

**SUBJECT:** Amending the other events trust fund and the sporting events trust fund

**COMMITTEE:** Technology, Economic Development, and Workforce — committee substitute recommended

**VOTE:** 7 ayes — Strama, F. Brown, Button, Eissler, Gattis, Harless, Rodriguez  
0 nays  
2 absent — Parker, Ritter

**SENATE VOTE:** On final passage, April 15 — 26-4 (Huffman, Nelson, Nichols, Patrick)

**WITNESSES:** (*On House companion bill, HB 2437:*)  
For — Denis Braham, Texas Alliance for Sporting and Other Events Development; Don Hoyte; (*Registered, but did not testify:* Rudy Garza, City of Corpus Christi; Chris Shields, City of San Antonio, San Antonio Sports Foundation; Jim Short, National Cutting Horse Association)  
  
Against — None  
  
On — Robert Wood, Comptroller of Public Accounts

**BACKGROUND:** VTCS, art. 5190.14 outlines provisions for three trust funds designed to attract sporting and other events that could go to other states — the Motor Sports Racing Trust Fund; the Sporting Event Trust Fund, designed to attract events such as an NCAA regional tournament or playoff game; and the Other Events Trust Fund, designed to attract major sporting events such as the Super Bowl or World Cup Soccer. The state sets aside in these funds unanticipated tax gains that result from local cities or counties hosting these events and returns a portion of those gains to the locality to offset the expense of hosting the event.

**DIGEST:** CSSB 1515 would amend VTCS art. 5190.14 to make a number of changes in the Other Events Trust Fund, the Sporting Event Trust Fund and the Motor Sports Racing Trust Fund, including:

- renaming the Other Events Trust Fund the Major Events Trust Fund;
- renaming the Sporting Event Trust Fund the Event Trust Fund;
- adding allowable events to include the Breeders' Cup World Championships or a Formula One auto race;
- adding that a site selection organization for an allowable event could include the National Thoroughbred Racing Association, Formula One Management Limited, or the Federation Internationale de l'Automobile;
- allowing the Event Trust Fund to support non-sporting games or events;
- removing population requirements for participant counties and municipalities for the Sporting Event Trust Fund and the Motor Sports Racing Trust Fund; and
- lengthening the timeframe for the comptroller to determine the incremental tax increase of major events from two weeks to one year, beginning two months before the event would begin.

The bill also would add that an eligible event could receive funding from the Major Events Trust Fund and the Event Trust Fund only if:

- a site selection organization selected a site located within Texas for the event after considering, through a highly competitive selection process, one or more sites outside the state;
- a site selection organization selected a site in Texas as the sole site for the event; and
- the event was held once a year.

The bill would amend the definition of an endorsing county or municipality to include one that contained a site selected by a site selection organization for one or more events, or one that:

- did not contain a site selected by a site-selection organization for an event;
- was included in the market area for the event as designated by the comptroller; and
- was a party to an event support contract.

Additionally, CSSB 1515 would amend the Other Events Trust Fund so that, if the comptroller determined that a major event would generate at

least \$15 million in state and local tax revenue, the comptroller could disburse to endorsing local governments from the newly-renamed Major Events Trust Fund an amount specified in an agreement to pay costs relating to attracting and securing the event. The agreement could provide that, following the last day of an event, the eligible funds for disbursement be held in the trust fund and be made available to pay the cost of securing the event in the future. The terms of the agreement could not exceed 10 years and would end on the termination date in the agreement or if the event was not held during any 18-month period covered by the agreement. Any state contribution under the agreement would have to be repaid upon termination of an agreement. The agreement would have to include a provision for a performance bond or other guarantee of repayment if the event was not held in the state after a disbursement has been made.

The bill would take effect September 1, 2009.

**SUPPORTERS  
SAY:**

CSSB 1515 would amend three current economic development programs, the Other Events Trust Fund, the Sporting Events Trust Fund, and the Motor Sports Racing Trust Fund, to make the programs easier to access by local governments and for the comptroller to administer. Since the inception of these programs, the state has partnered with local governments on 19 events, with a total of \$41.5 million in state and local taxes generated from out-of-state visitors as a direct result of the event being located in Texas. These events include the 2004 Super Bowl hosted by the city of Houston, which had an overall economic impact of \$336 million to the Texas economy. It is estimated that 104,000 visitors came from out of state and, while here, paid over \$8.7 million in state taxes. The bill would allow Texas to compete better with other states for these events.

The bill would amend these programs to ensure that covered events were unique, one-of-a-kind events. The state has used these programs to share unexpected gains with the local community to offset the costs of hosting the event, including expenses related to security, transportation, facilities, and administration. Taxes generated from the events essentially are unexpected gains that would not come to the state otherwise.

In addition, the bill would add a new subsection to the Major Events Trust Fund program authorizing the comptroller to use appropriated state funding to attract and secure major, landmark events that would generate at least \$15 million in local and state tax revenues attributable to out-of-state visitors. These funds would be recovered through the additional state

and local tax revenues that would be generated from the event, allowing the program to function essentially as a revolving fund. This could be done only through an agreement between the comptroller and local governments and would include provisions to protect the state's interest, including a performance bond or other guarantee of payment, should the event not take place. Additionally, by extending from two weeks to one year the timeframe to determine the incremental tax increase from the major event, the bill would allow the local government to capture not only the direct impact, but the indirect impact of money entering the local, regional, and state economy.

**OPPONENTS  
SAY:**

The amendments that CSSB 1515 would make to these programs are unnecessary. While no one would deny the importance of having major events come to Texas, the fact that the 2004 Super Bowl and the 2008 NCAA Final Four tournament, and the upcoming 2011 Super Bowl, have been awarded to Texas signifies that these programs are working well in their current form and do not need to be changed.

**NOTES:**

The House companion bill, HB 2437 by McCall, was considered in a public hearing by the Technology, Economic Development, and Workforce Committee on April 6 and was reported favorably, as substituted, on April 16.