

Cover Sheet

Event: 2013 Austin Formula One Grand Prix (F1 USGP)

Date: November 15 – 17, 2013;

Location: Austin, Texas

Report Date: September 15, 2014

Post Event Analysis

2013 Austin Formula One Grand Prix (F1 USGP)

I. Summary of Conclusion

This office concludes that the initial estimate of direct, indirect, and induced tax impact of \$25,024,710 is reasonable based on the tax increases that occurred in the market area during the period in which the **2012 Austin Formula One Grand Prix (F1 USGP)** event occurred.

II. Introduction

This post-event analysis of the F1 USGP is intended to evaluate the short-term tax benefits to the state through review of tax revenue data to determine the level of incremental tax impact from the event. A primary purpose of this analysis is to determine the reasonableness of the initial incremental tax estimate made by the Comptroller's office prior to the event, in support of a request for a Major Events Trust Fund (METF). The initial estimate is included in Appendix A. Long term tax benefits due to the construction and ongoing operations of the venue are not considered in this analysis, but are significant¹.

Large events, particularly "premier events" such as this one, with heavy promotion, corporate sponsorship and spending, and "luxury" spending by visitors, will tend to create significant ripples in the local economy, and in fact, even the regional economy outside the immediate area considered in this report. The purpose of this report is to analyze the changes in tax collections during the period in which the event occurred. An analysis of tax data will shed some light on tax impact, however, several outside factors must be considered when looking at tax collections data during the time of the event. While these events might bring in a significant number of out-of-state visitors, they might also entice many in-state residents to travel and spend their dollars in this area. Additionally, by the event dates, Texas had emerged from the recession and regained many of the jobs that were lost, which boosted consumer confidence and fueled even more endogenous (local) spending, particularly when compared to the lackluster spending during the depths of the recession². In fact, the agency's analysis shows that the sales and use tax increase in the market area was higher than the statistical model would have predicted, as well as higher than the percentage increase statewide. While some of this increase may be affected by other factors, much of it was certainly due to the event.

¹ It has been estimated that construction of the track employed 1,500 workers, plus another 1,200 temporary workers would be hired over Formula One race weekends. Forty employees would also work year-round at the track.

² For a more in-depth analysis of economic conditions in the event market area and the state, see Appendix C.

It is not possible to determine the precise amount of tax revenue generated by the event, but information compiled from a variety of sources indicates that the initial estimate was reasonable, and likely conservative. Consider the following:

- Of the 113,162 attendees at the primary event on Sunday, **68** percent were from outside of Texas. That amounts to **76,950** out-of-state attendees.— Circuit of the Americas (COTA)
- The Austin F1 event drew the third highest Sunday attendance of the season, which was more than the Monaco, German and Bahrain Grand Prix combined. – Circuit of the Americas (COTA)
- F1 USGP attracted a three-day total of **250,324** fans, which was the fourth highest attended F1 event behind Britain, Singapore and Canada.— Circuit of the Americas (COTA)
- During Formula One week, COTA’s hotel partner booked more than 21,000 room nights at central Texas hotels with an average length of stay being **4.56** nights at an average daily rate of **\$387.39**. By multiplying 21,000 room nights by the average daily rate, this would mean that \$8,135,190 would be spent on lodging by those that booked with COTA’s hotel partner.—Hotels for Hope
- During the month of November 2013, mixed beverage gross receipts in the event area were up by **41.5** percent from November 2011 before the event was held in the area. – Texas Comptroller of Public Accounts
- Comparing 4Q 2011 to 2013 in the event market area, the industries most affected by out-of-state visitors experienced a \$320 million increase in sales subject to state sales and use tax. –Texas Comptroller of Public Accounts

III. Methodology

The METF statute requires the Comptroller’s office to estimate the incremental increase in taxes for a specific time period due to an event. For the purposes of this analysis, the agency analyzed the measurable change in state taxes due to the event. This presents challenges for two primary reasons: the size and population of the state and the fact that taxes are remitted to the state based on receipts from 30 to 90 day periods, depending on the tax type. The incremental tax increase in the state due to an event in a large and dynamic tax system is difficult to distinguish from incremental changes due to other factors.

The incremental taxes attributable to the out-of-state visitors to the event make up the majority of the estimate (approximately 65 to 75 percent of the total estimated incremental taxes). The remainder of the incremental tax estimate is typically made up of taxes attributable to other

expenditures that would not have occurred without the event. These include expenditures by the event organizers, sponsors and other entities that are directly related to the event.

Measuring the actual incremental tax increase produced as a result of a particular event with accuracy requires certain information that is not readily available. The primary determinants that would be required to accurately measure the incremental increase in taxes are:

- The actual number of out-of-state visitors;
- The length of stay for those visitors; and
- The expenditures per day for those visitors.

Since the exact number of out-of-state visitors, length of stay, and expenditures per day are not known with certainty, our analysis relies on overall changes in tax collections to make an informed judgment as to whether the initial estimate was reasonable.

It is assumed that all attendees have limited disposable income for entertainment, and that Texas residents would likely have chosen to spend their entertainment dollars at another Texas venue or event in the absence of the event in question. While it is impossible to track all out-of-state visitors and their spending habits, **a noticeable increase in taxable sales points to a positive economic impact due to a major event.**

This analysis uses two methods for examining tax data:

Method 1 looks at the past 12 years of quarterly (or monthly) tax data to determine average collections for any given quarter (or month). Standard deviations are calculated and if collections for the period when the event occurred are beyond the average and standard deviation, it is assumed that the event must have pushed sales upward. The more the sales deviate from the average plus the standard deviation or are outside the normal distribution, the stronger the indication of the magnitude of the event impact.

Method 2 looks at only the quarter (or month) in question for the past 12 years (2002 to 2013). Based on sales subject to tax, average collections and standard deviations are calculated. Like Method 1, if collections for the period when the event occurred are beyond the average and standard deviation, it is assumed that the event must have pushed sales upward. The magnitude of the impact can be gauged by measuring the amount of state taxes collected over the average plus the standard deviation.

Method 2 resulted in more conservative sales tax estimates, and was the primary method relied on for this analysis. The methodology used for this analysis focuses on direct taxes, since indirect and induced impacts are calculated using a dynamic modeling software package, and are dependent on the direct taxes.

The Comptroller's Office also ran statistical tests (Appendix B) on the three tax types that generated the most revenue that could be verified (Sales and Use, Hotel Occupancy, and Mixed Beverage). The test indicated at the 99 percent confidence level that the sales subject to state

tax were not normal during the period that the event occurred and is statistically different from similar collections from the same time period in previous years. This statistical difference implies that the event was at least partly responsible for the difference in tax collection levels for the period.

Analysis

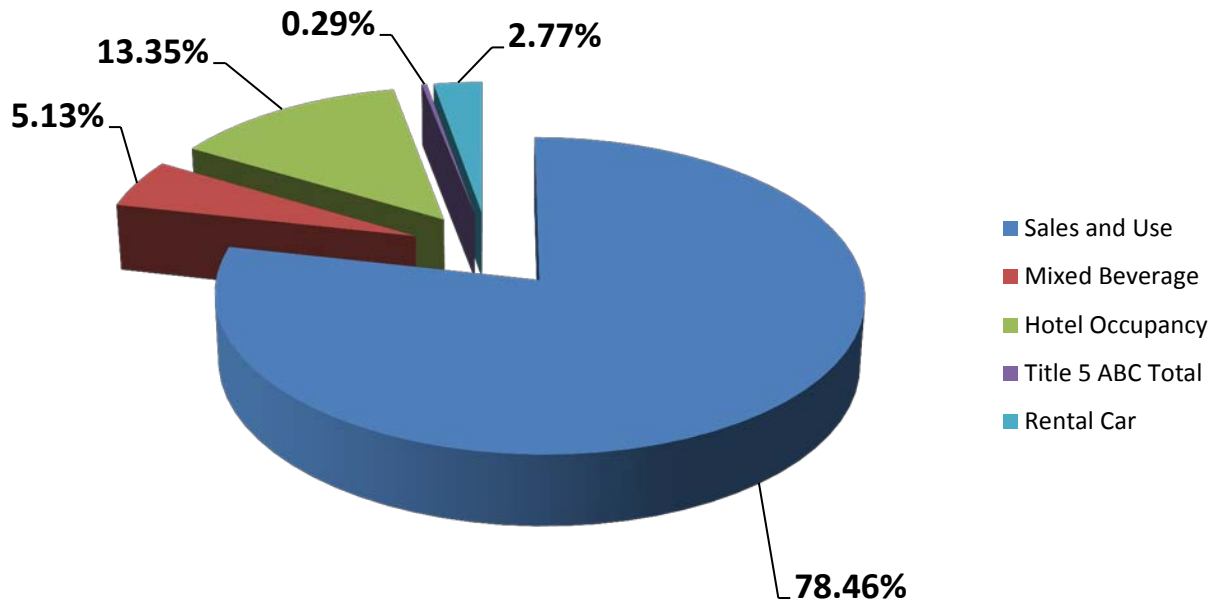
The METF statute requires that the Comptroller estimate the incremental tax increase that is expected for an event for five specific tax types:

1. Sales and Use Tax
2. Hotel Occupancy Tax
3. Rental Car tax
4. Mixed Beverage Tax
5. Title 5, Alcoholic Beverage Code tax

Of these five taxes, the pre-event estimate of direct Sales and Use tax, Hotel Occupancy tax (HOT), and Mixed Beverage tax are the largest verifiable tax types. In the case of the event in question, the Sales and Use tax and the HOT tax made up roughly 78 and 13 percent respectively, while Mixed Beverage tax made up five percent. Based on figures used for initial estimates, the Rental Car tax made up three percent and the Title 5 Alcohol tax made up one-third of one percent.

Rental car taxes are paid by rental car companies at the state-wide level and are not attributable to specific geographic locations. Title 5 Alcohol taxes make up a small percentage of the overall estimate and due to the small amount, any change attributable to a specific event is difficult to calculate. Due to the challenges involved and relatively minor amounts of rental car tax and Title 5 Alcohol tax, this analysis uses initial estimates and does not attempt to quantify changes in these two tax types.

II A Analysis—All Tax Types

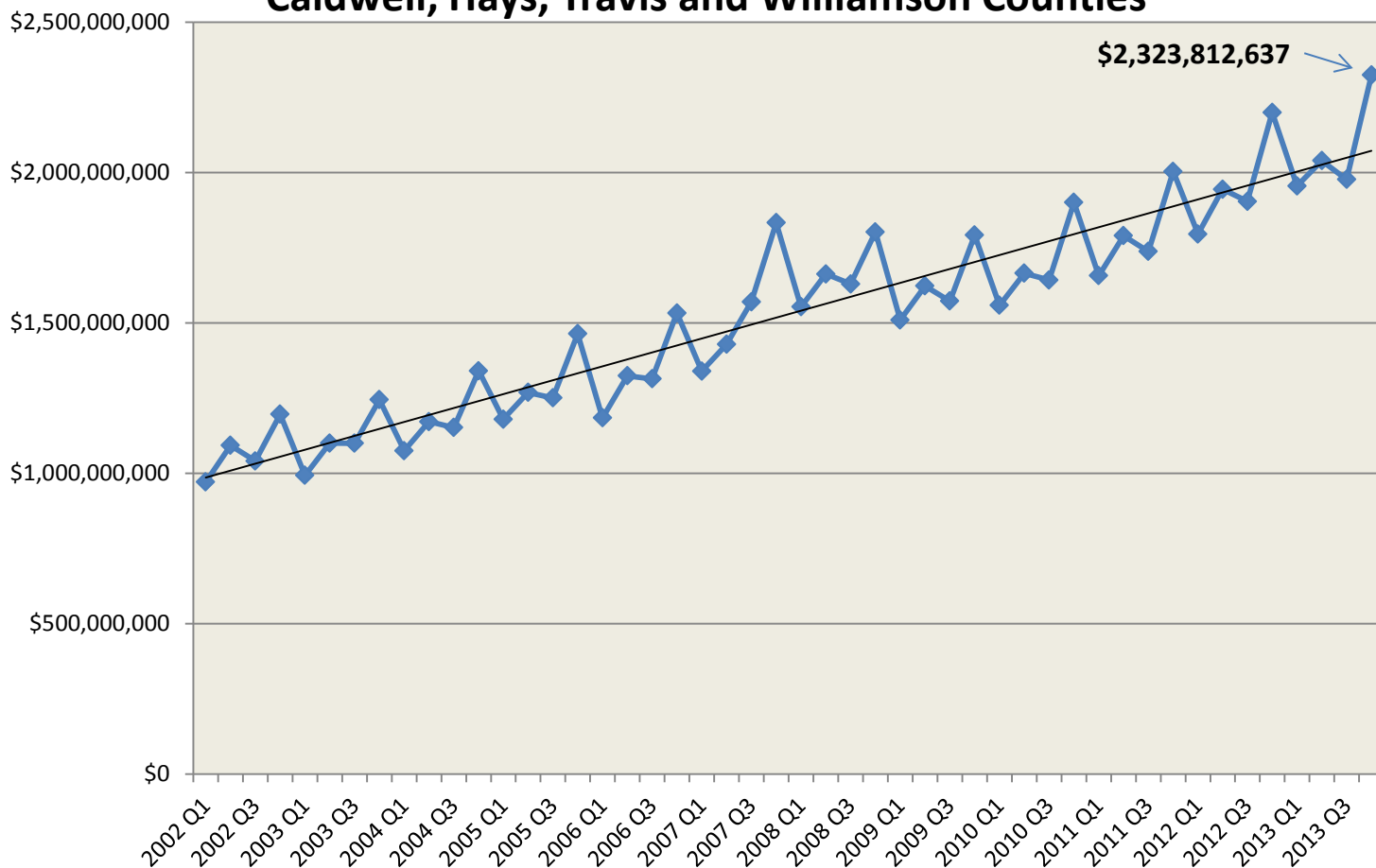


Source: Texas Comptroller of Public Accounts.

The above chart illustrates that sales tax makes up the majority of additional estimated revenue to the state from major events. **Taxes collected from sales tax, mixed beverage tax, and hotel occupancy tax make up approximately 97 percent of the funds generated by the event for the five specific tax types that are addressed in the statute.**

II B Analysis--Sales and Use Tax:

Quarterly Gross Sales Subject to State Tax in Bastrop, Caldwell, Hays, Travis and Williamson Counties



Source: Texas Comptroller of Public Accounts.

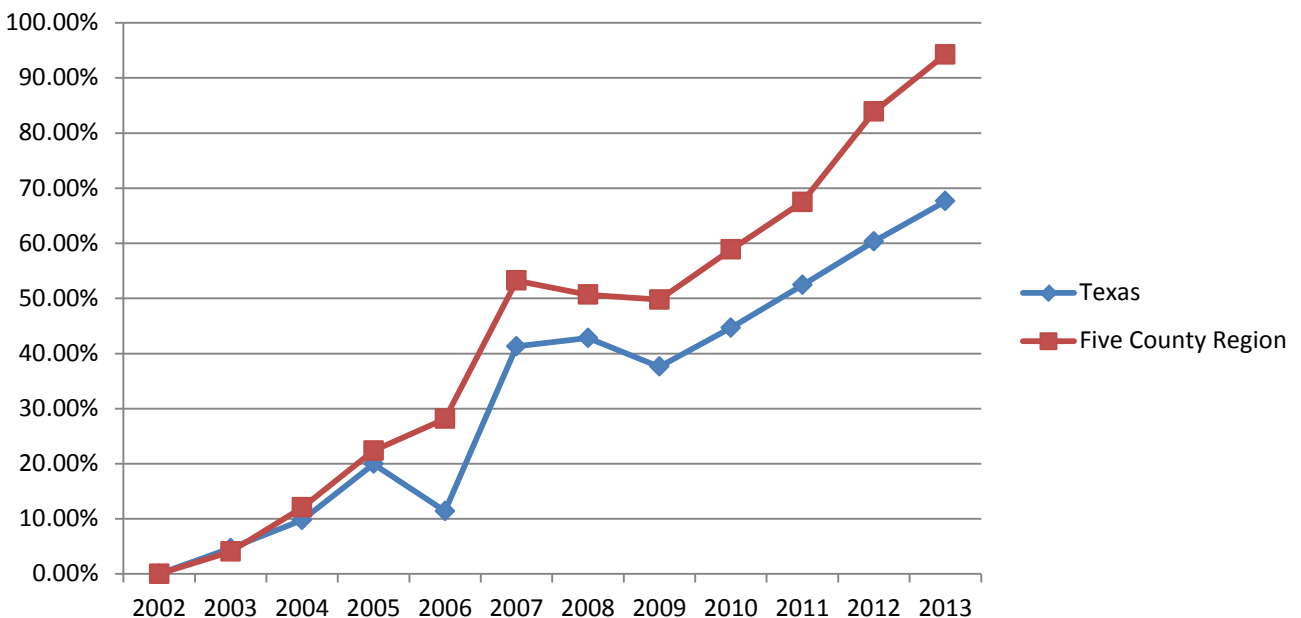
The graph above is the sum of taxable sales for those industries most affected by out-of-state visitors for the event market area that fall within the following 2-, 3- and 4-digit North American Industry Classification System (NAICS) code categories: NAICS code 447 (Gasoline Stations); NAICS code 448 (Clothing and Clothing Accessories Stores); NAICS code 4521 (Department Stores); NAICS code 71 (Arts, Entertainment, and Recreation); NAICS code 721 (Accommodation); and NAICS code 722 (Food Service and Drinking Places). The graph includes data only from holders of sales tax permits; businesses that sell only goods that are outside the sales tax base are not covered by these reports.

The average amount subject to sales tax for this five-county area from 1Q 2002 to 4Q 2013 was \$1,529,404,784 with a standard deviation of \$343,019,620. The amount subject to sales tax

during the quarter in which the event took place was \$2,323,812,637, which is \$451,388,233 more than the sum of the average and the standard deviation. By applying the state sales and use tax rate (6.25 percent) to the amount that actual receipts surpassed the average and standard deviation, the state could have received an additional \$28,211,765 beyond what might have been expected.

The second method of analysis of sales tax data looks at only the 4th quarter of each year and it illustrates a slightly different picture. Sales subject to sales taxes for the industries mentioned above for the 4th quarter (from 2002 to 2012) were averaged. Average sales subject to sales taxes for the fourth quarter were \$1,719,535,959 with a standard deviation of \$366,446,205. The average plus the standard deviation is \$2,085,982,163. Sales subject to sales taxes for the 4th quarter of 2013 were \$2,323,812,637, which is \$237,830,474 more than the average plus the standard deviation. At the state sales tax rate (6.25 percent), this amounts to an additional \$14,864,405 to the state as a result of increased sales.

Texas and the Five-County Region (Bastrop, Caldwell, Hays, Travis and Williamson) 4th Quarter Sales Subject to Tax Indexed (2002 = 0)



Source: Texas Comptroller of Public Accounts.

Using 2002 as a base year, the graph above illustrates that 4th quarter taxable sales in the five-county event market area and the state as a whole were growing at comparable rates, until 2005. From 2006 on, the five-county region's sales subject to sales and use tax actually grew at a

faster rate than Texas'. While the growth in taxable sales and the corresponding tax revenue might seem uncharacteristically large for the event market area in 2013, the industries that are included in this analysis are greatly affected by out-of-state visitors.

