

## **BILL ANALYSIS**

Senate Research Center

S.B. 633  
By: Fraser  
Natural Resources and Economic Development  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas Legislature established the Pan American Games Trust Fund, Olympic Games Trust Fund, Major Events Trust Fund, Motor Sports Racing Trust Fund, Special Events Trust Fund, and Events Trust Fund programs to help communities offset the costs of hosting sporting and other special events. Currently these trust funds are managed by office the comptroller of public accounts of the State of Texas.

The purpose of the funds is to attract visitors from out of state, which will increase state and local tax revenue from visitors spending money at businesses and restaurants. Through a competitive bidding process, Texas cities compete with communities in other states for the right to host the qualifying event.

S.B. 633 moves the Pan American Games Trust Fund, Olympic Games Trust Fund, Major Events Trust Fund, Motor Sports Racing Trust Fund, Special Events Trust Fund and Events Trust Fund programs from the comptroller's office to the Economic Development and Tourism Division of the governor's office,

As proposed, S.B. 633 amends current law relating to a pan american games trust fund, an olympic games trust fund, a major events trust fund, a motor sports racing trust fund, an events trust fund for sporting and non-sporting events, and a special event trust fund.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the comptroller of public accounts of the State of Texas (comptroller) is transferred to the Economic Development and Tourism Division, Office of the Governor, in SECTION 6 (Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 Article 5190.14, V.T.C.S.), SECTION 7 (Section 5B, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14)), V.T.C.S.), and SECTION 11 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 4, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), by amending Subsections (b), (c), (d), (f), (h), (j), and (k), as follows:

(b) Requires the Economic Development and Tourism Division (EDT), Office of the Governor rather than the comptroller of public accounts of the State of Texas (comptroller), a site selection organization that selects a site for the games in this state pursuant to an application by a local organizing committee acting on behalf of an endorsing municipality, after the first occurrence of a measurable economic impact in this state as a result of the preparation for the games, as determined by EDT, rather than the comptroller, but in no event later than one year before the scheduled opening event of the games, determine for each subsequent calendar quarter, in accordance with procedures developed by EDT, rather than the comptroller:

(1) the incremental increase in the receipts to the state from the taxes imposed under Chapters 151 (Limited Sales, Excise, and Use Taxes), 152 (Taxes on Sale,

Rental, and Use of Motor Vehicles), 156 (Hotel Occupancy Tax), and 183 (Mixed Beverage Taxes), Tax Code, and under Title 5 (Taxation), Alcoholic Beverage Code, within the market areas designated under Subsection (c) of this section that is directly attributable, as determined by EDT, rather than the comptroller, to the preparation for and presentation of the games and related events;

(2) the incremental increase in the receipts collected by the state on behalf of the endorsing municipality from the sales and use tax imposed by the endorsing municipality under Section 321.101(a) (relating to municipalities adopting sales taxes), Tax Code, that is directly attributable, as determined by the as determined by EDT, rather than the comptroller, to the preparation for and presentation of the games and related events; and

(3) the incremental increase in the receipts collected by the endorsing municipality from the municipality's hotel occupancy tax imposed under Chapter 351 (Municipal Hotel Occupancy Taxes), Tax Code, that is directly attributable, as determined as determined by EDT, rather than the comptroller, to the preparation for and presentation of the games and related events.

(c) Changes references to comptroller to EDT.

(d) Requires the comptroller, at the direction of EDT, to retain, for the purpose of guaranteeing the joint obligations of the state and the endorsing municipality under a games support contract and this Act, the amount of municipal sales and use tax revenue determined under Subsection (b)(2) of this section from the amounts otherwise required to be sent to the municipality under Section 321.502 (Distribution of Trust Funds), Tax Code, beginning with the first distribution of that tax revenue that occurs after the date EDT, rather than the comptroller, makes the determination of the amount of municipal sales and use tax revenue under Subsection (b)(2). Makes no further change to this subsection.

