

## **Brief on Combining the Sports Venue Tax with the 4B Tax**

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The state legislature should consider combining the sports venue tax with the 4B tax due to their overlapping purposes and the potential for streamlined financial management and enhanced community benefits.

### **Similarities of Both Taxes:**

1. **Purpose:** Both the sports venue tax and the 4B tax aim to support community development. The sports venue tax focuses on funding sports facilities, which can drive tourism, economic growth, and community engagement. Similarly, the 4B tax is used to finance a broader range of community projects, including parks, civic centers, and recreational facilities—areas that often intersect with the objectives of sports venue projects.
2. **Economic Impact:** Both taxes are designed to generate revenue that enhances the local economy. By funding public infrastructure and amenities, these taxes stimulate economic activity, create jobs, and attract businesses and visitors to the area.
3. **Funding Mechanism:** Both taxes are collected as part of the local sales tax, making them similar in their collection and administrative processes. Combining these taxes would streamline administrative efforts, reduce redundancy, and potentially increase the efficiency of tax revenue allocation.

### **Benefits of Combining the Taxes:**

1. **Efficiency in Allocation:** Merging these taxes would allow for more flexible use of funds. Instead of having separate pools for sports venues and other community projects, local governments could allocate resources where they are most needed, whether it be a new sports facility or a community park that also serves as a recreational space.
2. **Administrative Streamlining:** Managing one combined tax instead of two separate ones would reduce administrative costs and simplify the budgeting process for municipalities. This efficiency could lead to better oversight and a more strategic approach to community development projects.
3. **Increased Impact:** A combined tax would provide a larger, more versatile pool of funds that could be leveraged for more significant and impactful projects. This flexibility could lead to the development of multi-use facilities that serve a wider range of community needs, further maximizing the return on investment for taxpayers.

**Respecting the Will of the People:**

Given the similarities between the sports venue tax and the 4B tax, combining them will still honor the will of the people. The core purpose of these taxes—to support and enhance community infrastructure and quality of life—remains unchanged. By merging them, the state ensures that taxpayer dollars continue to be directed toward projects that foster community growth and prosperity, in line with the original intent of both taxes.

**Conclusion:**

Combining the sports venue tax with the 4B tax would streamline processes, improve the flexibility of fund allocation, and ultimately enhance the economic and social benefits to communities. This move would support a more integrated approach to local development, ensuring that resources are used efficiently to meet the evolving needs of the community while respecting the will of the people.

## **DRAFT – OPTION SHIFTING ITS LEGISLATION**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS, REQUESTING THE TEXAS LEGISLATURE TO ENACT LEGISLATION ALLOWING A CITY TO SHIFT ITS OBLIGATION FROM A SPORTS VENUE TAX TO A 4A OR 4B SALES TAX, SUBJECT TO THE APPROVAL OF THE VOTERS OF THE CITY.**

**WHEREAS**, the City of Laredo recognizes the importance of providing high-quality public amenities and infrastructure to support the growth and well-being of its residents; and

**WHEREAS**, the current Texas law permits municipalities to impose a sports venue tax specifically dedicated to the construction and maintenance of sports facilities, which are vital to community development, economic growth, and enhancing the quality of life; and

**WHEREAS**, the City of Laredo, like other municipalities, also has the option of adopting a 4A or 4B sales tax to fund a broader range of community projects, including economic development initiatives, parks, civic centers, and other public improvements; and

**WHEREAS**, in some cases, cities may find that reallocating funds from a sports venue tax to a 4A or 4B tax could better serve the evolving needs of their communities, allowing for more flexible and comprehensive use of tax revenues to meet local priorities; and

**WHEREAS**, the City Council of Laredo believes that such a reallocation should be subject to the will of the people, ensuring that any shift in tax obligations reflects the preferences and priorities of the city's residents; and

**WHEREAS**, allowing cities to seek voter approval to shift their obligations from a sports venue tax to a 4A or 4B sales tax would provide greater flexibility in addressing local needs while respecting the democratic process;

#### **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAREDO:**

1. That the City Council of the City of Laredo formally requests the Texas Legislature to enact legislation that would permit municipalities to shift or combine their obligation from a sports venue tax to a 4A or 4B sales tax, contingent upon the approval of the voters within the municipality.
2. That such legislation should establish a clear process for placing the proposed tax reallocation on the ballot, ensuring transparency and providing sufficient information to the voters to make an informed decision.
3. That this legislation should maintain the integrity and original purpose of both the sports venue tax and the 4A/4B taxes, allowing cities to reallocate funds in a way that continues

to support economic development, public infrastructure, and community amenities while aligning with the current needs and preferences of their residents.

4. That the City Council of Laredo encourages the Texas Legislature to consider the diverse needs of municipalities across the state and provide them with the flexibility to use tax revenues in ways that best serve their communities, with the consent of the voters.
5. That the City Manager is hereby directed to forward a copy of this resolution to the Governor of Texas, the Lieutenant Governor, the Speaker of the Texas House of Representatives, and the members of the Texas State Legislature representing Laredo and other municipalities across Texas.
6. That this resolution shall take effect immediately upon its passage.