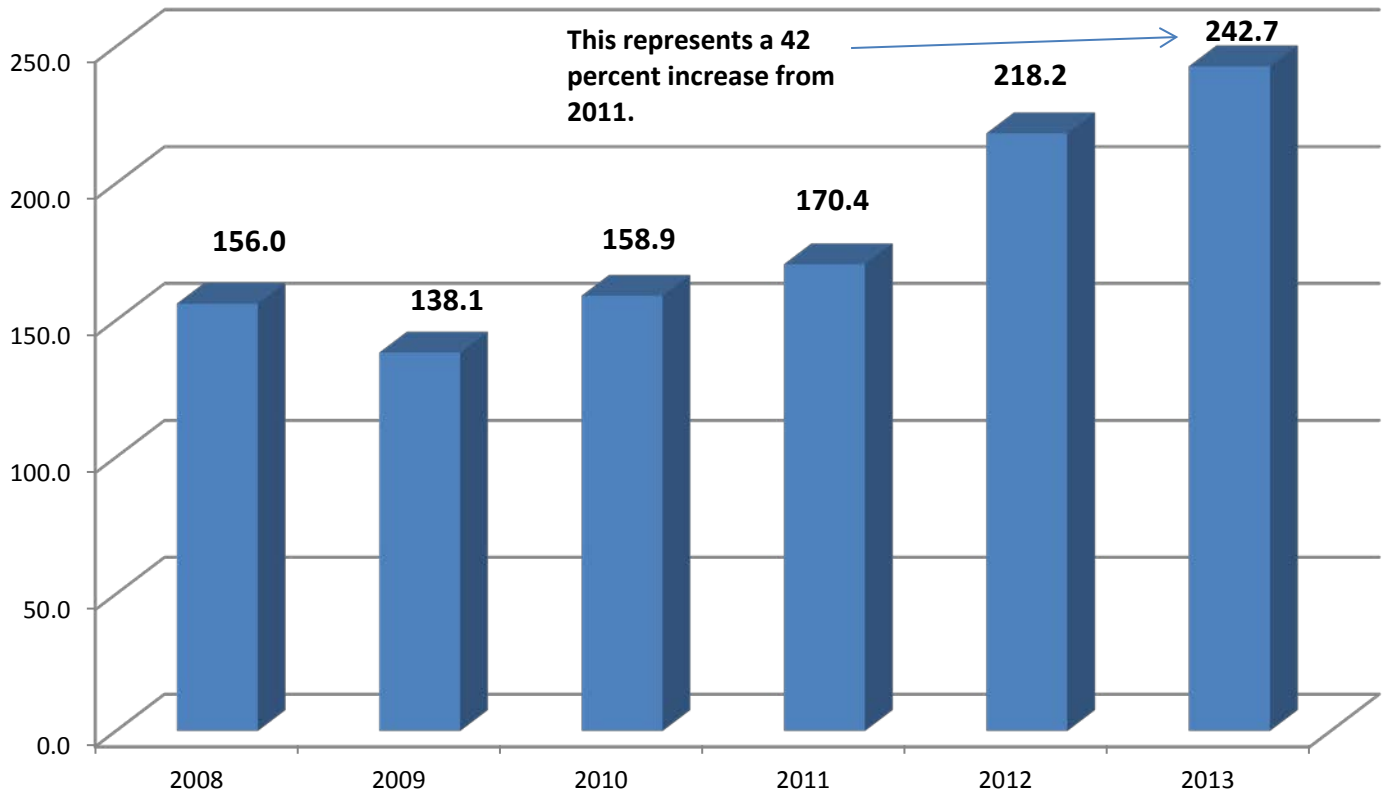
While there clearly was increased sales tax revenue collected during the same time the event occurred, the increase is almost certainly not all due to one major occurrence. Based on the rapid growth of the five-county area in comparison to the state at large, the agency estimates that as much as 30 percent of the calculated increase may have been due to the general economic growth and other events in the region as well as a new sales tax on mixed beverages, leading to an estimate of **\$10,405,083** to the state as a result of increased sales. **This is over and above what would have been expected based on past performance.**

Tax Type	Initial Estimate	Post Event Estimate
Sales and Use	\$5,930,484	\$10,405,083

II C Analysis--Hotel Occupancy Tax:

Determining the tax impact from an event is dependent upon how many out-of-state participants and visitors attend the event. The tax type that is the largest contributor to the economy is the sales and use tax, but the Hotel Occupancy Tax (HOT) is one of the best indicators of how many out-of-market and out-of-state visitors an event may have attracted.

Austin-Round Rock Hotel Room Revenue, 4th Quarter (in Millions)

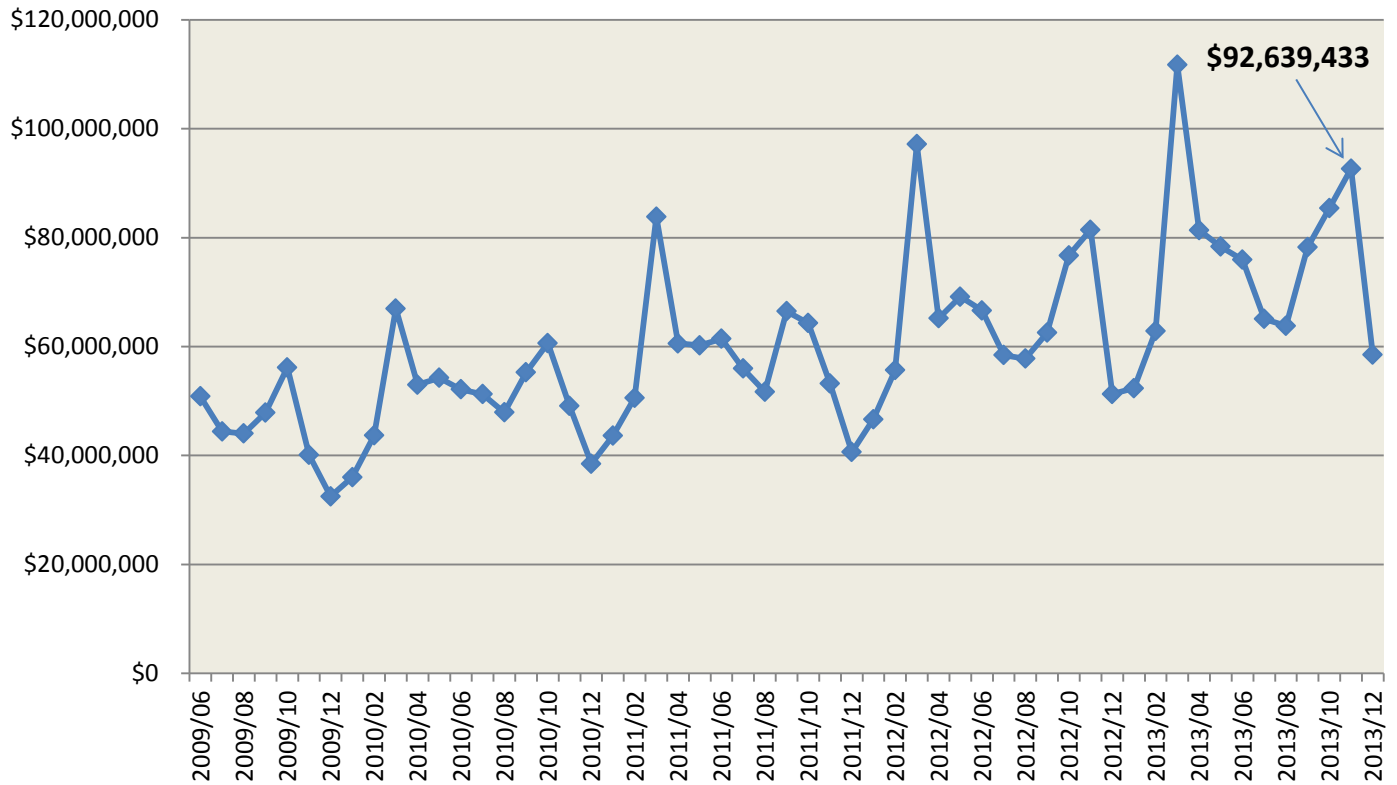


Source: Source Strategies and the Texas Hotel & Lodging Association.

The chart above shows room revenue in the Austin-Round Rock area for the 4th Quarter. The chart illustrates that room revenue when the event in question took place, in 2012 and 2013, saw an increase of 28 and 42 percent respectively from 2011. These figures represent room revenue for the area affected by the event, and they provide yet another indicator that there were significantly higher room revenues in the Austin-Round Rock area during the quarter the event occurred, as compared to previous years. The room revenue increase from 2011 to 2013 would translate into a state HOT tax increase of **\$4.3 million** which is in line with other methods of calculating the impact.

Hotels for Hope, which served as the booking partner for the event venue, reported average hotel rates of approximately \$387 per day, and an average stay of 4.56 days. Both figures are **higher** than the agency's initial estimates for hotel rates and stay lengths.

Monthly Hotel Occupancy Taxable Receipts for Bastrop, Caldwell, Hays, Travis and Williamson Counties

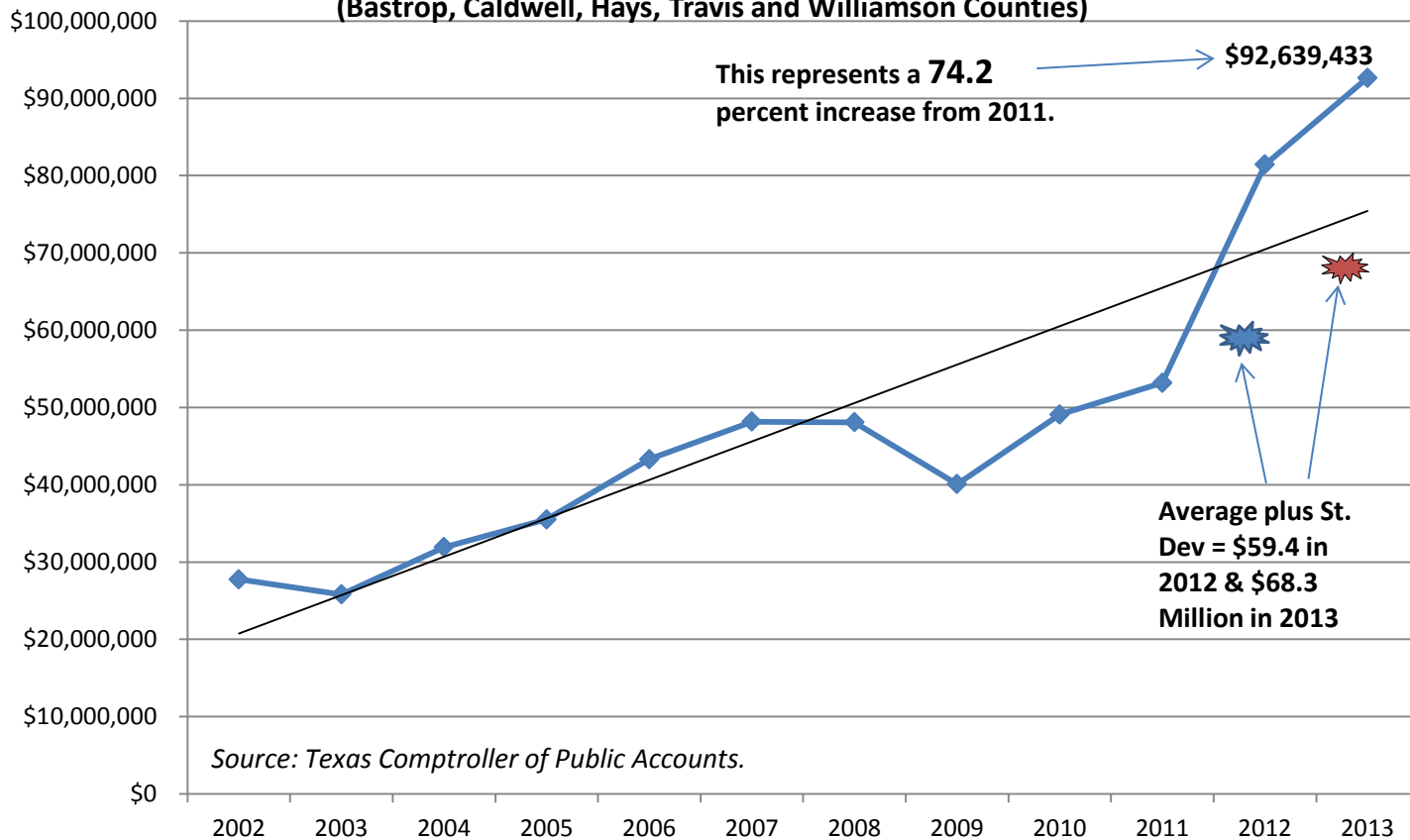


Source: Texas Comptroller of Public Accounts

This graph above does not represent all monthly HOT receipts, but only those that are taxable. The dollar value that corresponds to any one month represents the HOT taxable receipts that are attributable to that month. This graph includes HOT taxable receipts for the event market area.

November HOT Taxable Sales, 2002-13

(Bastrop, Caldwell, Hays, Travis and Williamson Counties)



Source: Texas Comptroller of Public Accounts.

Source: Texas Comptroller of Public Accounts.

The graph above shows that HOT taxable receipts for the month of November have never been higher than they were in 2013. **Also, the increase in taxable sales from 2011 to 2013 was 74.2 percent.** The graph also illustrates that HOT taxable sales have experienced a significant increase during the two years in which the event has occurred. This increase in taxable sales in 2012 and 2013 has changed the slope of the trend line, but the average taxable sales plus the observed variances from the average (standard deviation) are far below actual taxable sales for November 2012 and 2013.

The average monthly HOT taxable receipts for these counties from January 2002 to December 2013 were \$47,866,634 with a standard deviation of \$18,245,546. The average taxable receipts plus the standard deviation is \$66,112,181, which is \$26,527,252 less than the actual receipts for the month when the event occurred. When the state tax rate is applied, this would amount to \$1,591,635 in additional HOT revenues to the state.

Considering only November HOT receipts for the five-county event market area from 2002 to 2013, the average amount subject to state tax was \$48,081,625 with a standard deviation of \$20,313,599. The average taxable receipts plus the standard deviation is \$68,395,224, which is

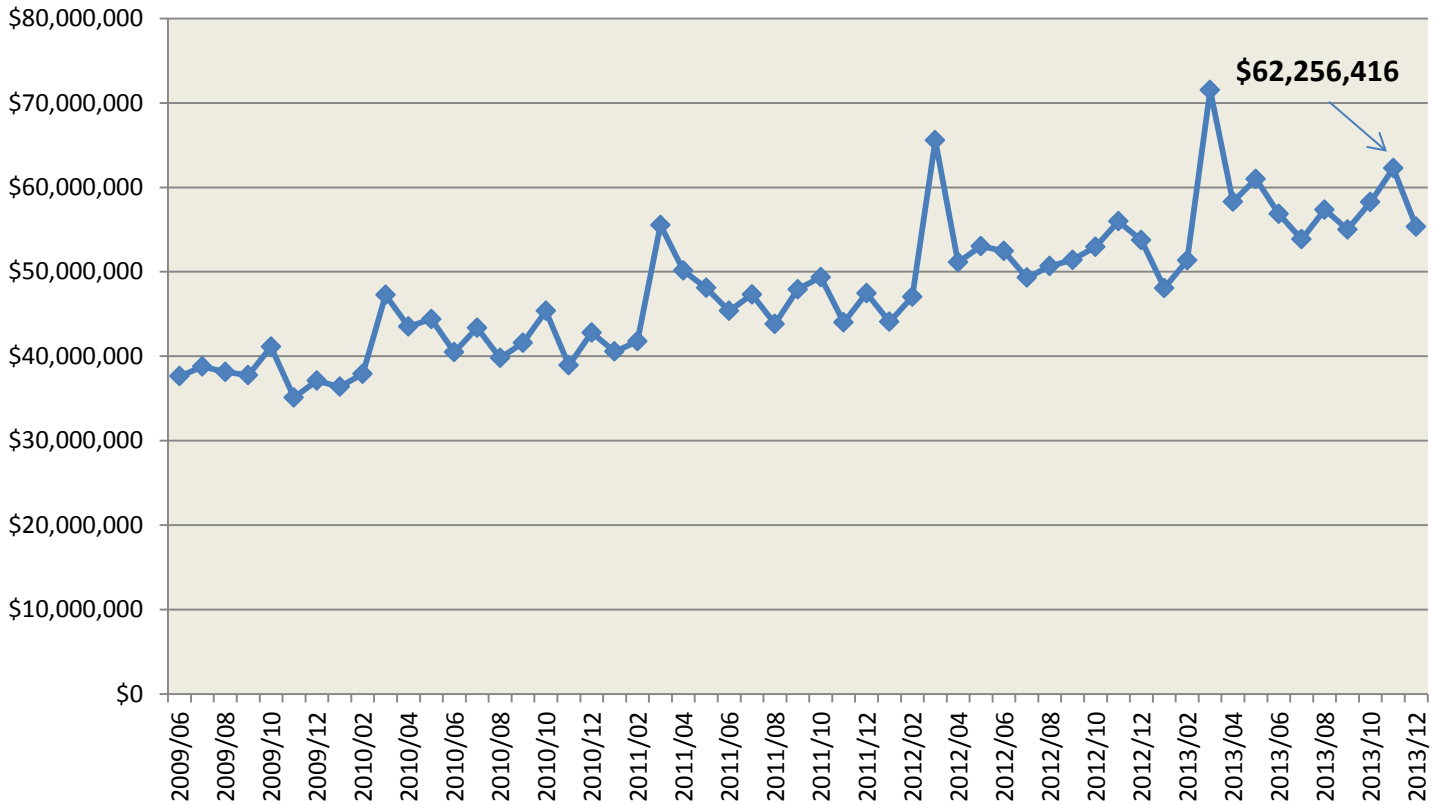
\$24,244,209 less than actual receipts during the month when the event occurred. This would represent additional tax revenue of \$1,454,653 during this period. However, this methodology significantly undercounts the revenue due to the event, as these amounts represent the HOT tax over previous collections. Occupants for the event displaced other potential occupants who would have stayed in area hotels had the event not occurred (at lower rates, generating lower taxes). The majority of these potential visitors were likely displaced only temporarily, and will likely stay at an area hotel at some other time as a “replacement” stay.

To more reasonably estimate the HOT tax due to the event, this analysis estimated the HOT tax revenue due to the event by estimating the number of out-of-state attendees, and then arriving at a HOT revenue estimate based on rates, length of stay, and visitors per room. Based on 76,950 out-of-state visitors, with an average of 4.56 nights at \$300 per night (using an assumption of 2 people/room), total room revenue due to out-of-state visitors equates to \$52,633,800 million in taxable sales. These sales would lead to an additional \$3,158,028 in state taxes due to ticketed fans. This is slightly lower than the initial estimate and is reasonable considering the slight decline in fan interest due to the F1 championship crown being decided two races prior to the Austin event.

Tax Type	Initial Estimate	Post-Event Estimate
HOT	\$3,340,598	\$3,158,028

II D Analysis--Mixed Beverage Tax:

Monthly Mixed Beverage Taxable Receipts for Bastrop, Caldwell, Hays, Travis and Williamson Counties



Source: Texas Comptroller of Public Accounts.

This graph includes historical mixed beverage taxable receipt amounts by calendar month. The monthly mixed beverage taxable amounts correspond to the month in which they were distributed.

By law, all mixed beverage and private club permit holders are required to remit to the State Comptroller a 14% gross receipts tax on their mixed beverage sales each month. Following the end of each calendar quarter, a portion of the tax paid is allocated to the county where each business is located. For any business located within an incorporated city, an equal portion of the tax paid is allocated to the city where it is located. The remaining tax is distributed to the State's General Revenue Fund. Prior to the October 2011 allocation 10.7143% of the tax paid was allocated to the counties and cities as indicated above. Beginning October 2011 the allocation was reduced to 8.3065%. While this change impacts the analysis, it was not deemed to be a

material amount based on the percentage of the estimate that was attributed to the mixed beverage tax.

The average mixed beverage taxable receipts for this area, from January 2002 to December 2013, were \$36,984,055 with a standard deviation of \$11,048,188. The average taxable receipts plus the standard deviation is \$48,032,243, which is \$14,224,173 less than receipts during the month when the event occurred. By applying the state tax rate, it could be estimated that the state could have received roughly \$1,573,194 in tax revenues.

The second method of analysis considered mixed beverage receipts for the event market area for the month of November from 2002 to 2013. The average gross receipts were \$36,189,122 with a standard deviation of \$12,566,187. The average taxable receipts plus the standard deviation is \$48,755,309 which is \$13,501,107 less than receipts during the month when the event occurred (\$62,256,416). The state gets roughly between 79 percent (prior to October 2011) and 83 percent (after October 2011) of taxable receipts, or roughly \$7,234,196 for the event month. This represents additional revenue of \$1,640,400 above what would normally be expected during the time of the event.

