

BILL ANALYSIS

Senate Research Center

S.B. 944
By: Whitmire
State Affairs
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Committee Report (Amended)

DIGEST

Currently, there is more than \$1.3 billion in public and private sector redevelopment projects already scheduled for downtown Houston. The voters of Harris County have approved Proposition One calling for the building of a new sports arena in Houston. This bill would provide funding sources that would build or renovate facilities for baseball, basketball, football, rodeo, hockey and soccer; and would create a sports authority to collect additional funds to pay for the facilities above and beyond the private funding sources.

PURPOSE

As proposed, S.B. 944 provides funding sources that would build or renovate facilities for baseball, basketball, football, rodeo, hockey and soccer; and would create a sports authority to collect additional funds to pay for the facilities above and beyond the private funding sources.

RULEMAKING AUTHORITY

Rulemaking authority is granted to a sports venue authority in SECTION 1 (Sections 334.113(b) and 334.071(a)(5), Local Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 10C, Local Government Code, by adding Chapter 334, as follows:

CHAPTER 334. SPORTS VENUE AUTHORITIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 334.001. DEFINITIONS. Defines "approved sports venue project," "authority," "board," "governing body," "prior approved sports venue project," "related infrastructure," "sports venue," and "sports venue project."

Sec. 334.002. APPLICATION OF CHAPTER. Provides that this chapter applies only to a municipality with a population of more than 1.2 million, and a county with a population of more than 2.2 million.

Sec. 334.003. APPLICATION TO SPORTS VENUE CONSTRUCTED UNDER OTHER LAW. Sets forth application of this chapter to sports venues constructed under other laws, including Section 4B of the Development Corporation Act of 1979 or Chapter 451E, Transportation Code.

Sec. 334.004. OTHER USES OF SPORTS VENUE PERMITTED. Provides that this chapter does not prohibit a sports venue to be used for non-sports activities.

SUBCHAPTER B. SPORTS VENUE AUTHORITY

Sec. 334.021. CREATION. Authorizes the creation of a sports venue authority.

Sec. 334.022. ORDER CREATING AUTHORITY. Authorizes a municipality and a county

to create a sports venue authority by adopting a concurrent ordinance and order. Sets forth requirements of the concurrent ordinance and order.

Sec. 334.023. **POLITICAL SUBDIVISION; OPEN MEETINGS; OPEN RECORDS.** Provides that an authority is a political subdivision of this state and is subject to Chapters 551 and 552, Government Code.

SUBCHAPTER C. BOARD OF DIRECTORS

Sec. 334.031. **COMPOSITION AND APPOINTMENT OF BOARD.** Provides that an authority is governed by a board of at least five directors, including the chair of the board. Provides for the appointment, terms, and qualifications of a director.

Sec. 334.032. **COMPENSATION.** Prohibits a board member from being compensated, but entitles the board member to reimbursement for actual and necessary expenses.

Sec. 334.033. **MEETINGS.** Requires the board to conduct its meetings in the authority.

Sec. 334.034. **OFFICERS.** Requires the board to designate from among its members, a secretary and other officers, except the chair, as necessary.

SUBCHAPTER D. SPORTS VENUE PROJECTS

Sec 334.051. **AUTHORITY TO PROVIDE PROJECTS.** Authorizes an authority to provide for planning, acquisition, establishment, development, construction, or renovation of a sports venue project, if the project is a prior approved sports venue project; or included in a resolution adopted by the board and approved by the voters. Sets forth requirements for the resolution.

Sec. 334.052. **ELECTION.** Authorizes the board to an election. Sets forth the requirements for an order calling the election. Sets forth the language for the ballot. Authorizes the authority to implement a resolution, if approved by the voters. Provides that the Election Code governs in an election held under this chapter, but the uniform election date provisions of Section 41.001(a) do not apply.

SUBCHAPTER E. POWERS AND DUTIES

Sec. 334.071. **GENERAL POWERS OF AUTHORITY.** Sets forth the powers of an authority. Sets forth provisions in which the authority has the power to contract. Provides that the competitive bidding laws do not apply to a prior approved sports venue project that is a new stadium for a professional baseball team. Prohibits an authority from levying an ad valorem tax.

Sec. 334.072. **SPORTS VENUE PROJECT FUND.** Requires an authority to establish, by resolution, a fund known as the sports venue project fund (fund). Authorizes the authority to establish separate accounts within the fund for various revenue sources. Requires the authority to deposit certain proceeds into the fund. Sets forth uses for the fund. Provides that money in the fund is the property of the authority depositing the money.

Sec. 334.073. **BONDS AND OTHER OBLIGATIONS.** Sets forth procedures and requirements for issuing bonds.

