

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1392
By: Davis
Economic Development
4/26/2013
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The events trust funds were established by the 76th Legislature in 1999, to assist the state in its site selection bid for the Olympic games. Since their creation, the trust funds have been expanded to add the Major Events Trust Fund (2003), the Special Events Trust Fund (2005), and the Events Trust Fund (2007). Collectively, the funds have paid out over \$200 million from the additional sales tax, hotel tax, alcoholic beverage tax, and motor vehicle rental tax generated by the events to reimburse costs of those events. Since the events trust funds' original inception in 1999, the funds have never been audited by the state auditor to ensure that the funds are disbursed properly and according to all rules and regulations.

C.S.S.B. 1392 requires the state auditor to conduct an audit to determine the efficiency and effectiveness of funding events through an events trust fund. At a minimum, the audit must determine if the funds are disbursed in compliance with the requirements of the code, monitored to determine whether the entities awarded money comply with the terms of the agreements, and maintained in a manner that provides accountability for the proper use of money.

C.S.S.B. 1392 further requires that the state auditor prepare a report of the audit no later than January 1, 2015. The report must include the process for approving disbursement through an events trust fund and the degree to which past and present recipients of money from the funds have complied with the terms of agreements and code.

Finally, C.S.S.B. 1392 requires the comptroller of public accounts of the State of Texas to conduct a study to determine the economic impact of events that qualify for funding through an events trust fund and whether the events would likely be held in this state in the absence of the incentives provided through the fund.

C.S.S.B. 1392 amends current law relating to an audit by the state auditor and a study by the comptroller of the events trust funds.

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. (a) Requires the state auditor to conduct an audit to determine the efficiency and effectiveness of funding events through an events trust fund authorized under Section 5 (Guarantee of State and Municipal Obligations; Olympic Games Trust Fund), 5A (Payment of State and Municipal or County Obligations; Major Events Trust Fund), 5B (Guarantee of State and Municipal or County Obligations; Motor Sports Racing Trust Fund), or 5C (Events Trust Fund for Certain Municipalities and Counties), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.).

(b) Requires that the audit, at a minimum, determine whether money from an events trust fund is efficiently and effectively:

(1) disbursed in compliance with Section 5, 5A, 5B, or 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), as applicable, the Government Code, and other relevant laws or standards;

(2) monitored so that the event and the persons and entities that receive money from the fund comply with the terms of applicable agreements and with the applicable sections of Chapter 1507, the Government Code, and other relevant laws or standards; and

(3) maintained to provide adequate financial control systems and to ensure accountability for use of the money.

(c) Requires the state auditor to prepare a report of the audit conducted under this section. Requires the state auditor, not later than January 1, 2015, to electronically file a copy of the report with the lieutenant governor, the speaker of the house of representatives, and the presiding officer of each standing committee of the senate and house of representatives having primary jurisdiction over fiscal matters or matters related to tourism or recreation. Requires that the report include details on:

(1) the process for approving the disbursement of money through an events trust fund; and

(2) the degree to which past and present recipients of money from a fund have complied with the terms of event agreements and with the applicable sections of Chapter 1507, the Government Code, and other relevant laws or standards.

SECTION 2. (a) Requires the comptroller of public accounts of the State of Texas (comptroller) to conduct a study to determine the economic impact of the events that qualify for funding through an events trust fund and whether the events would likely be held in this state in the absence of the incentives provided through the fund.

(b) Requires the comptroller to prepare a report of the findings from the study conducted under this section. Requires the comptroller, not later than January 1, 2015, to electronically file a copy of the report with the lieutenant governor, the speaker of the house of representatives, and the presiding officer of each standing committee of the senate and house of representatives having primary jurisdiction over fiscal matters or matters related to tourism or recreation.

SECTION 3. Requires the comptroller, notwithstanding any other law, to reimburse the state auditor for the cost of the audit conducted under Section 1 of this Act using any balances available in the 2014 state fiscal year from the events trust funds established under Section 5, 5A, 5B, or 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.). Requires the comptroller to pay the audit cost proportionally from the established funds based on the maximum balances in the funds during the 2014 state fiscal year.

SECTION 4. Provides that this Act expires September 1, 2015.

SECTION 5. Effective date: September 1, 2013.