From 2002 to 2012, mixed beverage receipts typically decreased from October to November and then grew again in December. The average decrease in mixed beverage receipts from October to November from 2002 to 2011 was nine percent. Conversely, from November to December, the increase in receipts was an average of seven percent. In 2012 and 2013, this trend was reversed and November receipts grew by six and seven percent over-the-month, respectively. In December 2012 and 2013 experienced declines in taxable receipts by four and eleven percent, respectively. **This trend is a strong indicator that there were significantly higher mixed beverage taxable receipts in the event area during November 2013 than what might have been expected.**

Tax Type	Initial Estimate	Post-Event Estimate
Mixed Beverage	\$1,283,806	\$1,640,400

II E Analysis--Rental Car Tax:

The state of Texas imposes a tax on motor vehicle rentals, but the rate is based on the length of the rental contract. For contracts of 1-30 days, the state rate is 10 percent of gross receipts less discount and separately stated fees for insurance, fuel, and damage assessments.

Unlike the other tax types, rental car tax is not reported to the Comptroller by location address. For example, if a corporate taxpayer has multiple locations in the state, they file one return for all gross rental tax without details by rental location. For this reason, an examination of this tax type by location provides no useful data for these analyses.

In order to provide a complete estimate of direct-spending tax revenue from this tax type, the CPA initial estimate number was used for this post-event analysis.

Tax Type	Initial Estimate
Rental Car	\$693,240

II F Analysis--Title V Alcoholic Beverage Code Tax:

The state of Texas also imposes a tax on the amount of alcohol that manufacturers or wholesale distributors sell to retail establishments. The tax rate varies by class of alcohol or rather on the amount of alcoholic content per gallon. Distilled spirits are taxed at the highest rate at \$2.40 per gallon, while beer that is 4% and lower alcohol content is taxed at \$0.193548 per gallon.

While wholesalers are not reporting wholesale alcohol sales by location, they do submit how much volume they sold to retail establishments. Determining how much volume each retail establishment in the event market area purchased for each class of alcohol, then deriving how much tax was paid based on the volume and class would be extensive. Therefore, given the amount of state revenue that is derived from this tax type (about one-third of one-percent of the total of all taxes collected for this analysis) comparative to the other tax types, for the purpose of this analysis, the initial estimate was used.

Tax Type	Initial Estimate
Title V ABC Tax	\$72,862

IV. Conclusion

The Comptroller estimate prior to the event was **\$25,024,710**, including **\$11,320,990** in direct taxes, and **\$13,703,720** in non-direct.

Comptroller data suggests that the event market area experienced increased economic activity during the event. The precise state share of this increased economic activity due to out-of-state consumption is unknown given the inability of available data to identify the amount contributed directly from out-of-state visitors, but this analysis of post event tax data compares favorably with the pre-event estimate. For the period in question in 2013, figures for all measureable tax types went up significantly. **This office concludes that the initial estimate of direct, indirect, and induced tax impact of \$25,024,710 is reasonable based on the tax increases that occurred in the market area during the period in which the 2012 F1 USGP event occurred.**

APPENDIX A

The tables below show the various tax types and the additional revenue amount estimates.

Initial Analysis (Pre-event) (direct only)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$5,930,484	78.46%
2. Hotel Occupancy Tax	\$3,340,598	13.35%
3. Rental Car tax	\$693,240	2.77%
4. Mixed Beverage Tax	\$1,283,806	5.13%
5. Title 5, Alcoholic Beverage Code tax	\$72,862	0.29%
Total	\$11,320,990	100%

Post Event Analysis (2002-13) (direct only)		
Tax Type	State Share of Tax	Percent of Total
1. Sales and Use Tax	\$10,405,083	65.16%
2. Hotel Occupancy Tax	\$3,158,028	19.78%
3. Rental Car tax*	\$693,240	4.34%
4. Mixed Beverage Tax	\$1,640,400	10.27%
5. Title 5, Alcoholic Beverage Code tax*	\$72,862	0.46%
Total	\$15,969,613	100%

*Initial estimate used due to how this tax is reported. See "Analysis" section (II E and II F) for further explanation.

Historical averages and standard deviations were calculated and subtracted from 2013 actual figures. The tax rate was then applied to the difference to arrive at the "State Share of Tax" figure.

APPENDIX B

Given the historical amount subject to state tax, is it statistically feasible that the event caused the observed increase in taxable sales? A single sample test of hypothesis was conducted to answer this question. The steps used in conducting these tests for each tax type are as follows:

Sales and Use Tax:

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the amount subject to state tax in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the amount subject to state tax in the event market area during the time of the event is not equal to what would have been expected.
2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen³, it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.106 or greater than 3.106.
5. Test

Sales and Use Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	u = \$2.3 Billion
	Alternative (Ha)	u not = \$2.3 Billion
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	t* < -3.106
		t* > 3.106
Estimated t =	t*	5.7124
Action (result)		Reject Ho
Based on the test, the actual collections subject to state tax for the period in question is not statistically probable. This means that the sales and use tax collected for the period is not normally seen given historical data.		

³ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

Hotel Occupancy Tax (HOT):

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the amount subject to state tax in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the amount subject to state tax in the event market area during the time of the event is not equal to what would have been expected.

2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen⁴, it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.106 or greater than 3.106.
5. Test

Hotel Occupancy Tax (HOT)	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	u = \$92.6 Million
	Alternative (Ha)	u not = \$92.6 Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	t* < -3.106
		t* > 3.106
Estimated t =	t*	7.5985
Action (result)		Reject Ho
Based on the test, the actual collections subject to state tax for the period in question is not statistically probable. This means that the hotel occupancy tax collected for the period is not normally seen given historical data.		

⁴ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

Mixed Beverage Tax:

1. Stating the hypothesis:
 - a. Null Hypothesis (Ho): The increase in the state share of gross receipts in the event market area during the time of the event is equal to what would have been expected.
 - b. Alternative Hypothesis (Ha): The increase in the state share of gross receipts in the event market area during the time of the event is not equal to what would have been expected.

2. Level of Significance (probability of rejecting Ho when it is true): According to Lind, Marchal and Wathen⁵, it is traditional to use the following levels of significance for the following types of studies:
 - a. 0.1 (10%) for political polling;
 - b. 0.05 (5%) for consumer research projects; and
 - c. 0.01 (1%) for quality assurance.

For the purpose of this analysis, we use the 0.01 (1% level) of significance. This means that we want to be 99% confident that the Ho would not be rejected if it is true.

3. Test Statistic: 2-tailed, t-test is used to test for a population mean when the sample size is small.
4. Decision Rule: Reject Ho if the estimated t value (t*) is less than -3.106 or greater than 3.106.
5. Test

Mixed Beverage Tax	Are observed tax collections statistically probable?	Using Nominal Values
Hypothesis	Null (Ho)	u = \$7.2 Million
	Alternative (Ha)	u not = \$7.2 Million
Level of Significance (Confidence Interval)		0.01 (99%)
Statistical Test = 2-tailed t-test		
Decision Rule	Reject Ho if	t* < -3.106
		t* > 3.106
Estimated t =	t*	5.5438
Action (result)		Reject Ho
Based on the test, the state share of gross receipts for the period in question is not statistically probable. This means that the state share of gross receipts for the mixed beverage tax for the period is not normally seen given historical data.		

⁵ Basic Statistics for Business and Economics (5th Edition), McGraw-Hill Irwin.

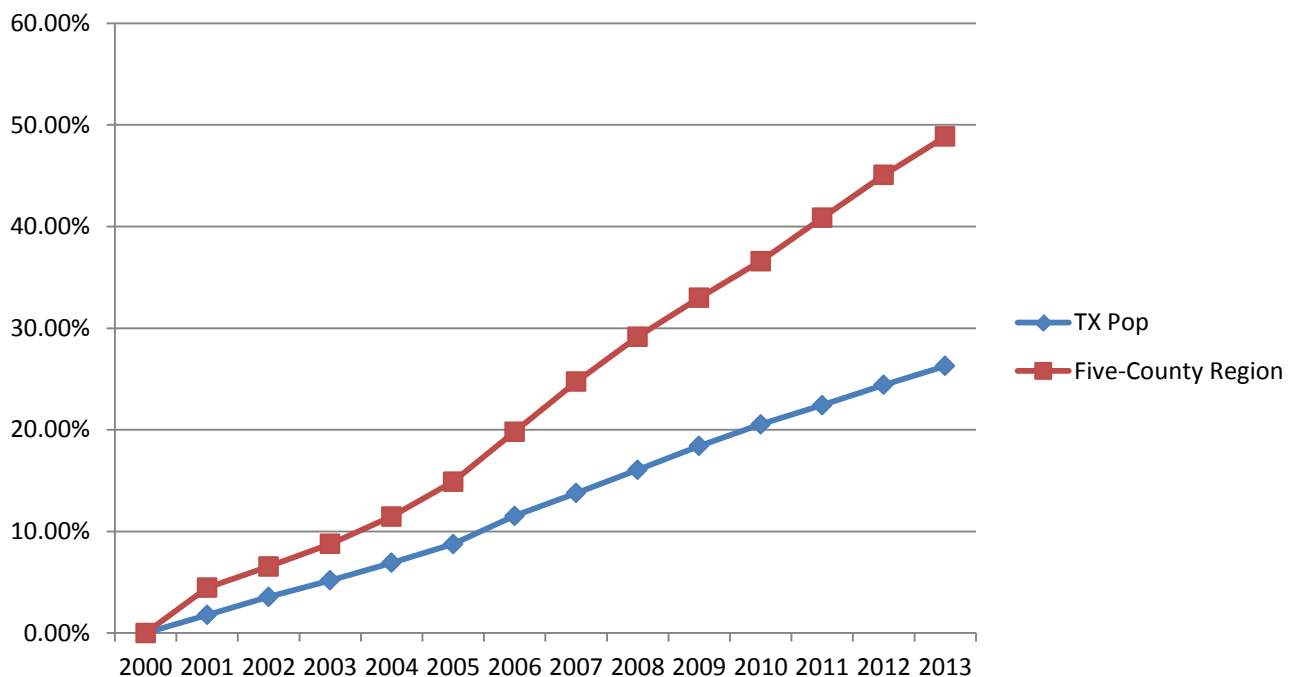
APPENDIX C

Overview of the Local Economy

While the rest of the United States was falling into a recession, the state of Texas was weathering the economic downturn better than most. Buoyed by the oil and gas industry and avoiding the housing crisis made Texas more economically viable than other states. Due in part to these and other factors, Texas experienced solid population growth over the past decade.

From 2000 to 2013, the Texas population grew at an average of roughly two percent per year. By 2013, the Texas and five-county event market area (Bastrop, Caldwell, Hays, Travis and Williamson counties) populations had grown by 26.28 and 48.86 percent, respectively, from their levels in 2000. The graph below illustrates the fact that the Texas and event area populations grew at a steady pace for the past twelve years, but the combined event area population grew faster than the state as a whole. And, as the populations grew, more working state residents contributed to the Texas and the local economies.

Texas and Five-County Region Indexed Population Growth, 2000 = Base Year



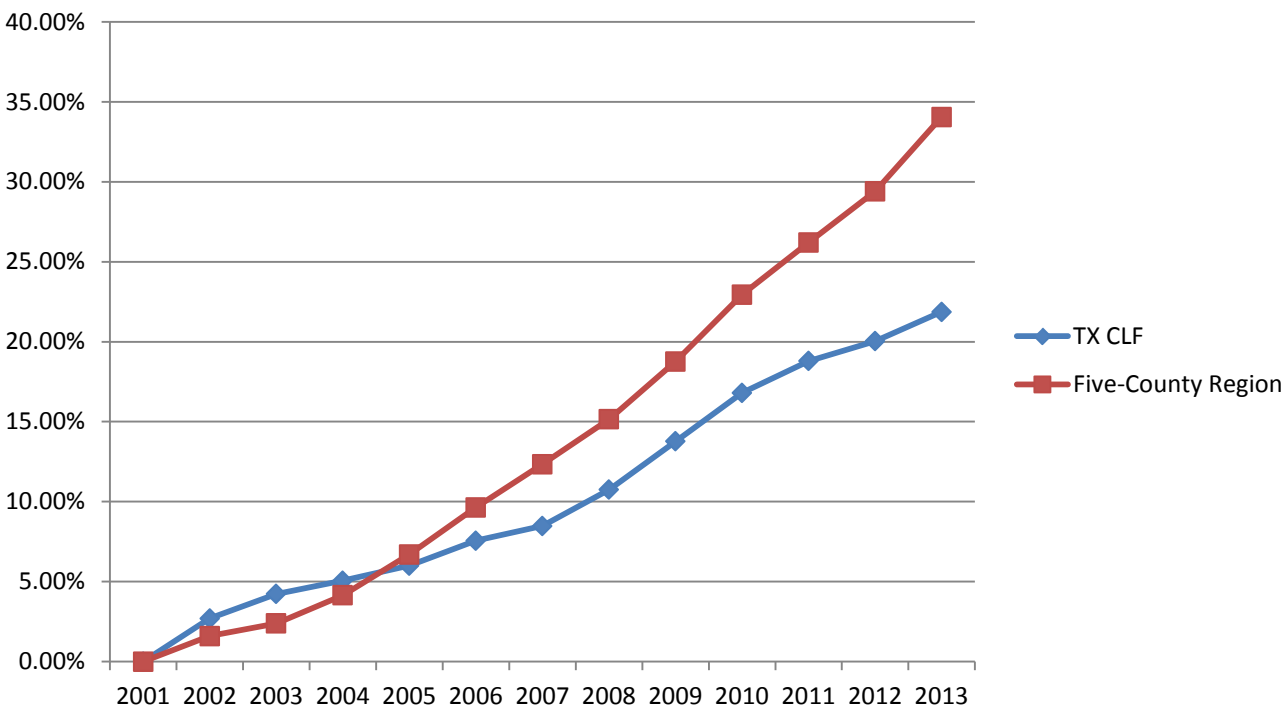
Source: U.S. Census Bureau.

The growing population created an expanding Civilian Labor Force (CLF) and more employed people in Texas and the combined five-county event market area. According to the Texas

Workforce Commission, from 2000 to 2013, the CLF in Texas and the combined event area had grown by 21.87 and 34.05 percent respectively.

The graph below illustrates that the CLF growth rates of Texas and the event market area track fairly close to each other with the CLF in the event market area growing at a faster rate from 2005 forward. From 2002 to 2004, the CLF grew faster statewide than in the combined five-county area, which is the only period during the years after 2000 that this occurred. These growing populations and CLFs provided some additional fuel to the economic engine of Texas.

Texas and Bastrop, Caldwell, Hays, Travis and Williamson Countys' Civilian Labor Force (CLF) Index, 2000 = Base Year



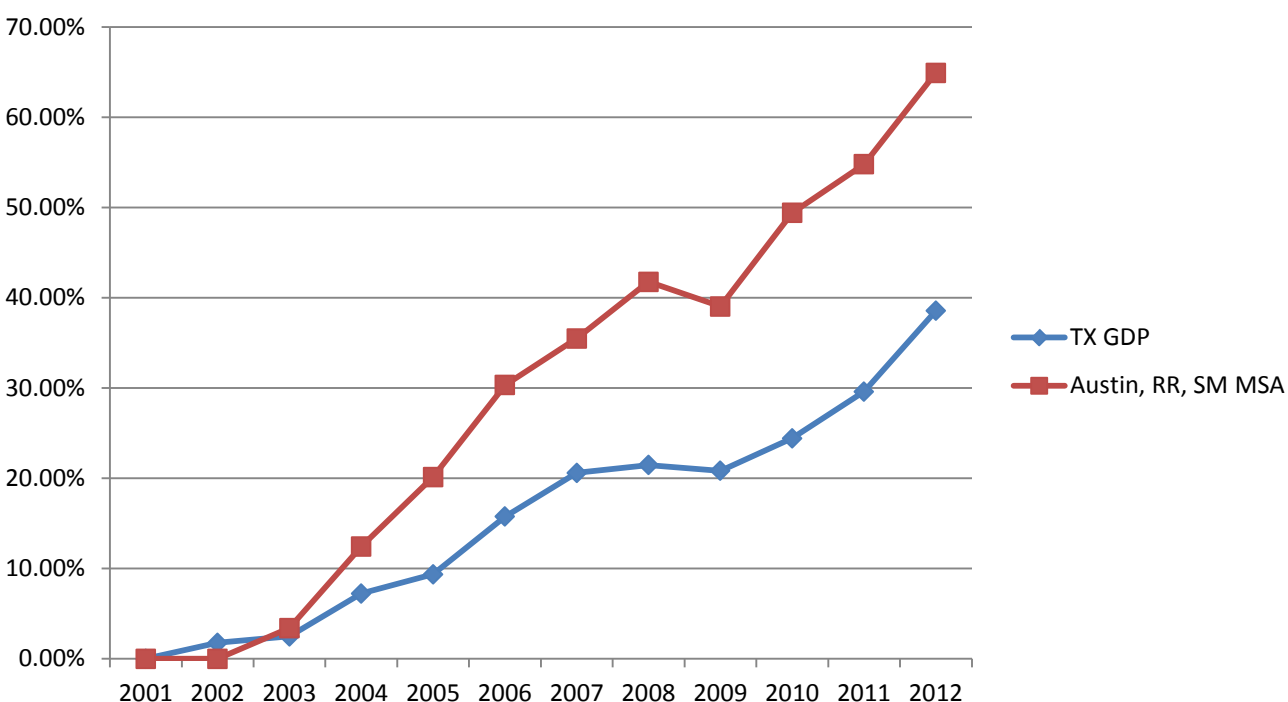
Source: Texas Workforce Commission

One measure of output for a state or local government area is Gross State Product (GSP) or Gross Regional Product (GRP). This is a measure of all of the value added by industries within the geographic area and is a counterpart to Gross Domestic Product (GDP)⁶. As the population increases and more people go to work for various industries, output grows and so does the corresponding measure of GDP.

⁶ For the purposes of this discussion, GSP and GRP will be referred to as GDP for the state and local area.

The graph below illustrates that industry output in Texas and the Austin-Round Rock-San Marcos Metropolitan Statistical Area (MSA)⁷ has been on an upward trend for the past decade. While GDP for the state and local area have been tracking similarly, the Austin-Round Rock-San Marcos MSA GDP has been growing at a much faster rate. While Texas and the Austin-Round Rock-San Marcos MSA experienced a few years of slower growth in output, overall growth in industrial output over this period has been steady and similar to growth in population and CLF.

Texas and Austin, Round Rock and San Marcos Metropolitan Statistical Area Real GDP (2005 Chained Dollars) Growth Index, 2001 = Base Year

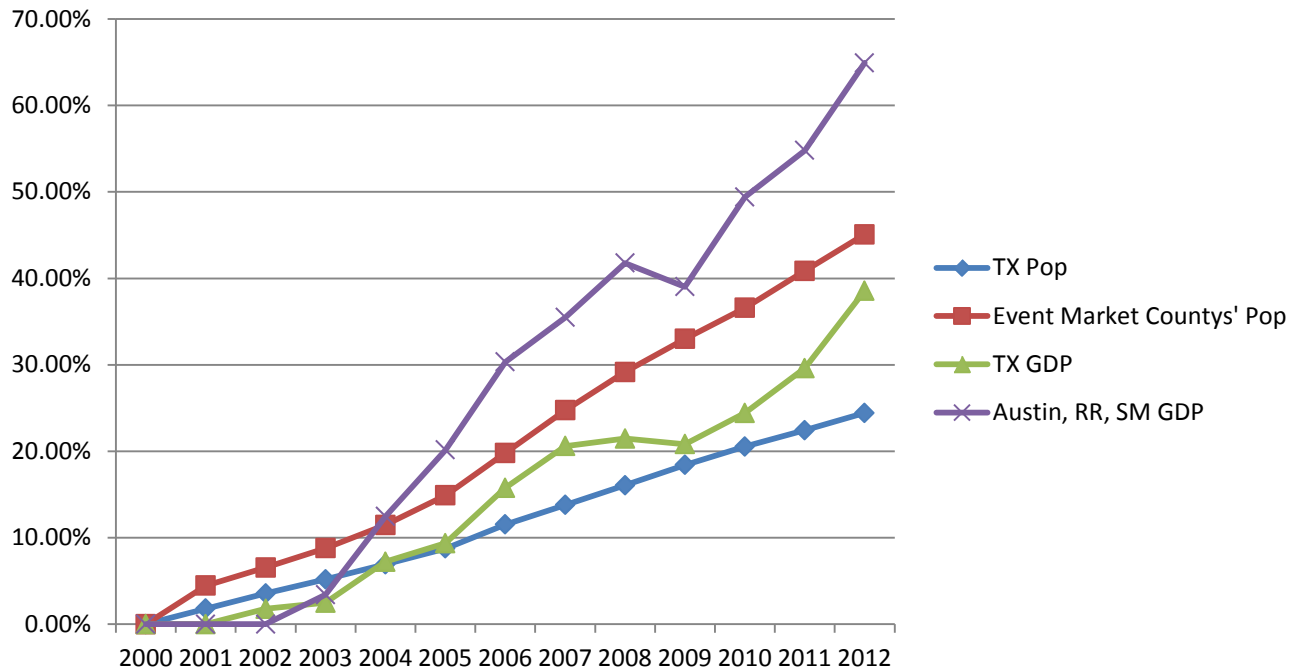


Source: U.S Department of Commerce Bureau of Economic Analysis.

