

BILL ANALYSIS

Senate Research Center
76R4250 AJA-F

S.B. 456
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DIGEST

Currently, the City of San Antonio is bidding to host the 2007 Pan American Games, while the cities of Dallas and Houston are bidding on the 2012 Olympics. The site selection committees that review these bids require the bidding cities to submit sufficient evidence with their bid that the state in which the bidder is located supports the bid and is willing to grant good faith assurances that the games will be produced in accordance with the bid should the games be awarded to that city. A games support contract would be supported by a special fund in the treasury, which would be composed of incremental increases in state sales and use tax revenues that are directly related to the games activities in the geographical area where the games are to be presented. S.B. 456 would authorize the state to provide financial support to persons and municipalities as well as assurances that Texas Department of Economic Development commitments will be fulfilled to the site selection organization sponsoring the games if a state location is the site for the 2007 Pan American Games or the XXX Olympiad in 2012. S.B. 456 would require the comptroller to deposit an amount determined by the increased revenues into a special treasury account called the Olympics and Pan American Games support fund.

PURPOSE

As proposed, S.B. 456 facilitates and supports cooperative efforts of municipalities and counties to promote economic development by hosting the Pan American Games and the Olympic Games.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. DEFINITIONS. Defines “department,” “endorsing municipality,” “games,” “games support contract,” “participating municipality or county,” “qualified applicant,” “regional games support authority,” “site selection application costs,” “site selection date,” and “site selection organization.”

SECTION 2. PURPOSE. Authorizes the state to provide limited unbiased financial support to persons or municipalities preparing applications for submission to the American Sports Organization for designation of a site in this state as the Pan site for the 2007 Pan American Games or to the International Olympic Committee for designation of a site in this state as the site of the XXX Olympiad Games in 2012. Authorizes the state to provide financial support to persons and municipalities as well as assurances that Texas Department of Economic Development (department) commitments will be fulfilled to the site selection organization sponsoring the games if a state location is the site for the 2007 Pan American Games or the XXX Olympiad in 2012.

SECTION 3. LEGISLATIVE FINDINGS. Finds that the state’s conduct of the 2007 Pan American Games or XXX Olympiad Games in 2012 will provide invaluable public visibility throughout the world for the state and site communities, and will encourage and provide major economic benefits to the state and site communities.

SECTION 4. OLYMPICS AND PAN AMERICAN GAMES SUPPORT FUND. Requires the comptroller to determine monthly incremental increases in sales and use tax receipts within an accepted applicant’s market area whose site application has been accepted by the applicable site selection organization that is reasonably attributable to the successful application and preparation for and the presentation of the applicable games and related events, beginning on the first day after the site selection date if a site selection organization selects a Texas site for the XXX Olympiad Games or the 2007 Pan

American Games. Requires the comptroller to deposit an amount determined under Subsection (a) of this section into a special treasury account called the Olympics and Pan American Games support fund; requires the comptroller to discontinue depositing this amount at the end of the third calendar month following the month in which the closing event of the games occurs. Requires a qualified applicant to propose the geographic market area boundaries to be used under Subsection (a) of this section. Requires the department to approve a proposed market area if it includes areas likely to provide venues, accommodations, and services related to the games based on the applicant's proposal. Authorizes the department to use Olympic and Pan American Games funds to fulfill state selection organization obligations under a support contract or any other agreement which provides assurances from the department to a site selection organization.