(f) Requires EDT, rather than the comptroller, subject to Subsection (m) of this section, deposit into a trust fund designated as the Pan American Games trust fund the amount of municipal sales and use tax revenue retained under Subsection (d) of this section and, at the same time, a portion of the state tax revenue determined under Subsection (b)(1) of this section in an amount equal to 6.25 times the amount of that municipal sales and use tax revenue. Requires the comptroller at the direction of EDT, when an endorsing municipality makes a deposit of its hotel occupancy tax revenue, to deposit at the same time a portion of the state tax revenue determined under Subsection (b)(1) of this section in an amount equal to 6.25 times the amount of that municipal hotel occupancy tax revenue. Provides that holds in trust the Pan American Games trust fund for its administration is established outside the treasury but is held in trust by EDT, rather than the comptroller, for the administration of this Act. Makes no further change to this subsection.

(h) Makes conforming changes.

(j) Makes a conforming change.

(k) Makes conforming changes.

SECTION 2. Reenacts Subsection (i), Section 4, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), as amended by Chapters 579 (H.B. 1675) and 814 (S.B. 275), Acts of the 78th Legislature, Regular Session, 2003, and amends it to makes conforming changes.

SECTION 3. Reenacts Subsection (l), Section 4, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), as amended by Chapters 579 (H.B. 1675) and 814 (S.B. 275), Acts of the 78th Legislature, Regular Session, 2003, and amends it to makes conforming changes.

SECTION 4. Amends Section 5, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), by amending Subsections (b), (c), (d), (f), (h), (i), (j), (k), and (l) as follows:

(b) and (c) Makes conforming changes.

(d) Requires that the comptroller, at the direction of EDT, subject to Section 6 of this Act, retain, for the purpose of guaranteeing the joint obligations of the state and an endorsing municipality or endorsing county under a games support contract and this Act, the amount of sales and use tax revenue and mixed beverage tax revenue determined under Subsection (b)(2) or (b)(3) of this section from the amounts otherwise required to be sent to the municipality under Section 183.051(b) or 321.502, Tax Code, or to the county under Section 183.051(b) or 323.502, Tax Code, beginning with the first distribution of that tax revenue that occurs after the date EDT, rather than the comptroller, makes the determination of the amount of sales and use tax revenue and mixed beverage tax revenue under Subsection (b)(2) or (b)(3) of this section. Makes no further change to this subsection.

(f) Makes conforming changes.

(h)-(l) Makes conforming changes.

SECTION 5. Amends Subdivisions (1) and (2), Subsection (a), Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), are amended to redefine "endorsing county" and "endorsing municipality" to provide EDT, rather than the comptroller, is responsible for designating the market area for an event.

SECTION 6. Amends Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), to make conforming changes.

SECTION 7. Amends Section 5B, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), to make conforming changes.

SECTION 8. Amends Section 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), by amending Subsections (b), (c), (d), (f), (i), (j), (k), (k-1), (m), (o), P, (q), (r), and (t) to make conforming changes.

SECTION 9. Amends Section 6, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.), to make conforming changes.

SECTION 10. Repealer: Subsection (s) (relating to rulemaking authority expressly granted to the comptroller), Section 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, V.T.C.S.).

Repealer: Chapter 398 (Measures to Support Municipal and County Special Events), Local Government Code.

SECTION 11. (a) Provides that, not later than September 1, 2015:

(1) the administration of the pan american games trust fund, olympic games trust fund, major events trust fund, motor sports racing trust fund, and events trust fund for sporting and non-sporting events is required to be transferred from the comptroller to EDT, office of the governor;

(2) all rules, forms, policies, procedures, or decisions of the comptroller that are related to the pan american games trust fund, olympic games trust fund, major events trust fund, motor sports racing trust fund, and events trust fund for sporting and non-sporting events are continued in effect as rules, forms, policies,

procedures, or decisions of EDT, office of the governor until superseded by a rule or other appropriate act of EDT, office of the governor;

(4) a reference in law or administrative rule to the comptroller relating to the administration of the pan american games trust fund, olympic games trust fund, major events trust fund, motor sports racing trust fund, and events trust fund for sporting and non-sporting events means EDT, office of the governor.

(b) Requires, before the transfer of the administration of the pan american games trust fund, olympic games trust fund, major events trust fund, motor sports racing trust fund, and events trust fund for sporting and non-sporting events, the comptroller and EDT, the office of the governor, to coordinate the transfer of powers and duties including records and other items, to ensure a smooth transition.

SECTION 12. Provides that, notwithstanding the repeal by this Act of Chapter 398, Local Government Code, a special event plan approved under former Chapter 398 of that code before September 1, 2015, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 13. Effective date: September 1, 2015.