The graph below illustrates that the Texas and the event market area population and GDP grew at similar rates over the past decade. While the population indices show a steady growth over time, the GDP indices reflect the changes that occur in the economy, which is more volatile and dynamic. Also, the diverse economy in Texas is able to weather shocks to one or a few industry sectors and still remain viable. As one industry sheds workers and productivity, another is often able to employ some of those workers and recover some of the productivity that was lost.

⁷ GDP data are not available by county, thus the closest representation to the event area available is the Austin-Round Rock-San Marcos MSA.

Growth Index for Texas, Event Market Area Counties and Austin, Round Rock and San Marcos MSA for Population and Real GDP (Population base year = 2000; Real GDP base year = 2001)



Source: U.S. Census Bureau and the U.S. Department of Commerce Bureau of Economic Analysis.

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



October 30, 2013

Mr. Marc A. Ott
City Manager
City of Austin
P.O. Box 1088
Austin, Texas 78767

Dear Mr. Ott:

You submitted a request to establish a Major Events Trust Fund, certifying that the statutory requirements have been met and that the economic materials supplied are accurate. Our office has completed an analysis of your request.

The results show the State of Texas will realize an incremental increase in tax revenue due to this event. As per statute, a Major Events Trust Fund will be established. This letter does not constitute an approval for reimbursement. Any reimbursement is subject to meeting statutory requirements, including the timely submittal of an appropriate event support contract and other documentation as required.

- **Event: 2013 Formula 1 – United States Grand Prix**
- **Location / Venue: City of Austin / Circuit of the Americas**
- **Dates: November 15 – 17, 2013**
- **Estimated incremental increase in tax revenue to the State of Texas: \$25,024,710**
- **Local match required: \$4,003,954**
- **Total contribution to the Event Trust Fund established for this event: \$29,028,664**

Following the event, you will need to complete and submit the attendance certification form, which has been attached to this letter for your convenience.

On behalf of the people of the State of Texas, I applaud your work to bring this event to the state and know all the out-of-state visitors will enjoy your hospitality and come back to Texas again soon. If you have any further questions, please contact Robert Wood, director of the Economic Development and Analysis Division, at robert.wood@cpa.state.tx.us or 1-800-531-5441, ext. 3-3973.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin A. Hubert", is written over a horizontal line.

Martin A. Hubert
Deputy Comptroller

cc Robert Wood

**Form to be COMPLETED by request letter signatory for the below mentioned
Major Events Trust Fund or Events Trust Fund**

ATTENDANCE CERTIFICATION

A request was processed to establish a Major Event Trust Fund for the event:	2013 Formula 1 – United States Grand Prix
You submitted a Request letter for an event:	September 30, 2013
The Comptroller mailed a fund approval letter to you on:	October 30, 2013
This affidavit is to be returned to the Comptroller no later than fourteen (14) days after the end of this event:	December 2, 2013

The TOTAL attendance at the PRIMARY EVENT was: _____

The ACTUAL attendees NOT residents of this state for this PRIMARY EVENT was: _____

Source(s) and Methodology feel free to attach support information:

- I understand that non-compliance with reporting requirements could be treated as a violation of the statute and/or program rules resulting in the possible withholding of disbursement funding.
- I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.
- I understand my obligation to provide information about event expectations and performance that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348.

Requestor:

Signature: _____

Printed Name: _____

Date: _____

Send to:
Texas Comptroller of Public Accounts, Economic Development and Analysis Department, P.O. Box 13528, Austin, TX 78711-3528

2013 FORMULA 1 (COTA) (Full Request #2014-08)

Austin, TX - November 12 - 18, 2013)

INCREMENTAL TAX INCREASE To the State of Texas BY TAX TYPE

Tax	COBJ	Percent of Total	Amount		
Hotel Occupancy	3139	13.35%	\$ 3,340,597.83		
Sales and Use	3102	78.46%	\$ 19,634,204.20		
Mixed Beverage	3250		\$ 1,283,805.90		
1. gross receipts		2.30%	\$ 575,145	.067 - (10.7143% * 2)	44.80%
2. mixed bev sales tax		2.83%	\$ 708,661	.0825 - (10.7143% * 2)	55.20%
Title 5 ABC Total			\$ 72,862.13		
1. Beer	3258	0.17%	\$ 41,717.55	\$ 103,958,378.23	57%
2. Wine	3259	0.02%	\$ 4,390.07	\$ 10,939,860.01	6%
3. Liquor	3253	0.11%	\$ 26,754.51	\$ 66,671,098.85	37%
Rental Car	3005	2.77%	\$ 693,240.11	\$ 181,569,337.09	100%
					100%
Total		100.0%	\$ 25,024,710.17		
			\$ 25,024,710.17	should equal	

2013 FORMULA 1 (COTA) (Full Request #2014-08)

Austin, TX - November 12 - 18, 2013)

DIRECT EXPENDITURES			
Type of Spending	Total Spending	State Tax Revenue	Revenue
Food & Beverage	\$ 34,694,698	\$ 2,168,419	\$ 294,905
Entertainment and Shopping	\$ 42,057,001	\$ 2,628,563	\$ 357,485
Lodging	\$ 55,180,328	\$ 3,310,820	\$ 3,003,189
Alcohol	\$ 14,028,053	\$ -	\$ -
Mixed Beverage	\$ 8,416,832	\$ 988,678	\$ 115,746
Title 5 ABC	\$ -	\$ 56,112	\$ -
Rental Car	\$ 6,932,401	\$ 693,240	\$ -
Sub - Total--Direct	\$ 152,892,481	\$ 9,845,831	\$ 3,771,325
Taxable Event Expenses <i>Some expenses do not result in taxes</i>			
Sales Tax Related	\$ 47,238,511	\$ 1,133,503	
Hotel Tax Related	\$ 496,302	\$ 29,778	
Alcohol Tax Related	\$ 6,610,525	xxx	
		\$ 295,128	xxx Mixed Beverage
		\$ 16,750	xxx Title 5 ABC
Total Expenses & Incremental Taxes	\$ 54,345,338	\$ 1,475,159	\$ 236,937 <i>Some expenses do not result in taxes</i>
<i>should equal</i>	\$ 54,345,338	\$ 1,475,159	
Total	\$ 207,237,819	\$ 11,320,990	\$ 4,008,262

person day spending & state tax

OOS Person Days	389,842.70
per OOS	
Avg taxable Spending per Person Day	
\$ 89.00	\$ 5.56
\$ 107.88	\$ 6.74
\$ 141.55	\$ 8.49
\$ 35.98	\$ -
\$ 21.59	\$ 2.54
\$ -	\$ 0.14
\$ 17.78	\$ 1.78
\$ 392.19	\$ 25.26

Incremental Increase by Tax Type

Tax	COBJ	Percent of Total	Amount
Hotel Occupancy	3139	13.35%	\$ 3,340,597.83
Sales and Use	3102	78.46%	\$ 19,634,204.20
Mixed Beverage	3250		\$ 1,283,806
1. gross receipts		2.30%	\$ 575,145
2. mixed bev sales tax		2.83%	\$ 708,661
Title 5 ABC Total			\$ 72,862
1. Beer	3258	0.17%	\$ 41,718
2. Wine	3259	0.02%	\$ 4,390
3. Liquor	3253	0.11%	\$ 26,755
Rental Car	3005	2.77%	\$ 693,240
Total		100.0%	\$ 25,024,710.17
All 3 should match			\$ 24,951,848.04 Minus title 5
			\$ 72,862.13 Title 5
			\$ 25,024,710.17 Adjusted State Share from Left

Total Direct Expenditures	\$ 207,237,819	\$ 11,320,990	\$ 4,008,262	\$ -
Indirect	\$ 87,652,554	\$ 4,338,854		
Induced	\$ 124,297,673	\$ 7,225,835		
Total Secondary (Indirect & Induced)	\$ 211,950,228	\$ 11,564,689		
TOTAL of Expenditures	\$ 419,188,047	\$ 22,885,679		
Additional Expenditures (NO Secondary Impact)				
F-1 OOS Ticket Sales	\$ 43,585,905	\$ 2,139,031	\$ -	local
				85% \$\$ from EIS - Tax based on 6.25% of \$\$-taxrate at a percent expected to be returned to the state
Total WITH NO Secondary Impact	\$ 43,585,905	\$ 2,139,031	\$ -	

Requestor Incremental Tax vs Matching Fund Verification

Requestor Check!!	Requestor Tax %	est. % in Requesting entity	Weighted Tax	
Sales Tax %	1.00%	85%	0.85%	\$ 803,775
Alcohol Tax %	1.62%	85%	1.38%	\$ 166,556
Lodging Tax %	9.00%	77.75%	7.00%	\$ 3,037,931
Rental Car Tax %	0.00%	100%	0.00%	\$ -
			sub total	\$ 4,008,262
			Further reduction	0% \$ 4,008,262
Fees Collected	explain			
			TOTAL Requestor Local Taxes	\$ 4,008,262
YES	Does Local estimate EXCEED Local Match?			

Grand Total--State Impact	\$ 462,773,951.86	\$ 25,024,710.17		
Local Match Split				
Local Match	Local Share	\$ 4,003,953.63	Austin \$ 4,003,953.63	city \$ -
		% Split per EIS	100.00%	0.00%
Total Trust Fund Estimate		\$ 29,028,663.80		
ROUNDED NUMBERS FOR FUND ANNOUNCEMENT				
Rounded state share	\$25,024,710.00	6.249999376	should always be below 6.25000	
Rounded local share	\$4,003,954.00			
TOTAL ROUNDED FUND \$\$	\$29,028,664.00			
100.0%		Out of State Person Days due to Event =	389,842.70	
		Out of State Attendees COUNTED for the PRIMARY EVENT ONLY	68,400	

Post-repeat adjustment - state tax per OOS person day ALL EXPENSES \$ 64.19



Larry Olmsted, Contributor

I travel to learn, eat, golf and ski, but mostly for travel's sake

LIFESTYLE | 8/27/2013 @ 8:10AM | 3,717 views

America's Only Formula One Race Is Selling Out Fast

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[Larry Olmsted Contributor](#)

Formula One racing is among the top five most popular spectator sports in the world, and depending who you believe, it is usually ranked second, third or fourth. Either way it is huge, but there is just one F1 race held in the US each year – and it is selling out fast.



Austin's Circuit of the Americas is a \$400-million facility purpose built to host the nation's only Formula One race.

F1 racing has come and gone from the US over the years, always suffering from makeshift venues, often held on public streets in the middle of blocked off US cities. Finally, this country has a purpose-built racetrack designed from start to finish as a centerpiece for the sport, and many race insiders and top drivers believe that the \$400 million plus Circuit of the Americas in Austin, TX is among the very best tracks on earth, with a 20-turn 3.4-mile layout and state of the art spectator facilities.

The Formula 1 United States Grand Prix will be held for its second year November 15-17. The debut race last year drew a crowd of 265,499 making it the second-most attended F1 race worldwide, and *SportsBusiness Journal/Daily* named it the 2012 “Sports Event of the Year.”

Like the Kentucky Derby, which I have written about here at length as a must-attend true Bucket List experience, the weekend gala is far more than just the race itself, and also includes lavish red carpet nighttime parties throughout Austin, concerts, tours of the track, paddock and garages, a day of practice and another of qualifying, plus the actual race.

All premium seats sold by the racetrack have been gone for months – the last release sold out almost instantly in mid-June. The bad news is that the only remaining options for quality seats in the most desirable spots, the Paddock Club, main Grandstand, Turn 1 and Turn 15 are through an event package with the track’s exclusive North American licensee, [Circuit of the Americas \(COTA\) Experiences](#), or for the Paddock Club, through sister licensee [Grand Prix Experiences](#). The good news is that these packages are awesome.

All COTA Experience packages include tickets for three days with Friday practice, Saturday qualifying and the Sunday race, plus VIP express entrances to the track, interior shuttle service within the vast complex, and food and beverage hospitality Saturday and Sunday in COTA Experiences’ exclusive 20,000 square foot Legends Club, near the start line. Besides plenty of food and open bar, the Legends Club provides entertainment and meet and greets with retired and current race drivers. Packages are available with or without hotel lodging, bearing in mind that Austin will be completely sold out and they have pre-reserved blocks of rooms. Those opting for hotels also get daily transportation from the hotel to and from the track and admission to the Thursday night VIP kickoff party with insider track tours, guest host Mario Andretti and a private concert by American Idol winner Taylor Hicks. Package customers can also opt in to Saturday’s “Lunch With A Legend” featuring Sir Jackie Stewart. There are three big nighttime shindigs in Austin that can be added to packages.

The breadth of choices is somewhat confusing, so here is a quick overview.

Formula One itself operates the Paddock Club at just about every race in the world. At Circuit of the Americas, it has its own dedicated three-story building

that can hold 5,500 on two floors above a level of working race garages. “There is a similar Paddock Club at almost every track on the F1 circuit,” said COTA Experiences’ Brian Learst. “You get the best view of the pits, you get to do pit walks and tour the garages and see them working on cars. The pit walk is a big selling



The festive three day event will feature plenty of pomp and circumstance, on and off the track.

point and only Paddock Club guests get it, that is not available to anyone seated anywhere. The Paddock Club also has a very high level of service – they fly in the chairs, tables, glassware and staff at every stop around the world, and they are very experienced at it. Almost every other major sporting event hires part-time local help. If you go to multiple F1 races and are a Paddock Club customer you are likely to get the same waiter or bartender.” [Grand Prix Experiences is also the official North American licensee selling Paddock Club packages for all F1 races worldwide.](#)

The pros of the Paddock Club are that it has the best quality food and the pit walks. The con is that beverage service is limited to wine and champagne, and it is not necessarily considered the best place to view the actual race from.

The competing top tier option is the VIP skybox operated by COTA Experiences, which overlooks the start line, holds 120 guests, and has wait staff who bring in food from the Legends Club. The pros of this choice are full open bar and far more “programming,” with race car driver and celebrity appearances. The next best option is the Platinum level in the Grand Stand, followed by premium seats in the rest of the Grandstand, or turns 1 and 15, considered the best spots for seeing the action by race aficionados because they offer passing opportunities. All of these packages include unlimited Saturday and Sunday hospitality in the Legends Club for food, drink, entertainment and a change of pace from their seats. “Because a lot of

spectators have never been to the track before and don't know where they want to sit, we are also offering a unique multi-turn package that combines the options and gives them a day each in the Grandstand, Turn 1 and Turn 15," said Learst.

The cheapest lodging packages combine hotels in San Antonio (just over an hour away) and track transfers with the least desirable general admission seating and begin at just under a thousand dollars for three days. Premium seat packages in the Grandstand or the two marquee turns start at about \$2,000 without lodging and \$3,149 with more desirable downtown Austin hotels. The VIP Skybox is sold as a 4-night package with lodging for \$5,399 (double occupancy), while the most expensive option is the 3-day Paddock Club package with accommodations, \$6,549 per person.

"F1 is the premier auto racing in the world, and we finally have a track worthy of the sport. It's a phenomenal facility, the drivers absolutely raved about it last year, and there are very few facilities in all of F1 that can compare," said Learst. "To see these guys going 230-240mph in the straightaways is just awesome."

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Posted: 1:42 p.m. Monday, Oct. 7, 2013

F1 and football double dip



Deborah Cannon / www.Statesman.com

By John Maher

Here's something Formula One fans might want to consider when they're traveling to Austin: It could be a chance to see an F1 race and a UT football game on the same weekend.

On F1 weekend the Longhorns have a home game against Oklahoma State on Saturday, Nov. 16. In the pre-season that game shaped up as one that could very well determine the Big 12 champion.

Hey, it still might with the all the – let's call it parity – in the conference. The game time has not yet been determined. UT athletic director DeLoss Dodds has said he would prefer the game be played in the early afternoon so UT fans wouldn't have to spend the night and try to get a room when so many hotels will be either unavailable or charging sky-high rates for the F1 crowd.

Some people at Circuit of the Americas, however, have said they'd rather see UT-Oklahoma State as a night game. That way, F1 fans could watch Sebastian Vettel claim yet another pole on Saturday and then have the opportunity to experience a college football game and still have time left to party for a few hours Saturday night.

The one thing that seems certain at this point is that tickets will be available for the football game and that they'll be pretty reasonable. A number of ticket brokers are listing UT-Okie State tickets starting at \$40 for the nosebleeds. StubHub alone has 5,300 tickets available, according to that ticket broker's website. It also has a couple thousand tickets for the U.S. Grand Prix as well.

Even if the game and Saturday qualifying are held at roughly the same time F1 fans could still have an option of seeing some football. This year Circuit of the Americas is offering the option of single day passes instead of only a three-day ticket.

Cowboys and Longhorns, anyone?



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Date & Time: Thursday, November 14, 2013 @ 09:00 AM

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Date & Time: Monday, November 18, 2013 @ 09:00 AM

Renter Information

AWD:	N/A	Age:	25+
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Return

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Vehicle Class

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Compact	 see details	Nissan Versa, Toyota Yaris or similar \$ 20.99 USD / day \$ 104.38 USD Total see details	<input type="button" value="Select"/>
Intermediate	 see details	Toyota Corolla, Ford Focus or similar \$ 23.99 USD / day \$ 118.18 USD Total see details	<input type="button" value="Select"/>
Standard	 see details	Chrysler 200 or similar \$ 26.99 USD / day \$ 131.98 USD Total see details	<input type="button" value="Select"/>
Full Size	 see details	Dodge Charger, Nissan Altima or similar \$ 27.99 USD / day \$ 136.58 USD Total see details	<input type="button" value="Select"/>
Premium	 see details	Nissan Maxima or similar \$ 62.99 USD / day \$ 297.58 USD Total see details	<input type="button" value="Select"/>
Luxury	 see details	Cadillac CTS, Lincoln MKZ or similar Call Tel.: (512) 476-2300 for Availability	
Minivan	 see details	Dodge Grand Caravan, Chrysler Town and Country or similar \$ 84.99 USD / day \$ 398.78 USD Total see details	<input type="button" value="Select"/>
Intermediate SUV	 see details	Ford Escape, Nissan Rogue or similar Special \$ 227.43 USD Total see details	<input type="button" value="Select"/>
Standard SUV	 see details	Jeep Grand Cherokee, or similar Special \$ 278.03 USD Total see details	<input type="button" value="Select"/>
Luxury SUV	 see details	Cadillac Escalade, Lincoln Navigator or similar Not available.	Check availability at other locations
Large SUV	 see details	GMC Yukon, Chevy Tahoe, Ford Expedition, or similar Call Tel.: (512) 476-2300 for Availability	
Premium Elite	 see details	Lincoln MKX or similar Not available.	Check availability at other locations
Pickup Truck	 see details	Chevy Colorado, Dodge Dakota or similar \$ 74.99 USD / day \$ 352.78 USD Total see details	<input type="button" value="Select"/>
Large Pickup	 see details	Chevy Silverado, Ram 1500 Crew Cab, or similar \$ 84.99 USD / day \$ 398.78 USD Total see details	<input type="button" value="Select"/>

Cargo Van	 see details	GM Express, Ford Econoline or similar	Call Tel.: 512-707-2773 for Availability	
12 Passenger Van	 see details	Chevrolet Express, Ford Econoline or similar	Sold Out	Check availability at other locations
15 Passenger Van	 see details	Chevrolet Express, Ford Econoline or similar	Sold Out	Check availability at other locations
Intermediate Electric	 see details	Nissan LEAF or similar	Not available.	
Standard Hybrid	 see details	Toyota Prius Hybrid or similar	\$ 52.99 USD / day \$ 251.58 USD Total see details	<input type="button" value="Select"/>
Full Size Hybrid	 see details	Toyota Camry Hybrid or similar	Not available.	
Sport Utility Hybrid	 see details	Ford Escape Hybrid or similar	Not available.	