Sec. 334.074. **PUBLIC PURPOSE OF PROJECT.** Provides that the legislature finds for all constitutional and statutory purposes that an approved sports venue project is owned, used, and held for public purposes by the authority. Provides that Section 25.07(a), Tax Code, does not apply to a leasehold or other possessory interest granted by the authority while the authority owns the project, and the project is exempt from taxation under Section 11.11, Tax Code, while the authority owns the project.

SUBCHAPTER F. SHORT-TERM MOTOR VEHICLE RENTAL TAX

Sec. 334.101. DEFINITIONS. Defines "motor vehicle," "rental," and "place of business of the owner." Provides that words used in this subchapter and defined by Chapter 152, Tax Code, have the meanings assigned by Chapter 152, Tax Code, except as provided by Subsection (a).

Sec. 334.102. TAX AUTHORIZED. Authorizes an authority, by order, to impose a tax on the rental in the authority of a motor vehicle, subject to the provisions of Section 334.112, and to repeal or decrease the rate of tax. Authorizes an authority to impose a tax under this subchapter if certain provisions are met.

Sec. 334.103. SHORT-TERM RENTAL TAX. Sets forth the tax rate authorized by this subchapter. Requires a ballot proposition at an election held to adopt the tax to specify the maximum rate of the tax to be adopted.

Sec. 334.104. RATE INCREASE. Sets forth requirements for an increase in the rate of taxation.

Sec. 334.105. COMPUTATION OF TAX. Sets forth requirements for the collection and calculation of taxation.

Sec. 334.106. CONSUMMATION OF RENTAL. Provides that a rental of a motor vehicle occurs in the authority in which the transfer of possession of the motor vehicle occurs.

Sec. 334.107. EXEMPTIONS APPLICABLE. Provides that the exemptions provided in Chapter 152E, Tax Code, apply to the tax authorized by this subchapter.

Sec. 334.108. NOTICE OF TAX. Sets forth the language of the notice of tax.

Sec. 334.109. GROSS RECEIPTS PRESUMED SUBJECT TO TAX. Provides that gross receipts of an owner of a motor vehicle from the rental of the motor vehicle are presumed to be subject to the tax imposed by this subchapter, except for gross receipts for which the owner has accepted in good faith a properly completed exemption certificate.

Sec. 334.110. RECORDS. Requires the owner of a motor vehicle for rent to keep records, not including mileage records, for four years after a certain period.

Sec. 334.111. FAILURE TO KEEP RECORDS. Provides that a person commits a misdemeanor punishable by a fine for failure to keep records for the required four-year period.

Sec. 334.112. EFFECTIVE DATE AND DURATION OF TAX. Sets forth the effective date and duration of a tax under this subchapter.

Sec. 334.113. TAX COLLECTION; PENALTY. Requires an owner of a motor vehicle required to collect taxes under this subchapter to report and send taxes collected to the authority as provided by the order imposing the tax. Authorizes an authority, by order, to prescribe penalties for failure to keep records, to report, or pay taxes when due. Authorizes an attorney acting for the authority to file a suit against a person failing to comply with this subchapter. Requires fees of such attorney to be assessed against such person.

Sec. 334.114. COLLECTION PROCEDURES ON PURCHASE OF MOTOR VEHICLE RENTAL BUSINESS. Sets forth requirements for collection procedures on the purchase of a motor vehicle rental business.

Sec. 334.115. REIMBURSEMENT FOR TAX COLLECTION EXPENSES. Authorizes an authority, by order, to reimburse a person who expends funds for the collection of tax under this subchapter. Authorizes the authority to provide that the person may retain the amount authorized to be retained only if the person pays the tax and files reports as required by the

authority.

Sec. 334.116. DEPOSIT OF TAX REVENUE. Requires revenue from the tax imposed under this subchapter to be deposited in the fund of the authority imposing the tax.

SUBCHAPTER G. ADMISSIONS TAX

Sec. 334.131. TAX AUTHORIZED. Sets forth requirements for an authority to impose a tax on persons admitted to a sports venue project. Prohibits an authority from imposing a tax for admission to an event at certain sports venues. Authorizes an authority to impose a tax under this subchapter if certain provisions are met.

Sec. 334.132. TAX RATE. Sets forth the rate of a tax under this subchapter. Requires a ballot proposition to specify the amount of tax. Authorizes an authority to repeal or decrease that tax rate under this subchapter.

Sec. 334.133. RATE INCREASE. Authorizes an authority to raise taxes under this subchapter in certain situations.

Sec. 334.134. COLLECTION. Sets forth requirements for collection of taxes under this subchapter.

Sec. 334.135. EFFECTIVE DATE AND DURATION OF TAX. Sets forth the effective date and duration of a tax under this subchapter. Authorizes an authority to impose a tax under this subchapter only if the authority issues bonds or other obligations under Section 334.073. Prohibits the authority from imposing the tax after such bonds or obligations are no longer outstanding.

Sec. 334.136. COLLECTION OF TAX. Sets forth requirements for collection of taxes.

