkhorst, Morrison, Ortiz

0 nays

2 present not voting — Dunnam, Veasey

SENATE VOTE: On final passage, April 10 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — (*Registered, but did not testify*: Brandon Aghamalian, Dallas Cowboys Football Club; Amy Fitzgerald, City of Arlington)

Against — None

BACKGROUND: In 1999, the 76th Legislature enacted SB 456 by Madla, authorizing the state to establish two trust funds to support efforts by some Texas cities to attract the 2007 Pan American Games and the 2012 Olympics (V.T.C.S., art. 5190.14). The law sought to address requirements by site-selection organizations that the state create a trust fund to cover any losses by the site-selection organizations resulting from the games.

In 2003, the 78th Legislature enacted SB 275 by Nelson, which established a new trust fund known as the “Other Events trust fund” (V.T.C.S., art. 5190.14, sec. 5A) to aid municipal bidding on site selection for the Super Bowl, National Collegiate Athletic Association (NCAA) Final Four games, National Basketball Association All-Star Game, National Hockey League All-Star Game, Major League Baseball All-Star Game, NCAA Bowl Championship Series games, World Cup soccer games, or World Games. The law allows a county or municipality with a population of at least one million that had been selected as the site for one of these events to deposit the amount of sales-and-use, mixed beverage, and hotel occupancy tax revenue that is attributable to the preparation and presentation of the event into the Other Events trust fund.

Money from the Other Events fund can be used only to fulfill obligations to a site-selection organization. A city or county can issue notes to fund its

obligations under a contract with a site-selection organization and pay for those notes from the trust fund.

During its 2005 regular session, the 79th Legislature enacted HB 1528 by Woolley, which repealed the expiration date of the Other Events trust fund, and SB 150 by Wentworth, which established the Motor Sports Racing trust fund.

DIGEST:

CSSB 1424 would repeal the minimum municipality population requirements for an event covered under the U.S. Olympic Committee, Pan American Games, Motor Sports Racing, and Other Events trust funds.

The bill also would allow a local organizing committee, endorsing municipality, or endorsing county to request that the comptroller determine the economic impact of a qualifying event six months before the event took place, rather than the three months required under current law.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS
SAY:**

By removing the population threshold for a municipality hosting an event eligible under the Other Events trust fund, CSSB 1424 would aid the city of Arlington as it works to recruit the Super Bowl to the new home stadium of the Dallas Cowboys. Without the bill, Arlington might find it difficult if not impossible to lure this event to Texas. Given that the comptroller has estimated that the Super Bowl in Arlington could generate more than \$400 million, it would be appropriate to grant the city the authority to use this economic development program.

The Other Events trust fund is an innovative and important economic development tool that has proven successful in recruiting major sporting events to Texas. By eliminating the population threshold, CSSB 1424 would ensure that the program continued to help Texas cities host such events. The Other Events trust fund has been influential in drawing the Super Bowl and the baseball and basketball All-Star Games to Houston, as well as the NCAA Final Four to San Antonio. This bill would ensure that other Texas cities did not miss out on these exciting and profitable events in the future.

With the Other Events trust fund, a city can fund a game fully with revenue generated by the event. This allows a city to issue notes to pay for an event and to pay for those notes with the fund money based on incremental tax revenue generated by the event.

An event such as the Super Bowl can be a huge economic boost for a city, and the state should continue to support this important economic development strategy. Major sporting events are important in generating economic activity for local business, increasing local tax revenues, providing opportunities for charitable events, and generally raising a community's profile. By generating substantial economic benefit for the host community, these events generate jobs that pay a living wage for Texans.

**OPPONENTS
SAY:**

CSSB 1424 would further transform what was intended to be a limited program to recruit the Olympics or Pan American Games into an entrenched program that initially was not contemplated. The Other Events trust fund siphons local tax revenue from necessary government services and pays for narrow public improvements such as sports stadiums. The Legislature should not allow the expansion of this program to all cities in the state by eliminating the population bracket that exists in current law.

NOTES:

The House committee substitute added a provision to the Senate-passed version of the bill that would allow a local organizing committee, endorsing municipality, or endorsing county to request that the comptroller determine the economic impact of a qualifying event six months before the event took place, rather than the three months required under current law.