Our Pick-Up Policy:

Need a ride from your place to our place? We'll Pick You Up.™
Book online now, then call your rental office at Tel.: (512) 476-2300 for details about our pick-up service. (Geographic restrictions apply)
[Back To Top](#)



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

October 10, 2013

CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE
100 CONGRESS AVE STE 1300
AUSTIN, TX 78701-2744

According to the records of the Comptroller of Public Accounts, the following exemption(s) from Texas taxes apply to the above organization(s):

Franchise tax, as of 05-31-2011

Sales and use tax, as of 05-31-2011

(provide Texas sales and use tax exemption certificate [Form 01-339 \(Back\)](#) to vendor)

State and local portion of hotel occupancy tax, cultural education facilities finance corporation/Tex. Rev. Civ. Stat. Ann. Article 1528m as of 05-31-2011

(provide Texas hotel occupancy tax exemption certificate [Form 12-302](#) to vendor)

Texas taxpayer identification number: 32044369695

This exemption verification is not a substitute for the completed exemption certificates that are required when claiming exemption from Texas taxes. Vendors should be familiar with the requirements for accepting the certificates in good faith from their customers.

This exemption verification does not mean that the organization holds a [permit](#) for collecting or remitting any Texas taxes.

Exempt organizations must collect tax on most sales. For more information, please see our publication [Exempt Organizations. Sales and Purchases](#) (96-122). [Online registration is available.](#)

For information concerning sales taxpayer permit status, please use the [vendor search](#) we provide online.

Corporations that are registered in Texas with the Secretary of State must maintain a current registered agent and registered office address. Information is available from [Business and Nonprofit Forms page](#) of the [Secretary of State's Website](#). Additionally, out-of-state corporations, limited liability companies, or limited partnerships transacting business in Texas may need to file a Certificate of Authority or Registration with the Texas Secretary of State. More information is available from the [Foreign or Out-of-State Entities page](#) on the Secretary of State's Website.

Our publications and other helpful information are available on our [website](#). If you need more information, write to us at exempt.orgs@cpa.state.tx.us, or call us at (800) 252-5555.



Request Worksheet to Establish an Events Trust Fund

Please submit this informational worksheet with your official request to establish an events trust fund.

This worksheet is STEP 2 in the process to establish an Event Trust Fund – Requesting that the Comptroller determine the incremental tax increase of an event. Must be received by the agency not less than 120 days prior to the event. Please submit to:

Deputy Comptroller
Comptroller of Public Accounts
111 E. 17th Street
Austin, TX 78774

SECTION 1: Endorsing Municipality or County

CITY OF AUSTIN

Endorsing City or County

LEELA FIRESIDE

City or County Contact (officer or employee available to answer any/all follow-up questions)

Leela.Fireside@austintexas.gov

Contact email

& Rodney.Gonzales@austintexas.gov

(512) 974-2163 / (512) 974-2313

Contact phone (area code and phone number)

Has the Endorsing City or County reviewed the event and found that it meets all eligibility requirements, as listed in VCTS 5190.14?

Yes No

Has the Endorsing City or County determined that it will contribute local funding ("local match") to the Events Trust Fund, if established?

Yes ¹ No

SECTION 2: Local Organizing Committee

Has the City or County authorized a Nonprofit Local Organizing Committee to enter into an agreement with the Site Selection Organization to host the event on behalf of the City or County?

Yes No

If "YES," provide the following information for the LOCAL ORGANIZING COMMITTEE:

CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE

Local Organizing Committee (LOC) designated in the official request letter

Is the LOC a registered non-profit corporation?

Yes No

45-2727397

LOC Tax Payer ID#

CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE

Complete Business Name

¹City of Austin as contracted with Circuit Events Local Organizing Committee to make the local match.

SECTION 2: Local Organizing Committee *(continued)*

WAYNE S. HOLLINGSWORTH

LOC Contact Name

whollingsworth@abaustin.com

Contact email

(512) 435-2306

Contact phone (area code and phone number)

If "NO," The City or County must directly enter into the event hosting agreement with the site selection organization.

NOTE: If your ETF request is approved, the Event Support / Event Hosting AGREEMENT will be required for submittal to receive reimbursement.

SECTION 3: Site Selection Organization

FORMULA ONE MANAGEMENT LTD.

Site Selection Organization

CHLOE TARGETT-ADAMS, Legal Department

City or County Contact (officer or employee available to answer follow-up questions – if different from above listed contacts)

ctargett-Adams@fomltr.com

Contact email

+44 (0) 20-75846668

Contact phone (area code and phone number)

The Comptroller's office reserves the right to contact the Site Selection Organization or any other organization directly related to this event.

SECTION 4: Event Information

2013 FORMULA 1 UNITED STATES GRAND PRIX

Official Event Name

Circuit of the Americas Race Track

Venue

www.circuitoftheamericas.com/fl

Event Website

Location of this event the previous five years:

1 SEE ATTACHMENT 1

2

3

4

5

Source of information: website

SECTION 4: Event Information (continued)

November 15, 2013 First Day of Activities	November 17, 2013 Last Day of Activities	November 17, 2013 Date of the PRIMARY Event
120,000		72,304 ¹
Anticipated TOTAL attendance at the PRIMARY event		Anticipated Out of State Attendance at the

The Comptroller is required by statute to collect from the requestor and then evaluate the actual attendance figures for an ETF event. After this event has concluded you will need to offer final attendance figures. How do you plan on calculating these figures?

SEE ATTACHMENT 2

SECTION 5: Checklist

ETF Checklist of documents required to issue an Estimate of Incremental Taxes.

- ETF Request Worksheet.
- SELECTION Letter CLEARLY indicating a highly competitive selection process, and that the selection was based on an application by the endorsing city, county or local organizing committee. This selection letter should clearly indicate the selected LOC, the selected municipality, and the event date. The date must match the requested event date.
- REQUEST Letter CLEARLY indicating the municipality or county's endorsement of the event; names the LOC and the municipality or county's contact; and matches up with the Selection Letter.
- Economic information allowing the Comptroller to make a determination as to the incremental tax increase to the State of Texas.
- Affidavit signed by each endorsing city, county and/or LOC.
- Affidavit signed by party(ies) providing economic data to support this request.

You will be notified of the Estimate of Incremental Taxes following the completion of the agency's review, typically within 30 days of submission.



















Signature and title of submitter (submitter should have authority to represent the Endorsing City or County as it regards this request)


Signature WAYNE S. HOLLINGSWORTH SECRETARY
Title

¹Includes estimation for non-race attendees.

ATTACHMENT 1

Last Five (5) Years of Races Schedules

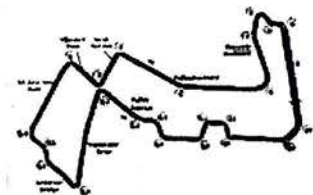
Round	Official race title	Grand Prix	Circuit	Date	Time	
					Local	UTC
1	ING Australian Grand Prix	Australian GP	 Albert Park, Melbourne	16 March	15:30	04:30
2	Petronas Malaysian Grand Prix	Malaysian GP	 Sepang International Circuit, Kuala Lumpur	23 March	15:00	07:00
3	Gulf Air Bahrain Grand Prix	Bahrain GP	 Bahrain International Circuit, Sakhir	6 April	14:30	11:30
4	Gran Premio de España Telefónica	Spanish GP	 Circuit de Catalunya, Barcelona	27 April	14:00	12:00
5	Petrol Ofisi Turkish Grand Prix	Turkish GP	 Istanbul Park, Tuzla	11 May	15:00	12:00
6	Grand Prix de Monaco	Monaco GP	 Circuit de Monaco, Monte Carlo	25 May	14:00	12:00
7	Grand Prix du Canada	Canadian GP	 Circuit Gilles Villeneuve, Montreal	8 June	13:00	17:00
8	Grand Prix de France	French GP	 Circuit de Nevers Magny-Cours, Magny-Cours	22 June	14:00	12:00
9	Santander British Grand Prix	British GP	 Silverstone Circuit, Silverstone	6 July	13:00	12:00
10	Großer Preis Santander von Deutschland	German GP	 Hockenheimring, Hockenheim	20 July	14:00	12:00
11	ING Magyar Nagydíj	Hungarian GP	 Hungaroring, Budapest	3 August	14:00	12:00
12	Telefónica Grand Prix of Europe ^[53]	European GP	 Valencia Street Circuit, Valencia†	24 August	14:00	12:00
13	ING Belgian Grand Prix	Belgian GP	 Circuit de Spa-Francorchamps, Spa	7 September	14:00	12:00
14	Gran Premio Santander d'Italia	Italian GP	 Autodromo Nazionale Monza, Monza	14 September	14:00	12:00
15	SingTel Singapore Grand Prix†	Singapore GP	 Marina Bay Street Circuit, Marina Bay†	28 September	20:00	12:00
16	Fuji Television Japanese Grand Prix	Japanese GP	 Fuji Speedway, Oyama	12 October	13:30	04:30
17	Sinopec Chinese Grand Prix	Chinese GP	 Shanghai International Circuit, Shanghai	19 October	15:00	07:00
18	Grande Prêmio do Brasil	Brazilian GP	 Autódromo José Carlos Pace, São Paulo	2 November	15:00	17:00

† New circuits

‡ Night Race

Calendar changes

- Singapore hosted its first Grand Prix in 2008, with a contract for the next five years. The race, held on a street circuit designed by KBR, is Formula One's first night race.^[54] The practice and qualifying sessions also take place at night.^[55]
- The European Grand Prix took place at the Valencia Street Circuit in 2008, changing from the Nürburgring which hosted the event up until 2007. Because both German circuits share the right to host an F1 race, the German Grand Prix took place at Hockenheimring in 2008. It will continue to alternate between these two circuits yearly.
- The Indianapolis Motor Speedway did not hold a Grand Prix in 2008; however, a possible return to Indianapolis in the future has not been completely ruled out^[56] although the US Grand Prix is due return in 2012 to a circuit in Austin, Texas.
- In the run up to the 2007 French Grand Prix it was reported that it would be the last Grand Prix to be held at Magny-Cours.^[57] Some alternatives suggested for the French Grand Prix included Paul Ricard or a new circuit near Disneyland Paris or Charles de Gaulle airport. However on 24 July 2007 it was reported that Bernie Ecclestone had "agreed in principle to maintain the race at Magny-Cours in 2008, and even 2009, if there were no other alternatives."^[58]














The new Marina Bay Street Circuit which hosted the Singapore Grand Prix at night

Rule changes

- A standard Electronic Control Unit was supplied by Microsoft MES, a joint venture between Microsoft and McLaren Electronic Systems.^[59]
- Traction control and launch control banned along with several other electronic aids including engine braking reduction.^[60]
- An engine freeze to last five years was started in 2008,^[61] with the first unscheduled engine change of the season not leading to the usual 10 place grid penalty.^[62]
- Fuel of the cars must have been made up of at least 5.75% biological materials.^[63]
- Gearboxes to last four races, 5 place grid penalty for a gear box change. If a driver did not finish a race, he was allowed to change the gearbox for the next race without receiving a penalty.^[64]
- Improved cockpit protection.^[65]
- The use of a spare car was restricted. Each competing team would not be allowed to have more than two cars available for use at any time. In this context, a car was considered as such if it was a partially assembled survival cell, fitted with an engine, any front suspension, bodywork, radiators, oil tanks or heat exchangers.^[64]
- Bridgestone will be the official tyre supplier for the 2008–2010 seasons.^[66] They would also be marking their extreme wet weather tyres with a white line in the central groove to differentiate it from the softer wet weather tyre compound.^[67]
- No competing team was allowed to carry out more than 30,000 km (18,641 mi) of testing during the 2008 calendar year.^[64]

Race calendar

Round	Race Title	Grand Prix	Circuit	Date
1	ING Australian Grand Prix	Australian GP	 Albert Park, Melbourne	29 March
2	Petronas Malaysian Grand Prix	Malaysian GP	 Sepang International Circuit, Kuala Lumpur	5 April
3	Chinese Grand Prix	Chinese GP	 Shanghai International Circuit, Shanghai	19 April
4	Gulf Air Bahrain Grand Prix	Bahrain GP	 Bahrain International Circuit, Sakhir	26 April
5	Gran Premio de España Telefónica	Spanish GP	 Circuit de Catalunya, Barcelona	10 May
6	Grand Prix de Monaco	Monaco GP	 Circuit de Monaco, Monte Carlo	24 May
7	ING Turkish Grand Prix	Turkish GP	 Istanbul Park, Tuzla	7 June
8	Santander British Grand Prix	British GP	 Silverstone Circuit, Silverstone	21 June
9	Großer Preis Santander von Deutschland	German GP	 Nürburgring, Nürburg	12 July
10	ING Magyar Nagydíj	Hungarian GP	 Hungaroring, Budapest	26 July
11	Telefónica Grand Prix of Europe	European GP	 Valencia Street Circuit, Valencia	23 August
12	ING Belgian Grand Prix	Belgian GP	 Spa-Francorchamps, Spa	30 August
13	Gran Premio Santander d'Italia	Italian GP	 Autodromo Nazionale Monza, Monza	13 September
14	SingTel Singapore Grand Prix	Singapore GP	 Marina Bay Street Circuit, Marina Bay	27 September
15	Fuji Television Japanese Grand Prix	Japanese GP	 Suzuka Circuit, Suzuka	4 October
16	Grande Prêmio Petrobras do Brasil	Brazilian GP	 Autódromo José Carlos Pace, São Paulo	18 October
17	Etihad Airways Abu Dhabi Grand Prix	Abu Dhabi GP	 Yas Marina Circuit, Abu Dhabi	1 November

Sources:^{[74][75]}

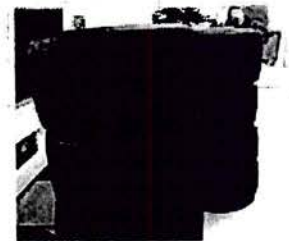
Calendar changes

- The Chinese Grand Prix was brought forward from its October date to April to become the third round of the championship.
- Abu Dhabi made its first appearance on the F1 calendar with the Abu Dhabi Grand Prix being held at the Yas Marina Circuit on Yas Island on 1 November, thereby displacing the Brazilian Grand Prix as the final round of the season.

Rule changes

The FIA released preliminary technical regulations for the 2009 season on 22 December 2006,^[76] and were revised several times to accommodate the findings of the Overtaking Working Group (formed in response to concerns that passing in wheel-to-wheel racing was becoming increasingly rare)^[77] and the increasing need for cost-cutting in the sport in the wake of the economic crisis.^[78]

- Slick tyres returned for the first time since they were banned for the 1998 season. Bridgestone continued to be the sole supplier of tyres, and drivers still had to use both compounds of tyre during a race.^[79] Soft tyres were differentiated by a green marking around the sides of the tyres, rather than a white marking in a groove as used in 2008.^[80] Further, wet tyres were renamed "intermediate" and extreme-weather tyres were renamed "wet".^[81]
- The aerodynamic regulations were radically altered for the 2009 season. The front wings were made lower and wider, while rear wings were changed to be higher and narrower.^[4] As well as the changes in the dimensions of the wings, bodywork became much more regulated with many of the additional components seen in previous seasons (including barge boards, winglets and turning vanes) removed,^[4] making 2009 cars noticeably different in appearance than in previous years. The diffuser at the rear of the car was moved back and upwards. Many other minor chassis components were also standardised. The aim of the new aerodynamic regulations, as well as the reintroduction of slick tyres, was to decrease reliance on aerodynamic downforce and increase mechanical grip with the aim of making wheel-to-wheel racing easier.^[82]
- For the first time, cars were allowed to use driver adjustable bodywork, in the form of adjustable flaps in the front wing. The flaps could be adjusted by up to six degrees, limited to only two adjustments per lap.^[4] Adjustable front wings were designed to improve downforce when following another car, another change designed to improve overtaking.
- Kinetic Energy Recovery Systems, a regenerative braking device designed to recover some of the vehicle's kinetic energy normally dissipated as heat during braking, were introduced for the 2009 season. The recovered energy can be stored electrically, in a battery or supercapacitor, or mechanically, in a flywheel,^[83] for use as a source of additional accelerative power at the driver's discretion by way of a *boost button* on the steering wheel.^[82] The regulations limit the



Banned since 1998, slick tyres were re-introduced for 2009.



A ban on aerodynamic appendages resulted in the 2009 cars having smoother bodywork.

from the German Grand Prix onwards, except the races in Singapore, Brazil and Abu Dhabi, where the seat was filled by Christian Klien.^[53]

- During the mid-season hiatus, Nick Heidfeld left Mercedes to take up a new role with Pirelli as their official test driver ahead of their return to Formula One.^[98]
- Following the end of the European season at the Italian Grand Prix, Pedro de la Rosa was dropped by BMW Sauber and summarily replaced by Nick Heidfeld, who last drove for the team in 2009.^[55] It was reported that the change was made because of de la Rosa's poor performance relative to team mate Kamui Kobayashi in general and Heidfeld's knowledge of the Marina Bay and Yas Marina circuits in particular. With Heidfeld joining Sauber, former Renault driver Romain Grosjean was drafted in as his replacement for Pirelli.^[99]
- Hispania Racing test driver Christian Klien replaced Sakon Yamamoto for the Singapore Grand Prix after Yamamoto allegedly contracted food poisoning ahead of the race,^[51] but was later seen in the Singapore paddock suffering no apparent symptoms, sparking talk of unpaid debts by the Japanese driver and further financial afflictions for the team to deal with when the logo of one of Klien's personal sponsors appeared on the car for the weekend.^[100] Team principal Colin Kolles confirmed that the arrangement would be for one race and Yamamoto would return to the cockpit at Suzuka provided he recovered in time.^[101] Klien also replaced Yamamoto at Interlagos and Abu Dhabi, though no explanation was given for the change.^[102]

2010 calendar

On 21 September 2009 the provisional 2010 calendar was issued by the World Motor Sport Council containing 19 races,^[3] followed by a second provisional schedule which had the Abu Dhabi and Brazilian Grands Prix switching dates.^[103] The final calendar was released on 11 December 2009.^[104]

Round	Race Title	Grand Prix	Circuit	Date
1	Gulf Air Bahrain Grand Prix	Bahrain GP	 Bahrain International Circuit, Sakhir	14 March
2	Qantas Australian Grand Prix	Australian GP	 Albert Park, Melbourne	28 March
3	Petronas Malaysian Grand Prix	Malaysian GP	 Sepang International Circuit, Kuala Lumpur	4 April
4	Chinese Grand Prix	Chinese GP	 Shanghai International Circuit, Shanghai	18 April
5	Gran Premio de España Telefónica	Spanish GP	 Circuit de Catalunya, Barcelona	9 May
6	Grand Prix de Monaco	Monaco GP	 Circuit de Monaco, Monte Carlo	16 May
7	Turkish Grand Prix	Turkish GP	 Istanbul Park, Tuzla	30 May
8	Grand Prix du Canada	Canadian GP	 Circuit Gilles Villeneuve, Montreal	13 June
9	Telefónica Grand Prix of Europe	European GP	 Valencia Street Circuit, Valencia	27 June
10	Santander British Grand Prix	British GP	 Silverstone Circuit, Silverstone	11 July
11	Großer Preis Santander von Deutschland	German GP	 Hockenheimring, Hockenheim	25 July
12	Eni Magyar Nagydíj	Hungarian GP	 Hungaroring, Budapest	1 August
13	Belgian Grand Prix	Belgian GP	 Spa-Francorchamps, Spa	29 August
14	Gran Premio Santander d'Italia	Italian GP	 Autodromo Nazionale Monza, Monza	12 September
15	SingTel Singapore Grand Prix	Singapore GP	 Marina Bay Street Circuit, Marina Bay	26 September
16	Japanese Grand Prix	Japanese GP	 Suzuka Circuit, Suzuka	10 October
17	Korean Grand Prix	Korean GP	 Korea International Circuit, Yeongam	24 October
18	Grande Prêmio Petrobras do Brasil	Brazilian GP	 Autódromo José Carlos Pace (Interlagos), São Paulo	7 November
19	Etihaad Airways Abu Dhabi Grand Prix	Abu Dhabi GP	 Yas Marina Circuit, Abu Dhabi	14 November

Calendar changes

- The Bahrain Grand Prix was run on a new layout at the Bahrain International Circuit. In this configuration, the drivers leave the old circuit shortly after turn four and follow a loop of nearly 900 metres in length, before re-joining the circuit before the old turn five. This increased the overall lap distance from 5.412 km (3.363 mi) to 6.299 km (3.914 mi).^[105] The race reverted to the circuit's original layout from 2012.^[106]
- The British Grand Prix was originally planned to move from Silverstone Circuit to Donington Park in 2010,^[107] but the owners of Donington Park failed to raise the necessary £135 million bond to redevelop the circuit and infrastructure.^[108] After extended negotiations with Bernie Ecclestone, the organisers of Silverstone came to an agreement that will see the British Grand Prix hosted by the circuit for the next seventeen years, utilising the new "Arena" configuration which increases lap distance by 760 metres (0.47 mi).^{[109][110]}
- The Canadian Grand Prix returned in 2010 after its one-year absence.^[111]
- The German Grand Prix returned to Hockenheim for one year, after being held at the Nürburgring in 2009.
- The Japanese Grand Prix was due to return to Fuji Speedway for 2010, as part of a year-on-year rotation with Suzuka Circuit. However, Fuji's owners Toyota announced that they had abandoned plans for Fuji to hold the race, citing the global recession as the main reason for this.^[112] Suzuka will continue to hold the event in 2010 and in 2011.^[113]
- South Korea made its first appearance on the F1 calendar under the name Korean Grand Prix with a race being held at the Korea International Circuit in Yeongam on 24 October. On the 12 October, the circuit passed its inspection.^[114]

Changes

Rule changes

- Refuelling during the race was abolished for the first season since 1993.^{[115][116]} Despite the resolution over the budget cap and the decision for 2010 to fall back to the 2009 rules, FOTA expressed interest in a refuelling ban as it represents a way to cut costs.^[117]



Michael Schumacher returned to the sport with Mercedes after a 3-year hiatus.