Sec. 334.137. DEPOSIT OF TAX REVENUE. Requires revenue from the tax imposed under this subchapter to be deposited in the fund of the authority imposing the tax.

SUBCHAPTER H. PARKING TAX

Sec. 334.181. EVENT PARKING TAX. Sets forth requirements for imposing an event parking tax.

Sec. 334.182. TAX RATE. Sets forth the tax rate of a tax under this subchapter. Requires a ballot proposition to specify the amount of tax. Authorizes an authority to repeal or decrease that tax rate under this subchapter.

Sec. 334.183. RATE INCREASE. Authorizes an authority to raise taxes under this subchapter in certain situations.

Sec. 334.184. COLLECTION. Sets forth requirements for collection of taxes under this subchapter.

Sec. 334.185. EFFECTIVE DATE AND DURATION OF TAX. Sets forth the effective date and duration of tax under this subchapter. Authorizes an authority to impose a tax under this subchapter only if the authority issues bonds or other obligations under Section 334.073. Prohibits the authority from imposing the tax after such bonds or obligations are no longer outstanding.

Sec. 334.186. COLLECTION OF TAX. Sets forth requirements for persons required to collect taxes under this subchapter.

Sec. 334.187. DEPOSIT OF TAX REVENUE. Requires revenue from the tax imposed under this subchapter to be deposited in the fund of the authority imposing the tax.

SUBCHAPTER I. HOTEL OCCUPANCY TAX

Sec. 334.231. DEFINITION. Defines "hotel."

Sec. 334.232. TAX AUTHORIZED. Sets forth requirements for an authority, by order, to impose a tax on a person who, under a lease, concession, permit, right of access, license, contract, or agreement, pays for the use or possession of a room that is in a hotel.

Sec. 334.233. TAX CODE APPLICABLE. Provides that Sections 352.002(b) and (c) and Sections 352.004, 352.0041, 352.005, and 352.007, Tax Code, govern the tax authorized under this subchapter except as inconsistent with this subchapter.

Sec. 334.234. TAX RATE. Sets forth the rate of a tax under this subchapter. Requires a ballot proposition to specify the amount of tax to be adopted.

Sec. 334.235. RATE INCREASE. Authorizes an authority to raise taxes under this subchapter in certain situations.

Sec. 334.236. NOTICE OF TAX. Sets forth the language of the notice of tax.

Sec. 334.237. EFFECTIVE DATE AND DURATION OF TAX. Sets forth the effective date and duration of tax under this subchapter.

Sec. 334.238. DEPOSIT OF TAX REVENUE. Requires revenue from the tax imposed under this subchapter to be deposited in the fund of the authority imposing the tax.

SUBCHAPTER Z. MISCELLANEOUS PROVISIONS

Sec. 334.901. HISTORICALLY UNDERUTILIZED BUSINESSES. Requires the authority to make good faith efforts to meet or exceed goals for awarding contracts or subcontracts associated with approved sports venue projects to historically underutilized businesses. Requires such goals to be consistent with any state law that by its terms is applicable to approved sports venue projects.

Sec. 334.902. SPECIFIC PERFORMANCE. Sets forth findings of the legislature. Authorizes any provision of a contract between governmental entities and a sports team regarding the venue for playing home games to be enforceable by specific performance by the courts of this state.

Sec. 334.903. SEVERABILITY. Severability clause.

SECTION 2. Amends Chapter 151I, Tax Code, by adding Section 151.430, as follows:

Sec. 151.430. SALES AND USE TAX REFUND FOR APPROVED SPORTS VENUE PROJECT. Requires a sports venue authority created under Chapter 334, Local Government Code, to receive a rebate for an incremental increase in the proceeds of state and local sales and use taxes paid by or collected at an approved sports venue project, as defined by Chapter 334, Local Government Code, located in the authority if the comptroller determines that such rebates will not have a negative fiscal impact on state revenues. Defines "incremental increase in the proceeds of state and local sales and use taxes." Sets forth when a prior approved sports venue project is deemed approved. Sets forth requirements regarding when an authority is to receive a rebate, refund, or payment under this section.

SECTION 3. Sets forth terms of initial members of the board of directors of a sports venue authority created under Chapter 334, Local Government Code.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Emergency clause.
Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

Amendment 1: In SECTION 1, Section 334.902 of Chapter 334 (page 27, line 13), strike the last sentence commencing with the word "Consequently," and ending with the word "state." and insert the following sentence in its place: "Consequently, any provision of a contract, lease, or other agreement between an authority, county, or municipality and a professional sports team or club, or its owner, regarding the venue for playing home games may be enforceable by specific performance by the courts of this state."

Amendment 2: Add a new Section 334.903 to SECTION 1 of the bill to read as follows: Sec. 334.903. SEVERABILITY. Severability clause.