SECTION 5. ASSISTANCE OF DEPARTMENT AND OTHER STATE AGENCIES. Requires the department to review qualified applicant requests that the department enter into a games support contract with the applicant. Sets forth the information required to be included in a request. Requires the department to approve or deny a request no later than the 30th day after the request is submitted. Sets forth acceptable conditions for the department's approval of a games support contract with a qualified applicant. Authorizes the department, after entering into a games support contract, to pay for a specified portion of site selection application costs during the period before the applicable site selection date. Authorizes the department to provide written assurances on behalf of the state and qualified applicant to the applicable site selection organization if the applicant's proposal is accepted and the identified site is selected, and if necessary in addition to funds provided by the qualified applicant, the state will provide sufficient funds from money on deposit in the Olympics and Pan American Games support fund to pay game presentation costs according to the qualified applicant's proposal. Requires a qualified applicant participating in a games support contract to repay state funds expended by the department from a qualified applicant's funds remaining after incurred expenses have been met and the presentation of the games. Provides that a qualified applicant is not required to repay any state money expended before the site selection date if the games are not awarded to the qualified applicant. Authorizes a games support contract to contain any additional provisions required by the department in order to meet the purpose of this act. Authorizes the Texas Department of Transportation, the Texas Department of Public Safety, and the Texas Department of Housing and Community Affairs to assist qualified applicants in developing applications and planning for the games and to enter into contracts, agreements, or assurances related to the game presentations.

SECTION 6. REGIONAL GAMES SUPPORT AUTHORITY. Authorizes a regional games support authority to be created by a resolution concurrently adopted by an endorsing municipality and one or more counties. Provides that a (regional games support authority) is a political subdivision and governmental instrumentality of the state. Provides that a regional games support authority territory is the same as territory of counties that participate in the authority creation. Requires a resolution creating a regional games support authority to provide administration, operation, and governance of the authority. Authorizes the participating municipalities or counties to be granted representation on the board of directors of authority in the resolution creating the authority.

SECTION 7. POWERS OF PARTICIPATING MUNICIPALITY OR COUNTY AND REGIONAL GAMES SUPPORT AUTHORITY. Provides that necessary powers are granted to participating municipalities or counties and regional games support authorities to construct, improve, expand, and acquire any useful sports venues and all public infrastructure, housing, and other facilities that are associated with the games presentation. Authorizes a participating municipality or county, regional games support authority, and any other political subdivision or local governmental entity to enter into use, finance, and improvement agreements for improving sports venues, housing, and other public infrastructure useful to the games presentation, including the method of allocating and sharing revenues and income resulting from the games presentation or associated events. Authorizes, to the extent authorized by a qualified applicant, a participating municipality or county regional games support authority to design, obtain, and register sale and use trademarks, copyrights, and other intellectual property rights related to the games and to sell, market, advertise, or license the intellectual property rights, including the direct sale of manufactured products by a participating municipality or county or regional games support authority. Authorizes a participating municipality or county or regional games support authority to enter into a contract, sue and be sued, and condemn property and land in connection with the games.

SECTION 8. BONDS. Authorizes a participating municipality or county or regional games support authority to issue bonds, notes, and other securities appropriate to construct new venues for the games; repair, expand, or improve existing sports venues for use as a games venue; or provide other facilities and public infrastructure, including housing facilities, appropriate for conducting the games. Authorizes the

issuer of obligations authorized under Subsection (a) to pledge to the payment of those obligations revenues to be received by the issuer under an agreement with a qualified applicant; revenues, taxes, and any other law, subject to any election requirements imposed by that law; and revenues expressly permitted by this Act. Authorizes the issuance of a bond, note, or other security to be issued in the same manner as a participating municipality or county or regional games support authority may issue other types of bonds, notes, or other securities.

SECTION 9. IMPOSITION OF GAMES SURCHARGE. Authorizes a regional games support authority to adopt and impose, in addition to any sales and use taxes, a temporary surcharge equal to one percent of the retail price of all goods, merchandise, and admission tickets sold or distributed at, or any charges collected for the use of, a games venue certified by the comptroller as necessary for the conduct of the games, beginning on the first day of the third calendar month before the calendar month in which the games begin and ending on the fifth day following the closing event of the games. Requires revenues derived from surcharges to be fairly allocated on an equitable basis among participating municipalities or counties and a regional games support authority in accordance with an interlocal agreement entered into by the participating municipalities and counties and the regional games support authority.

SECTION 10. GOVERNMENTAL FUNCTIONS. Provides that an action taken or an activity conducted under this Act by a qualified applicant, the department, or other state agency, a participating municipality or county, or a regional games support authority is declared to be an essential governmental function and is not a proprietary function.

SECTION 11. Emergency clause.

Effective date: upon passage.