Round	Race Title	Grand Prix	Circuit	Date
1	Qantas Australian Grand Prix ^[103]	Australian GP	 Albert Park, Melbourne	27 March
2	Petronas Malaysia Grand Prix ^[104]	Malaysia GP	 Sepang International Circuit, Kuala Lumpur	10 April
3	UBS Chinese Grand Prix	Chinese GP	 Shanghai International Circuit, Shanghai	17 April
4	DHL Turkish Grand Prix ^[105]	Turkish GP	 Istanbul Park, Istanbul	8 May
5	Gran Premio de España Santander	Spanish GP	 Circuit de Catalunya, Barcelona	22 May
6	Grand Prix de Monaco	Monaco GP	 Circuit de Monaco, Monte Carlo	29 May
7	Grand Prix du Canada	Canadian GP	 Circuit Gilles Villeneuve, Montreal	12 June
8	Grand Prix of Europe	European GP	 Valencia Street Circuit, Valencia	26 June
9	Santander British Grand Prix	British GP	 Silverstone Circuit, Silverstone	10 July
10	Großer Preis Santander von Deutschland	German GP	 Nürburgring, Nürburg	24 July
11	Eni Magyar Nagydíj	Hungarian GP	 Hungaroring, Budapest	31 July
12	Shell Belgian Grand Prix ^[106]	Belgian GP	 Circuit de Spa-Francorchamps, Spa	28 August
13	Gran Premio Santander d'Italia	Italian GP	 Autodromo Nazionale Monza, Monza	11 September
14	SingTel Singapore Grand Prix ^[107]	Singapore GP	 Marina Bay Street Circuit, Marina Bay	25 September
15	Japanese Grand Prix	Japanese GP	 Suzuka Circuit, Suzuka	9 October
16	Korean Grand Prix	Korean GP	 Korea International Circuit, Yeongam	16 October
17	Airtel Grand Prix of India ^[108]	Indian GP	 Buddh International Circuit, Greater Noida	30 October
18	Etihad Airways Abu Dhabi Grand Prix	Abu Dhabi GP	 Yas Marina Circuit, Abu Dhabi	13 November
19	Grande Prêmio Petróbras do Brasil	Brazilian GP	 Autódromo José Carlos Pace, São Paulo	27 November

Calendar changes

- The Yas Marina Circuit was to be reconfigured for the Abu Dhabi Grand Prix following heavy criticism over a lack of overtaking in the 2010 race.^[109] The organisers of the race elected to postpone the circuit modifications for one year in the face of rule changes – the introduction of Pirelli tyres and the Drag Reduction System – that they felt directly addressed the criticisms levelled at the circuit.^[110]
- The Bahrain Grand Prix was originally scheduled to be the opening race of the season on 13 March, but was called off by the organisers in light of anti-government protests in the country.^[111] A final decision on whether the race was to be rescheduled for later in the year or cancelled outright had to be made by 3 June.^[112] At this meeting the World Motor Sport Council (WMSC) voted unanimously to reinstate the race to the calendar,^[113] rescheduling it for 30 October 2011.^[113] The inaugural Indian Grand Prix would have moved to be the final race of the season in December to accommodate the change. However, the Formula One Teams Association (FOTA) opposed the rescheduling.^{[114][115]} One week after the WMSC voted to return the race to the calendar, organisers for the Bahrain Grand Prix officially abandoned their bid to return to the calendar.^[116] The Indian Grand Prix was restored to its original date.
- The German Grand Prix moved from the Hockenheimring to the Nürburgring, in keeping with the event-sharing arrangement between the two circuits.
- The 2011 season saw the addition of the Indian Grand Prix to the calendar.^[117] Originally known as the Jaypee Group Circuit, the venue was officially renamed the Buddh International Circuit in April 2011.^[118] Airtel was subsequently announced as title sponsor for the inaugural race.^[108]
- The Malaysian Grand Prix changed its name to the Malaysia Grand Prix as part of efforts to promote the country.^[104]

Rule changes

- 2011 saw the return of the 107% rule in qualifying.^{[3][119]} Under this arrangement, any driver who fails to set a time within 107% of the fastest lap in Q1 may not be permitted to take part in the race; for instance, if the fastest lap is 1 minute 40 seconds (100 seconds), a driver must set a time faster than 1 minute 47 seconds (107 seconds) in order to make it to the grid. However, if a driver who fails to set an appropriate lap time can show cause for his inclusion in the race – for example, if a driver failed to set a lap time in qualifying due to a mechanical fault, but had previously set a lap time within 107% of the pole-sitter's time in free practice – the stewards may allow that driver to take part in the race.
- The ban on team orders – the practice of teams ordering a driver to follow instructions that would be advantageous to their team mate (for example, ordering them to move aside and allow their team-mate to pass them) – was lifted after the 2010 German Grand Prix, with the practice to be "regulated" on the race track.^[120] The practice of coding instructions to conceal the nature of the order would be banned to prevent deception to the spectators and stewards. The FIA increased the maximum allowable penalty which racing stewards can issue to teams from \$100,000 to \$250,000.^[121]
- Sole tyre supplier Bridgestone announced that it would not renew its contract with Formula One at the end of the 2010 season,^[122] with Pirelli chosen as the tyre supplier for 2011 by the FIA World Motor Sport Council.^{[3][123]} The Pirelli logo on each tyre will be colour-coded to identify each compound and tread pattern being used.^[124] Cars will have a mandatory weight distribution to provide Pirelli with a technical specification, and preventing teams making changes to the internal configuration of their cars should they prove not to suit the cars.^[125] At the final test in Barcelona, it was revealed that drivers would need to make three pit stops at most races, in line with Pirelli's mandate to design a higher wearing tyre.^[126]
 - The Belgian Grand Prix saw a small controversy when several teams discovered their tyres had blistered during qualifying, but were not permitted to change their tyres ahead of the race because the damage was the result of the car set-up rather than an accident.^{[127][128]} Pirelli pointed to Red Bull Racing's practice of running camber settings that were outside their recommended parameters as the cause of the blistering,^[129] and said they would be more cautious with their recommendations for Monza to prevent the problem from arising again.^[130]

Charles Pic — who placed fourth in the 2011 GP2 Series driving for Addax — joined Marussia, replacing d'Ambrosio.^[47]

Mid-season changes

The season only saw one driver change, which was brought about when Lotus driver Romain Grosjean was found by race stewards to be responsible for causing a multi-car pile-up at the start of the Belgian Grand Prix. He was given a one-race ban and a €50,000 fine for his role in the collision, forcing him to miss the Italian Grand Prix.^[85] He was replaced by the team's testing and reserve driver, Jérôme d'Ambrosio.^[31] Grosjean returned to the team for the next round in Singapore.^[86]

2012 calendar

Round	Race Title	Grand Prix	Circuit	Date
1	Qantas Australian Grand Prix	Australian GP	 Albert Park, Melbourne	18 March
2	Petronas Malaysia Grand Prix	Malaysian GP	 Sepang International Circuit, Kuala Lumpur	25 March
3	UBS Chinese Grand Prix	Chinese GP	 Shanghai International Circuit, Shanghai	15 April
4	Gulf Air Bahrain Grand Prix	Bahrain GP	 Bahrain International Circuit, Sakhir	22 April
5	Gran Premio de España Santander	Spanish GP	 Circuit de Catalunya, Montmeló	13 May
6	Grand Prix de Monaco	Monaco GP	 Circuit de Monaco, Monte Carlo	27 May
7	Grand Prix du Canada	Canadian GP	 Circuit Gilles Villeneuve, Montreal	10 June
8	Grand Prix of Europe	European GP	 Valencia Street Circuit, Valencia	24 June
9	Santander British Grand Prix	British GP	 Silverstone Circuit, Silverstone	8 July
10	Großer Preis Santander von Deutschland	German GP	 Hockenheimring, Hockenheim	22 July
11	Eni Magyar Nagydíj	Hungarian GP	 Hungaroring, Budapest	29 July
12	Shell Belgian Grand Prix	Belgian GP	 Circuit de Spa-Francorchamps, Spa	2 September
13	Gran Premio Santander d'Italia	Italian GP	 Autodromo Nazionale Monza, Monza	9 September
14	SingTel Singapore Grand Prix	Singapore GP	 Marina Bay Street Circuit, Marina Bay	23 September
15	Japanese Grand Prix	Japanese GP	 Suzuka Circuit, Suzuka	7 October
16	Korean Grand Prix	Korean GP	 Korea International Circuit, Yeongam	14 October
17	Airtel Indian Grand Prix	Indian GP	 Buddh International Circuit, Greater Noida	28 October
18	Etihad Airways Abu Dhabi Grand Prix	Abu Dhabi GP	 Yas Marina Circuit, Abu Dhabi	4 November
19	United States Grand Prix	United States GP	 Circuit of the Americas, Austin, Texas	18 November
20	Grande Prêmio Petrobras do Brasil	Brazilian GP	 Autódromo José Carlos Pace, São Paulo	25 November


















Source:^[47]



Nations hosting Formula One Grands Prix in 2012.

Calendar changes

- After the 2011 Bahrain Grand Prix was cancelled,^[88] the race was reinstated for the 2012 season with a provisional date in October.^[89] The final version of the calendar brought the race forward to April.^[4]
- The German Grand Prix returned to Hockenheim after the 2011 German Grand Prix was held at the Nürburgring, in line with the event's policy of alternating between venues.
- The Turkish Grand Prix was removed from the calendar after Formula One Management and the event organisers could not agree on a renewed contract. In August 2011, organisers of the race revealed that they were negotiating with Bernie Ecclestone to resume their place on the calendar.^[90] However, the race was removed from the calendar later that month.
- In May 2010, it was announced that Austin, Texas would host the return of the United States Grand Prix, the first since Indianapolis in 2007. Known as the Circuit of the Americas, the venue will be a brand-new, purpose-built permanent circuit designed by event promoter Tavo Hellmund and 1993 Grand Prix Motorcycle World Champion Kevin Schwantz^[91] with the assistance of German architect and circuit designer Hermann Tilke.^[92] In November 2011, Bernie Ecclestone expressed "minor" doubt over the race going ahead after what he described as "disagreements inside the [management] company"^[93] and gave the circuit owners and race organisers a deadline of 7 December^[94] — coinciding with the meeting of the FIA World Motorsports Council and the release of the final 2012 calendar — to sort out their differences or else risk losing the event entirely.^[95] The final calendar included the race,^[4] with Ecclestone confirming that a new arrangement had been made, and that

Round	Race title	Grand Prix	Circuit	Date
1	Rolex Australian Grand Prix	Australian GP	 Melbourne Grand Prix Circuit, Melbourne	17 March
2	Petronas Malaysia Grand Prix	Malaysian GP	 Sepang International Circuit, Kuala Lumpur	24 March
3	UBS Chinese Grand Prix	Chinese GP	 Shanghai International Circuit, Shanghai	14 April
4	Gulf Air Bahrain Grand Prix	Bahrain GP	 Bahrain International Circuit, Sakhir	21 April
5	Gran Premio de España	Spanish GP	 Circuit de Catalunya, Barcelona	12 May
6	Grand Prix de Monaco	Monaco GP	 Circuit de Monaco, Monte Carlo	26 May
7	Grand Prix du Canada	Canadian GP	 Circuit Gilles Villeneuve, Montreal	9 June
8	Santander British Grand Prix	British GP	 Silverstone Circuit, Silverstone	30 June
9	Großer Preis Santander von Deutschland	German GP	 Nürburgring, Nürburg	7 July
10	Magyar Nagydíj	Hungarian GP	 Hungaroring, Budapest	28 July
11	Shell Belgian Grand Prix	Belgian GP	 Circuit de Spa-Francorchamps, Francorchamps	25 August
12	Gran Premio d'Italia	Italian GP	 Autodromo Nazionale Monza, Monza	8 September
13	SingTel Singapore Grand Prix	Singapore GP	 Marina Bay Street Circuit, Marina Bay	22 September
14	Korean Grand Prix	Korean GP	 Korea International Circuit, Yeongam	6 October
15	Japanese Grand Prix	Japanese GP	 Suzuka Circuit, Suzuka	13 October
16	Airtel Indian Grand Prix	Indian GP	 Buddh International Circuit, Greater Noida	27 October
17	Etihad Airways Abu Dhabi Grand Prix	Abu Dhabi GP	 Yas Marina Circuit, Abu Dhabi	3 November
18	United States Grand Prix	United States GP	 Circuit of the Americas, Austin	17 November
19	Grande Prêmio do Brasil	Brazilian GP	 Autódromo José Carlos Pace, São Paulo	24 November

Sources:^[77]^[78]^[79]

Calendar changes

New and returning races

- The European Grand Prix will be discontinued starting in 2013.
- Starting in 2008, the German Grand Prix has alternated between the Nürburgring in Nürburg and the Hockenheimring in Hockenheim. The Nürburgring hosted the German Grand Prix in 2013.^[2]

Failed race bids

- The 2013 season was scheduled to see the addition of the Grand Prix of America to the calendar.^[73] The race was to take place on a new, Hermann Tilke-designed street circuit in New Jersey in June of that year,^[80] back-to-back with the Canadian Grand Prix.^[81] However, shortly after the race was given a date on the provisional calendar, Bernie Ecclestone admitted that the contract with organisers in New Jersey had been nullified,^[82] and organisers later confirmed that the race had been removed from the 2013 calendar and rescheduled for 2014.^[74] The collapse of the race was attributed to the failure to get all of the necessary permits to hold the race from multiple branches of state and federal government departments.^[83]

States hosting Formula One Grands Prix in 2013.

Changes

Rule changes

Sporting regulations

- At the June 2012 meeting of the World Motor Sport Council, the FIA announced plans to introduce cost-control measures for the 2013 season, which would be policed by the FIA pending the agreement of the teams.^[84] This follows a failed attempt by former FIA president Max Mosley to introduce a budget cap for the 2010 season,^[85] and the withdrawal of Ferrari, Scuderia Toro Rosso, Sauber and Red Bull from the Formula One Teams Association in December 2011 over the implementation of the Resource Restriction Agreement,^[86]^[87] a voluntary agreement between teams to limit costs in the sport.^[88]
- Following HRT's omission from the provisional entry list,^[8] the grid was reduced to twenty-two cars, prompting an adaptation of the qualifying procedures. With twenty-two cars on the grid, six cars—instead of seven—will be eliminated during the first period of qualifying, with six more eliminated at the end of the second period (as in 2006–08). The third qualifying period remains unchanged, with the ten fastest drivers all advancing to the final ten minutes of qualifying.^[89]
- The rules governing the use of the Drag Reduction System (DRS) have been altered. Where drivers were free to use the system at will during free practice and qualifying, from 2013, the use of DRS is restricted to the designated DRS zone in a bid to improve safety.^[90] In response to this, the FIA announced plans to include two DRS zones at every circuit on the 2013 calendar where it was feasible to do so.^[91]

ATTACHMENT 2

Attendance numbers reported at major motorsports events at the Circuit of The Americas comprise a total of the following - Tickets sold (multiple day and single day) – full price; Tickets sold – discounted price; Military offers redeemed at box office; College offers redeemed at box office; complimentary tickets redeemed; teams and competitive participants in attendance; number of credentialed media and officials at the event; children 12 and under attending as counted by box office vouchers; and employees working on the actual event days.



City of Austin

City Manager's Office

P. O. Box 1088, Austin, TX 78767
(512) 974-2200, Fax (512) 974-2833

Marc A. Ott, *City Manager*
Marc.Ott@ci.austin.tx.us

September 30, 2013

The Honorable Susan Combs
Texas Comptroller of Public Accounts
Post Office Box 13528, Capitol Station
Austin, Texas 78711-3528

Comptroller Combs:

The City of Austin requests participation in the Major Event Trust Fund (METF) program pursuant to TEX. REV. CIV. STAT. ART. 5190.14 Section 5A (Act) as authorized by Austin City Council action contained in resolution dated June 29, 2011 in support of the Formula 1 United States Grand Prix for 2012 – 2021 inclusive. This action satisfies the requirements of 34 TAC Section 2.102(a)(1) and documents that Austin is the endorsing municipality in accordance with the Act.

Enclosed is correspondence from Formula One Management Ltd. (FOML) confirming the selection of Austin, Texas as the location for this event during November 15 – 17, 2013. The correspondence from FOML satisfies the requirements found at 34 TAC Section 2.102(a)(2).

The correspondence from FOML states that the selection of Austin as the location for the Formula 1 United States Grand Prix for 2012 - 2021 was completed after substantial competition in their process of reviewing a number of venues interested in hosting their series. Further, FOML does not anticipate holding any other similar Formula 1 United States Grand Prix Event in Texas or its contiguous states during any year that the FOML is held at the Circuit of the Americas in Austin. We believe that this supports a finding that Austin was selected as the site for this event consistent with the requirements of 34 TAC Section 2.101.

This letter also confirms that the Circuit Events Local Organizing Committee is the City's designee to act as the local organizing committee for the event, to make application to the Comptroller for participation in the event METF under the Act, to submit the METF economic impact analysis, to fund the City's local contribution to the METF, and to receive reimbursement of trust funds for eligible expenses from the METF for the race that is occurring November 15-17, 2013.

Sincerely,

Marc A. Ott
City Manager
City of Austin, Texas

CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE

100 Congress Avenue, Suite 1300
Austin, Texas 78701-2744

September 30, 2013

Deputy Comptroller
Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

VIA HAND DELIVERY

***RE: Application for Participation in the Texas Major Events Trust Fund (2013
Formula 1 United States Grand Prix)***

Dear Deputy Comptroller:

Circuit Events Local Organizing Committee, is organized as a Texas non-profit corporation (the "***Committee***") with the purpose to help facilitate and support motor racing and other events, including the event, commonly known as "2013 Formula 1 United States Grand Prix" (the "***Race Event***") that is scheduled to be held in Austin, Texas during the weekend of November 15 - 17, 2013. Further, as an integral part of this support, the Committee and the City of Austin, as approved by City Council resolutions of June 29, 2011, entered into an "***Agreement***", dated June 29, 2011, whereby the City of Austin agreed to be the "endorsing municipality" for the Race Event, and in the capacity of endorsing municipality (i) authorized the Committee to act as the "local organizing committee" for purposes of applying to, securing and promoting the Race Event for the Austin area, as well as the application for and qualification of the Race Event as an "Event" under TEX. REV. CIV. STAT. ART. 5190.14 (the "***Act***") Section 5.A., the Texas Major Events Trust Fund (the "***Trust Fund***") and (ii) authorized and appointed the Committee, as the City of Austin's sole and exclusive designee for and on behalf of the City of Austin, to submit, pursuant to TAC Title 34, Part 1 Chapter 2, Subchapter A, Rule 2.102, a request to the Texas Comptroller of Public Accounts for participation in the Trust Fund program and a request to the Texas Comptroller to determine the incremental increase in the receipts of various taxes (*e.g.* sales and use taxes, mixed beverage taxes, hotel occupancy taxes), by the City of Austin, as the endorsing municipality, for the one (1) year period that begins two (2) months before the date of the first event (scheduled for November 15 - 17, 2013), in accordance with the Comptroller's procedures and in accordance with the Act, and the rules promulgated thereunder (the "***Rules***").

It is my honor and great pleasure to submit this application from the Committee, as the City of Austin's duly appointed and authorized designee for and on behalf of and binding upon the City of Austin, as the formal request, pursuant to Rule 2.102, for participation in the Trust Fund program and a request to the Texas Comptroller to determine the incremental increase in the applicable taxes for the City of Austin for the November 15-17, 2013 Race Event.

September 30, 2013

Page 2

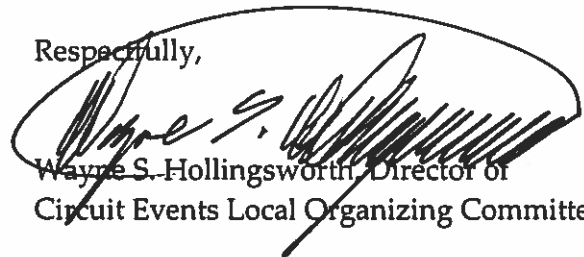
Further, as required by Rule 2.102(a)-(d), enclosed with this letter are (i) a letter, dated July 10, 2012 from Formula One Management, Ltd, the site selection committee for the Race Events, selecting the site in Austin, Texas, as Attachment 1, (ii) the economic impact study (EIS) and other data with detailed information prepared by Don Hoyte, Ph.d. on the direct expenditures and direct impact data for the endorsing municipality hosting the event and for the requested market area (the "*Economic Study*"), as Attachment 2; (iii) affidavits from the Committee and Dr. Hoyte pertaining to the EIS as Attachment 3, (iii) a description of the requested market area, as Attachment 4, (iv) a list of all related events activities proposed to be included in the trust fund estimate, as Attachment 5, with data for each such activity including projected attendance figures, ticket sales and relevant production and expenditure information related to the activity, included in the Economic Study; and (v) the Request Worksheet to Establish an Event Trust Fund for the Event, as Attachment 6 Also included as Attachment 7, is a letter, dated September 30, 2013, from Mr. Marc Ott, City Manager for the City of Austin to the Comptroller's Office requesting participation in the Trust Fund for the Formula 1 Race Event.

Upon the Committee's receipt of an approval letter from the Comptroller's office establishing a Trust Fund and setting out the "local increment" amount for the Race Event, the Committee has been authorized and expects to have the necessary funding to fund such local increment amount directly into the Trust Fund established for the Race Event.

If you have any questions or comments on or need any additional information or clarification on the above request, please to not hesitate to contact me or any member of the Board of Directors of the Committee.

Thank for your time and consideration of this request.

Respectfully,



Wayne S. Hollingsworth, Director of
Circuit Events Local Organizing Committee

Mr. Robert Wood, Comptroller's Office
Ms. Leela Fireside, Legal Dept., City of Austin
Mr. Sam Bryant, Director
Mr. Ford Smith, Director
Mr. Rodney Gonzales, Director
Mr. Steve Sexton, CEO of COTA
Mr. Dan Allen, CFO of COTA



10 July 2012

Mr Wayne Hollingsworth
Director
Circuit Events Local Organizing Committee
100 Congress Avenue, Suite 1300
Austin, Texas 78701-2744

Dear Mr Hollingsworth

Re: United States Grand Prix – Selection of the City of Austin

I am writing to confirm the selection of the City of Austin as the site of the upcoming Formula 1 United States Grand Prix, which will be held on November 16-18, 2012 at the permanent race facility owned by Circuit of the Americas, LLC ("*COTA*"). and to offer some background concerning the selection process.

As early as 2007, I began conferring with cities interested in becoming the site for the United States Grand Prix. Several U.S. cities and locations demonstrated an interest in hosting the event and provided compelling proposals to that effect. The FIA Formula One World Championship (the "*Championship*") is a global sporting event, places on the annual calendar are limited and Formula One Management Ltd. ("*FOML*") has also received strong interest from cities and locations outside the United States that are desirous of staging a round of the Championship. In 2010, Full Throttle Productions, LP ("*Full Throttle*") submitted an application to host the United States Grand Prix at a new facility to be constructed near the City of Austin. After carefully weighing Austin's suitability against that of the other interested cities, in the United States and elsewhere, FOML selected Austin as the location for the United States Grand Prix to be a round of the Championship from 2012 to 2021.

FOML entered into contracts with Full Throttle granting it the rights to promote the United States Grand Prix. Beginning in mid-2011, it became apparent that Full Throttle was having difficulty meeting its obligations, ultimately resulting in the termination of the Austin selection and the related contracts. Construction on the COTA facility was stopped in November 2011. At that time, although competition for an FIA FORMULA ONE WORLD CHAMPIONSHIP was substantial and we had the opportunity to give Austin's place on the 2012 calendar to another location, as the issues that caused FOML to revoke Austin's previous selection were resolved, we evaluated Circuit Events Local Organizing Committee's application and again selected Austin to stage a round of the Championship. We then entered into new contracts for the promotion of the event with COTA.

The fact that Austin was selected, after a highly competitive selection process, to host a round of the FLA FORMULA ONE WORLD CHAMPIONSHIP in the United States and then reselected in late 2011 as our chosen location for a round of the Championship says much about support for the event in the region and our view that Austin is a very desirable location. FOML believes that Austin will be a very successful venue for the United States Grand Prix, and we are looking forward to the inaugural event in November and to many successful events in the future at the new COTA facility.

Yours sincerely



Bernie Ecclestone
Chief Executive Officer
Formula One Management Limited



Affidavit to be COMPLETED by any party(ies) providing economic data to support a request for a Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund

AFFIDAVIT

[Affidavit to be signed and sworn (notarized) by anyone providing information to be used in the estimate of the incremental tax increase]

I, WAYNE S. HOLLINGSWORTH, SECRETARY, am providing information to be used by a city, county or local organizing committee for the purposes of receiving funding through the Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund ("the Act"), and hereby swear and affirm that, to the best of my knowledge, any data provided is true and accurate, and any projections made are based on reasonable assumptions documented in the information provided. I further swear and affirm that I have reviewed the information being submitted, and that all of the statements made and information provided herein, including statements made and information provided in any attachments are true, complete, and correct, to the best of my knowledge. Information provided includes but is not limited to an economic impact study or other data sufficient for the Comptroller's office to make the determination of the incremental increase in tax revenue associated with hosting the event in Texas, including a listing of any data for any related activities;

I understand that the city, county or local organizing committee is receiving funding under the Act for the purposes of facilitating this event: 2013 FORMULA 1 GRAND PRIX RACE EVENT on these dates: NOVEMBER 15-17, 2013 and that the information will be provided by the city, county or local organizing committee as a government document

I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.

I understand that the offense of perjury, under Section 37.02, Texas Penal Code, is committed when a person, with intent to deceive and with knowledge of the statement's meaning, makes a false statement under oath or swears to the truth of a false statement previously made and the statement is required or authorized by law to be made under oath.

I understand my obligation to provide information about event expectations, performance, and expenses that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348. I hereby swear and affirm that I have read the entire affidavit, and I understand its contents.

[Handwritten Signature]
Affiant Signature

WAYNE S. HOLLINGSWORTH
Printed Name

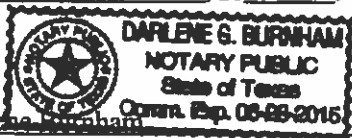
WAYNE S. HOLLINGSWORTH, Secretary of Circuit September, 2013
Title and Name of Organization Events Local Organizing Committee, on Date
behalf of such non-profit corporation

Sworn and subscribed before me by the said

WAYNE S. HOLLINGSWORTH, Director of Circuit Events Local Organizing Committee, on behalf of
(Printed Name of Recipient's Authorized Representative) said non-profit corporation

this 26th day of September, 2013

Notary Public, State of Texas



[Handwritten Signature]

Notary's printed name: Darlene G. Burnham My commission expires: 06/28/2015 (Seal)



Affidavit to be COMPLETED by any / all City, County, and/or LOC endorsing a Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund
AFFIDAVIT

[Affidavit to be signed and sworn (notarized) by each Endorsing Municipality, Endorsing County, and Local Organizing Committee (if applicable)]

I, WAYNE S. HOLLINGSWORTH, Director, an authorized representative of: Circuit Events Local Organizing Committee, a [local organizing committee (nonprofit organization), endorsing city or endorsing county] (circle one) that is receiving funding through the Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund ("the Act"), hereby swear and affirm that, to the best of my knowledge, internal controls, processes and procedures have been designed and implemented to help ensure that the recipient and its use of these funds complies with all applicable laws, rules, and written guidance from the Texas Comptroller's office. I further swear and affirm that I have reviewed the information being submitted, and that all of the statements made and information provided herein, including statements made and information provided in any attachments are true, complete, and correct to the best of my knowledge. Information provided includes but is not limited to:

- (1) a letter from the municipality or county requesting participation in the trust fund program and signed by a person authorized to bind the municipality or county;
- (2) a letter from the site selection organization on organization letterhead selecting the site in Texas;
- (3) an economic impact study or other data sufficient for the Comptroller's office to make the determination of the incremental increase in tax revenue associated with hosting the event in Texas, including a listing of any data for any related activities;
- (4) a Request Worksheet to Establish an Events Trust Fund form and any attachments; and
- (5) an Event Support Contract.

I understand that I am receiving funding under the Act for the purposes of facilitating this event: 2013 Formula 1 Grand Prix Race Event
on these dates: November 15-17, 2013

I understand that non-compliance with reporting requirements could be treated as a violation of the statute and/or program rules resulting in the possible withholding of disbursement funding.

I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.

I understand that the offense of perjury, under Section 37.02, Texas Penal Code, is committed when a person, with intent to deceive and with knowledge of the statement's meaning, makes a false statement under oath or swears to the truth of a false statement previously made and the statement is required or authorized by law to be made under oath.

I understand my obligation to provide information about event expectations, performance, and expenses that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348. I hereby swear and affirm that I have read the entire affidavit, and I understand its contents.

Wayne S. Hollingsworth
Affiant Signature

WAYNE S. HOLLINGSWORTH, Director
Printed Name

Director, Circuit Events Local Organizing Committee
Title and Name of Organization

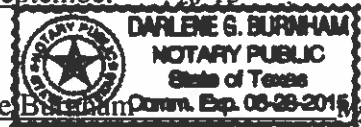
September 26, 2013
Date

Sworn and subscribed before me by the said

WAYNE S. HOLLINGSWORTH, Director Circuit Events Local Organizing Committee, on behalf of
(Printed Name of Recipient's Authorized Representative) said non-profit corporation

this 26th day of September, 2013

Notary Public, State of Texas



Notary's printed name: Darlene G. Burnham My commission expires: 06/28/2015 (Seal)

Affidavit to be COMPLETED by any party(ies) providing economic data to support a request for a Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund

AFFIDAVIT

[Affidavit to be signed and sworn (notarized) by anyone providing information to be used in the estimate of the incremental tax increase]

I, DON HOYTE, Ph.D., am providing information to be used by a city, county or local organizing committee for the purposes of receiving funding through the Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund ("the Act"), and hereby swear and affirm that, to the best of my knowledge, any data provided is true and accurate, and any projections made are based on reasonable assumptions documented in the information provided. I further swear and affirm that I have reviewed the information being submitted, and that all of the statements made and information provided herein, including statements made and information provided in any attachments are true, complete, and correct, to the best of my knowledge. Information provided includes but is not limited to an economic impact study or other data sufficient for the Comptroller's office to make the determination of the incremental increase in tax revenue associated with hosting the event in Texas, including a listing of any data for any related activities;

I understand that the city, county or local organizing committee is receiving funding under the Act for the purposes of facilitating this event: 2013 FORMULA 1 GRAND PRIX RACE EVENT on these dates: NOVEMBER 15-17, 2013 and that the information will be provided by the city, county or local organizing committee as a government document

I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.

I understand that the offense of perjury, under Section 37.02, Texas Penal Code, is committed when a person, with intent to deceive and with knowledge of the statement's meaning, makes a false statement under oath or swears to the truth of a false statement previously made and the statement is required or authorized by law to be made under oath.

I understand my obligation to provide information about event expectations, performance, and expenses that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348. I hereby swear and affirm that I have read the entire affidavit, and I understand its contents.

Don Hoyte
Affiant Signature
Texas Trust Funds.com
Title and Name of Organization

DON HOYTE, Ph.D.
Printed Name
September 26, 2013
Date

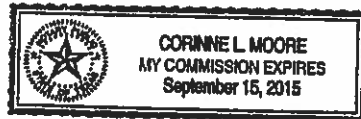
Sworn and subscribed before me by the said

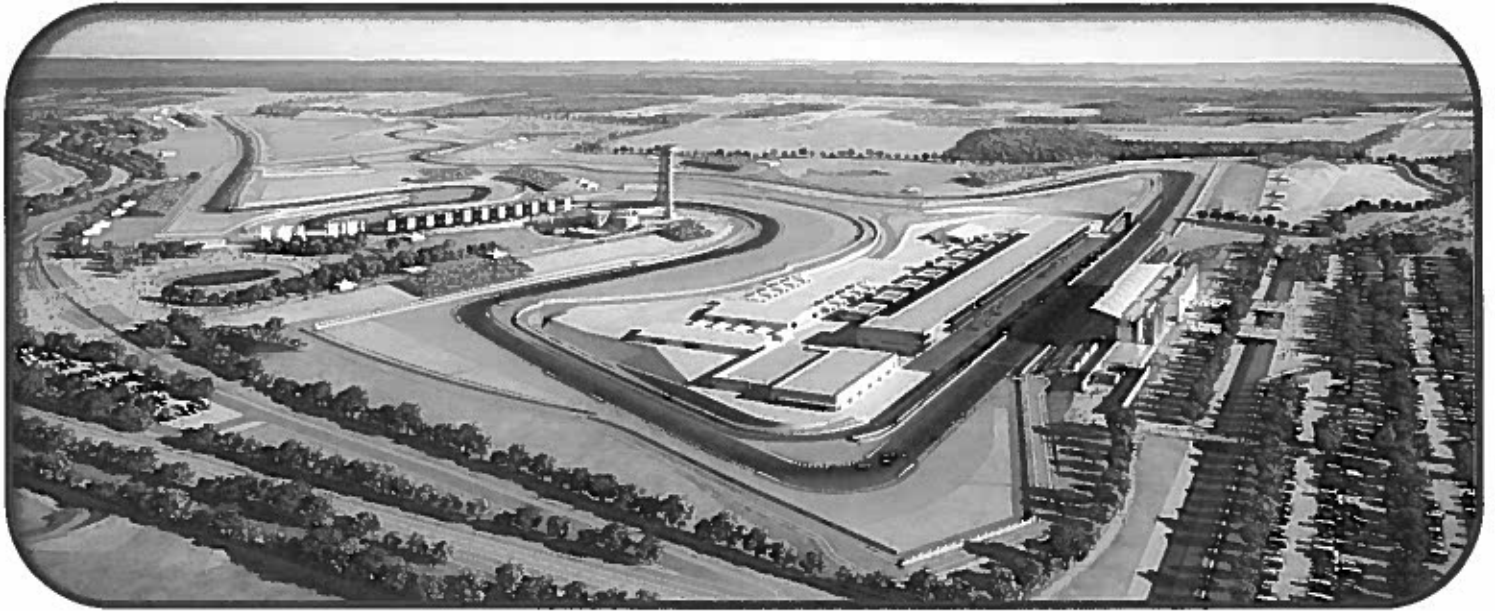
DON HOYTE, Ph.D.
(Printed Name of Recipient's Authorized Representative)

this 26 day of September, 2013

Notary Public, State of Texas Corinne L Moore

Notary's printed name: Corinne Moore My commission expires: Sept 15, 2015 (Seal)





Major Event Trust Fund Gain from the 2012 Formula One United States Grand Prix:

Review of Post-Event Data and Projections for
2013 United States Grand Prix

Austin, Texas

Don Hoyte, Ph.D.
TEXASECONOMICIMPACT.COM

9.27.2013

Prepared for

Circuit Events Local Organizing Committee

100 Congress Avenue, Suite 1300

Austin, Texas 78701-2744

TEXASECONOMICIMPACT.COM

Three decorative dots on a horizontal line.

The 2012 Formula One United States Grand Prix

By all accounts the 2012 Formula One United State Grand Prix held at the new Circuit of the Americas facility outside Austin, Texas was an unqualified success.¹ Virtually no snags were encountered the entire week with the possible exception of a few minor issues at the track. The total three-day attendance by fans at the track reached 265,499--the third highest count of the entire 2012 F1 season. The final day attendance of 117,429 was the second highest count in 2012 F1 season and the total value of brand exposure for sponsors reached an estimated \$150.9 million---the highest such figure at F1 races in 2012.

A number of records were posted in Austin as well. The total number of outbound passengers from Austin-Bergstrom International Airport hit a single-day record of 21,725 on November 19, 2012. Downtown hotel occupancy on Saturday, November 17 reached 97.8 percent. Airport operations recorded 2,546 helicopter flights, 300 private planes and 54 international planes. More than 100 additional private planes travelled through surrounding regional airports. And throughout the hubbub of the week, there was no degradation of response times by Austin emergency and police services.²

Following that success this report builds on published reports of post-event data to document the economic gains from holding the event in the Austin Area and for Texas with special reference to the taxes generated under the Major Event Trust Fund. The methodology of this report is to develop a model of the economic and tax gains to the state and to Austin that is firmly tied to post-event data points. Some data points used in this report are interpolations but are prepared so as to match key known data about the event. As a result, while any one number in this report may be an estimate, those estimates are consistent with known data about the event and as such the overall pattern of economic gains very likely reflect the actual gains generated by the event.

The accuracy of this approach to develop firm estimates of economic gains should not be underestimated. Having data on only some key concepts or on only parts of key concepts very much restrain what the "true" underling data distribution must look like in order generate those known data points. This approach is perhaps best seen in the first few tables in which daily attendance estimates are developed in order to derive hotel revenues from out-of-state and out-of-area fans. While any one data point may not be correct down to the last decimal place, in order to simultaneously satisfy known data points such as track attendance, average length of stay in hotels, observed occupancy rates, room rates and Smith Travel Data hotel revenue estimates for the Austin-Round Rock area during most of the event week, the visitation

pattern must look very much like the pattern identified in those tables or those known data points could not be replicated.

This report relies on substantial known data on attendance, occupancy rates, length of stay and hotel revenue. While the exact number of out of state visitors staying in hotels on one particular night may not be a data point actually collected, for the observed length of stay, occupancy rates and revenues gains to be correct, the overall pattern of fan attendance at the event must be very similar to that depicted in Tables 1 and 2.

A note on the data points used in this analysis. Where possible, every effort is made to make the model conform with known data published by organizations independent of those directly involved with F1---such as Smith Travel Research Data, the City of Austin and the Texas Comptroller of Public Accounts. Doing this necessarily must rely on some data collected by COTA through a fan survey but where there is some doubt about the findings of that survey, those data are supplemented by other data from more extensive fan surveys.³

During the COTA survey respondents were asked to estimate their direct expenditures over their entire visit on ten different items. Those items were: 1) travel to Austin; 2) rental cars within Austin; 3) other travel expenses while in Austin (taxis, parking, tolls, etc.); 4) lodging; 5) Formula One tickets; 6) other entertainment; 7) food and non-alcoholic beverages; 8) alcoholic beverages; 9) merchandise at Formula One events, and; 10) other non-event retail merchandise. The survey was administered in paper form and on I-Pads over the three day event weekend (Friday, Saturday and Sunday) with respondents selected at random by survey administrators placed at various locations throughout the venue. Locations were a mixture of high and low priced seating areas as well as at common gathering areas such as merchandise and food vending areas. Each survey took respondents approximately seven minutes to complete and respondents were enticed by an opportunity to win tickets to the 2013 United States Grand Prix. A total of 465 usable surveys were collected. A copy of the survey instrument developed and used at the U.S.G.P. is included as Appendix A.

Fan Attendance and Hotel Revenues

Table 1 begins to develop the data-driven profile of attendees with the ticketed race attendance at the three-day F1 USGP in Austin (column 1). Based on the zip code of the ticket purchaser, 57 percent of attendees came from outside Texas with the remaining 43 percent

about evenly split between local fans and those from throughout Texas but from outside the Austin-Round Rock area (columns 2, 7 and 12).

But, ticketed attendance does not necessarily reflect actual total fan attendance in Austin each day because ticket sharing was allowed whereby a ticket holder could allow the use of tickets by another person on days they did not wish to attend the race. Each ticket buyer was mailed three separate tickets for each of Friday, Saturday, and Sunday of U.S. Grand Prix weekend. Because of this ticket policy, a person attending the F1 event on Friday may or may not be the same person attending the race on Sunday. As such, the actual attendance at the track underestimates the number of people in Austin for the race if: 1) ticket holders were in Austin but allowed another person to use their ticket for either Friday or Saturday, or 2) Ticket holders were in Austin on Friday or Saturday but simply chose not to attend the event that day all. Under either scenario 1 or 2, the number of ticketed attendees at the race on Friday or Saturday under-estimates the number of fans in Austin for the event those two days.

The fan survey asked attendees how many tickets their group had and which days they intended to attend the event so that it is possible to estimate the percentage of fans that may have loaned out their tickets to others (columns 3 and 8).

A final adjustment to the ticket count involves adjusting for those people that may have come to Austin with someone going to the F1 event, but had no intention of going to the event themselves. From the survey questions about the total number of people in the group as compared to the maximum number of people attending the race in any one day from the group, an estimated 5.7 percent of out-of-state attendees in Austin for F1 never went to any of the F1 track events and 12.4 percent of non-local Texans attended with someone going to the event but did not attend themselves (columns 4 and 9). This implies that total attendance in the Austin area by visitors from outside Texas and from outside Austin probably approximate the totals in columns 5 and 10 of Table 1.

The COTA fan survey indicated that 81 percent of out-of-state fans stayed in hotels whereas only 51 percent of Texans visiting Austin stayed in hotels.⁴ Based on these percentages the hotel demand for Saturday night by those from out-of-state is 81 percent of out-of-state persons in Austin on Sunday while the number in hotels from outside Texas on Friday night is 81 percent of those in Austin on Saturday for the event (similarly for the visiting Texans in hotels except using a 51 percent figure).

According the John Maher in an article in the Austin American Statesman, hotel occupancy rates dropped from 94.4 percent on Saturday to 76 percent on Sunday so the number of out-of-

state and out-of-area visitors in Austin for the race and staying in hotels is dropped by similar proportions from Saturday to Sunday in columns 6 and 11 of Table 1.

Finally the remaining nights stayed by out-of-state and out-of-area Texans were calculated so that the average number of nights stayed by each group (3.9 for out-of-state visitors and 2.9 for out of area Texans) was met.

Accordingly, the profile of total, out-of-state and in-state visitors to F1 week presented in Table 1 satisfies the following observed data points:

- total ticketed attendance by day
- percent of non-race attendees from COTA survey
- in-state and out of state percentages from COTA survey
- observed change in hotel occupancy rates from Saturday to Sunday as cited in the Austin American Statesman
- average length of stay by OOS and OOA visitors from the COTA survey

Table 1
Fan Attendance at the 2012 United States Grand Prix at Circuit of the Americas

		----- Out of State Fans -----			----- Non-Local Texas Fans -----							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Ticketed Race Fans	Out of State Attendees	Effective OO5 Attendees	Non-Race Attendees	Total OO5 Attendees	Staying in Hotel	Attendees from Texas, not Local (OOA)	Effective OOA Attendees	Non-Race Attendees	Total OOA Texan Attendees	Staying in Hotel	Local Austin-Round Rock Fans	
Tue Nov. 13				-	8,060					176		
Wed Nov. 14				-	20,149					703		
Thu Nov. 15				-	36,634					2,810		
Fri Nov. 16	37,255	43,320	2,473	45,793	40,775	14,052	16,532	2,085	18,617	9,069	14,052	
Sat Nov. 17	47,145	47,621	2,718	50,339	57,312	17,783	19,329	2,438	21,767	12,876	17,783	
Sun Nov. 18	66,935	66,935	3,821	70,755	46,141	25,247	25,247	3,184	28,432	10,366	25,247	
Mon Nov. 19				-	13,842					1,037		
		Avg Length of Stay in Hotels for OO5			3.9	Avg Length of Stay in Hotels for OOA				2.9		

Table 2 presents the estimated hotel expenditures in Greater Austin by fans and non-fans from the Formula One event recognizing two inevitable truths: 1) there is a limit to the number of persons that can stay in Greater Austin area in hotels and 2) that while F1 fans may make up the vast majority of persons staying in Austin area hotels during F1 week, they are not the only persons that stay at those facilities during that time. It should be noted that the total pool of rooms available to F1 fans includes those in the five-county Austin Metro area plus Comal and Bexar Counties. These latter two counties are in relatively close proximity to the COTA facility and together with the rooms available in the five-county Austin area provide sufficient hotel capacity to house all fans needing rooms.

Column 1 of Table 2 estimates the percentage of total rooms in the Austin Area that are used by persons other than those linked to Formula One either as fans or as credential participants such as drivers, staff, press, sponsors and others. Column 2 subtracts out from the estimated nearly 30,000 rooms in the Greater Austin area those that would remain after accounting for F1 credentialed participants detailed in Table 3. Column 3 of Table 2 presents the total fan room hotel demand based on Table 1 fans staying at hotels divided by the average room occupancy for the large group sizes from the COTA survey.⁵

Column 4 of Table 2 estimates the percentage of F1 fans staying in hotels in the Greater Austin area⁶, but it does so subject to very specific known data. Smith Travel Research reported a number of occupancy rates relevant to the F1 event including a 94.4 percent hotel occupancy rate for Saturday evening, a 76 percent rate for Sunday evening and an 81 percent average rate over five days of the event ending Sunday. The rates in column 4 are chosen so that all of those conditions are met as seen in column 5 which is the calculated occupancy rate including F1 fans, credential F1 participants in Table 3 and the few "other" persons staying in Austin that probably were not affiliated in any way with the F1 event.

Smith Travel Research also noted several other findings that are developed in Columns 8, 9 and 10 of Table 2. Specifically they noted the average room rate Saturday evening was \$300.44 while it fell to \$266.16 Sunday night. Moreover they noted that the total hotel bill for the hotels in Greater Austin was \$32.7 million for the five day period ending Sunday. The profile in Table 2 meets all these criteria.⁷

Table 2 also indicates that total fan hotel expenditures on Austin area hotels during the F1 week probably exceeded \$28.1 million. But Table 2 also notes another interesting feature of the hotel activity spiking in the Austin area during F1 week. That is, that there was likely a

price gain from persons staying in the Austin area during this week that were not in Austin for the F1 event.

By having to pay prices well above the "normal" room price,⁸ even non-F1 related hotel guests contribute to a gain of nearly \$3.2 million above and beyond what would otherwise have been paid without hosting F1. Clearly, since the state applies a percentage tax to the price of hotel rooms, the tax gain to the state and to the city of this increased price is directly attributable to holding F1 in Texas.

Like Table 1, Table 2 is strongly tied to known post-event data, much of it developed by non-COTA affiliated groups such as Smith Travel Research. Specifically, Table 2 reproduces nearly exactly STR's figures on occupancy percentages Saturday and Sunday night as well as over the five-day period ending Sunday. Both Table 2 and Table 3 utilize STR's average hotel room rates Saturday and Sunday nights while the room rates and occupancies for the 5 day period ending Sunday also reproduce STR's finding that the total hotel expenditure in Greater Austin area hotels probably reached \$32.7 million.

Table 3 develops the total pattern of hotel stay by people directly associated with the presentation of the F1 races and those that typically come and go with the event such as the teams, sponsors, FOM personnel, media and other credentialed personnel (as opposed to ticketed attendees). Although FOM holds this information about attendees very closely, the count of personnel by type was developed based on insurance payments COTA made to insure these people while in the paddock area.⁹ Fans using the paddock area or local staff were not included in these figures. It is assumed these personnel would all stay in the Greater Austin area at the prevailing average room rate. In total this group is seen as spending about \$6.9 million on hotels during F1 week.

Another aspect of the model of hotel stays constrained by known post-event data is that it becomes possible to clearly define what constitutes a gain to the state from hosting the F1 event. Indeed, Table 2 presents and quantifies a previously little-considered such gain---the effect of spiking hotel prices attributable to the F1 event that generates tax gains to the state and to Austin even from persons not attending the event. Such gains are real and undeniably caused by hosting the event in Texas and in Austin.

Tables 4 and 5 present the gains from hotel expenditures tabulated as accruing to Texas and to Austin from hotel expenditures attributable to hosting the United States Grand Prix in 2012. In Table 4 the gains accruing to the state from hosting F1 that the state would not have realized had it not hosted the event stem from a number of sources. Clearly the gains from attracting visitors from outside Texas are a major source of the gains to the state---whether those fans

Table 2

Fan Hotel Spending in Greater Austin at 2012 United States Grand Prix at Circuit of the Americas

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
	% Austin Area Hotel Capacity used by Other than F1	Rooms Available for F1 Fans in Greater Austin*	Total F1 Fan Hotel Demand	% F1 Fans in Greater Austin	Hotel Occupancy in Greater Austin	Total Hotel Person-Nights in Greater Austin by F1 Attendees*	Total Hotel Room-Nights in Greater Austin by F1 Attendees*	Cost per room in Greater Austin	Total F1 Attendee Hotel Expenditure in Greater Austin	Non-Fan Price Gain Effect in Greater Austin	
Tue	Nov. 13	25%	20,595	4,821	100.0%	47.2%	8,235	4,821	108	\$518,429	\$157,166
Wed	Nov. 14	15%	21,639	12,206	85.0%	62.3%	17,724	10,375	269	\$2,789,385	\$817,812
Thu	Nov. 15	10%	22,493	23,089	81.0%	87.3%	31,950	18,702	283	\$5,292,932	\$587,518
Fri	Nov. 16	5%	23,988	29,175	75.0%	93.0%	37,383	21,881	300	\$6,573,908	\$319,810
Sat	Nov. 17	5%	23,988	41,082	54.3%	94.4%	38,112	22,308	300	\$6,702,115	\$319,810
Sun	Nov. 18	5%	23,988	33,075	51.0%	76.2%	28,819	16,868	266	\$4,489,612	\$231,366
Mon	Nov. 19	10%	24,163	8,709	46.9%	14,135	8,274	106	\$880,868	\$59,633	
									\$27,247,250	\$2,493,115	

Occupancy (persons/room)	1.71
Persons Per Group	
Non- Texans	4.10
Texans outside Austin	4.70
Rooms per Group	
Non- Texans	2.40
Texans outside Austin	2.75

*excluding rooms used by credentialed teams, media, FOM personnel and others in Table 3

Table 3
Formula One Participant Personnel Attendance and Hotel Spending

	Journalists, Photographers, Radio, TV, FOM TV		Teams, Manufacturers & Guests		Officials, Event Support & Promoter Personnel		Total Credentialed Event Personnel		Nightly Room Rate	Total Hotel Cost- Greater Austin Area
	Persons	Rooms	Persons	Rooms	Persons	Rooms	Persons	Rooms		
Tues	275	196	1,400	1,167	560	467	2,235	1,830	\$174.76	\$319,772
Wed	550	393	2,000	1,667	2,060	1,717	4,610	3,776	\$268.86	\$1,015,281
Thurs	980	700	2,400	2,000	2,060	1,717	5,440	4,417	\$283.01	\$1,249,981
Friday	980	700	2,400	2,000	2,060	1,717	5,440	4,417	\$300.44	\$1,326,943
Sat	980	700	2,400	2,000	2,060	1,717	5,440	4,417	\$300.44	\$1,326,943
Sun	980	700	2,400	2,000	2,060	1,717	5,440	4,417	\$266.16	\$1,175,540
Mon	392	280	2,400	2,000	560	467	3,352	2,747	\$173.00	\$475,184
										\$6,889,644

Table 4
Hotel Spending Gain To Texas of 2012 United States Grand Prix at Circuit of the Americas

	----- Out of State Fans -----		-----Out of Area Texans Attending F1 -----						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Hotel Expenditures in Greater Austin by OOS Fans	Hotel Expenditure Outside Greater Austin by OOS Fans	Hotel Expenditures by Race Participants (teams, sponsors, etc.)	Non-Fan Price Gain Effect in Greater Austin	Price Gain Effect OOA Fans in Greater Austin	Price Gain Effect OOA Fans Outside Greater Austin	Expenditure Retention from OOA Fans in Greater Austin	Expenditure Retention from OOA Fans Outside Greater Austin	Total Hotel Expenditure Gain to Texas From Hosting F1
Nov. 13	\$507,376	\$0	\$196,783	\$157,166	\$2,161	\$0	\$5,335	\$0	\$868,820
Nov. 14	\$2,695,433	\$380,532	\$1,015,281	\$817,812	\$63,718	\$8,996	\$18,140	\$2,561	\$5,002,473
Nov. 15	\$4,915,960	\$922,501	\$1,249,981	\$587,518	\$261,728	\$49,114	\$69,146	\$12,976	\$8,068,925
Nov. 16	\$5,378,213	\$1,523,827	\$1,326,943	\$319,810	\$851,362	\$246,958	\$206,600	\$55,093	\$9,908,807
Nov. 17	\$5,473,046	\$3,915,294	\$1,326,943	\$319,810	\$875,125	\$640,939	\$212,367	\$142,986	\$12,906,510
Nov. 18	\$3,666,284	\$2,994,132	\$1,175,540	\$231,366	\$478,729	\$407,516	\$206,760	\$158,922	\$9,319,248
Nov. 19	\$819,522	\$34,506	\$292,421	\$59,633	\$11,492	\$484	\$29,912	\$1,259	\$1,249,230
	\$23,455,833	\$9,770,791	\$6,583,892	\$2,493,115	\$2,544,315	\$1,354,007	\$748,261	\$373,797	\$47,324,011

Hotel Spending Gain to Austin of 2012 United States Grand Prix at Circuit of the Americas

Table 5

	(1)	(2)	(3)	(4)	(5)
	Hotel Expenditures in Austin by OOS Fans	Hotel Expenditures in Austin by OOA Texans	Hotel Expenditures by Race Participants (teams, sponsors, etc.)	Non-Fan Price Gain Effect in Austin	Total Hotel Expenditure Gain to Austin From Hosting F1
Tue	Nov. 13	\$456,638	\$9,948	\$141,449	\$804,818
Wed	Nov. 14	\$2,425,890	\$84,557	\$736,031	\$4,261,758
Thu	Nov. 15	\$4,424,364	\$339,275	\$528,767	\$6,542,386
Fri	Nov. 16	\$4,840,391	\$1,076,126	\$287,829	\$7,531,290
Sat	Nov. 17	\$4,925,741	\$1,106,162	\$287,829	\$7,646,676
Sun	Nov. 18	\$3,299,655	\$740,996	\$208,230	\$5,424,421
Mon	Nov. 19	\$737,570	\$55,211	\$53,669	\$1,138,872
		\$21,110,250	\$3,412,275	\$2,243,804	\$33,350,221

stay inside or outside the Greater Austin area (columns 1 and 2 of Table 4). By the same token the gains from housing the event participants such as teams, FOM personnel, sponsors, manufacturers, media and other intimately tied to the event also are an important component of the gains to the state that Texas would not have realized had it not hosted F1 (column 3 of Table 4).

As discussed in connection with Table 2, the increase in hotel prices during the F1 week as noted by a variety of sources are attributable to Texas and Austin hosting the event and would not have occurred had the state not hosted the event. As such, the increase in prices paid by even the small percentage of persons staying in hotels in and around Greater Austin during F1 week that are not affiliated in any way with the event still represent a gain attributable to hosting the event.¹⁰

This same price effect for non-local Texans visiting Austin for F1 is estimated in columns 5 and 6 of Table 4. Typically, expenditures by Texans visiting a city in Texas to attend an even are not considered a gain to the state under the assumption that those Texans would have spent an equivalent amount of money attending another event in Texas. However, the validity of this assumption breaks down when there are strong price-effects driven by hosting a particular event.

In the case of F1, hotel price spikes are attributable to Texas hosting the event and Texans attending the event staying in hotels pay a portion of their expenditures for a "normal" hotel price and another portion for a higher hotel price directly attributable to Texas hosting the event. As such, this added hotel cost from higher rates should be considered a gain to the state even if that gain comes from Texans because the special premium is directly related to Texas hosting the event. This premium from non-local Texans visiting for F1 accrues from hotel expenditures both inside the Greater Austin area and outside.¹¹

Table 4 also presents two other areas in which hotel expenditures by Texans visiting Austin for F1 should be considered a gain to the state. The COTA survey specifically asked F1 attendees from Texas if they would have followed and attended the event outside of the state had the event been held outside the state. 60 percent of Texans staying in hotels for F1 indicated they would have followed and attended the event outside the state so that the amounts indicated in columns 8 and 9 of Table 4 are 60 percent of the hotel expenditures by Texans attending F1 not already accounted for through price gains. Those amounts are considered expenditures directly retained in the state due to hosting the F1 event.¹²

In total, \$47.3 million in hotel expenditures can be considered a direct gain to the state from hosting the 2012 U.S. Grand Prix.

Table 5 presents the hotel expenditure gains estimated to accrue to the facilities in the City of Austin as host of F1. These expenditures represent that portion of the larger expenditure

accruing to the state that can reasonably be attributed to expenditures occurring at hotels in the City of Austin. In total, Austin is seen as gaining \$33.4 million in hotel expenditures from hosting F1 in 2012.¹³

Ticket Sales

Certainly key to the financial viability of the U.S. Grand Prix in Austin are ticket sales. Not as well appreciated is that those sales also serve as a major revenue driver for the state in 2012 and in 2013 will also be a revenue driver for the city as well as the state in determining the gain under the Major Event Trust Fund. Somewhat surprisingly, comparing per person ticket sales figures from the fan survey with actual ticket sales figures was key in realizing that the COTA survey collected only part of an important component of the fan population.

Based solely on the survey results, the average ticket price paid per person was about \$430. When considering just the base ticket, that matched quite well with \$439.91 figure supplied by COTA based on ticket revenues and the peak attendance at the event on Sunday.¹⁴ However, the base ticket does not include admittance to the paddock area which is available only at significantly higher prices¹⁵. Including revenues estimated from paddock access tickets, the average ticket price from the survey should have been closer to \$592.72. Because of this discrepancy, it was discovered that no surveyors were allowed access to people in the paddock area and most likely the surveys collected also under-represented people attending F1 staying in suites in Turn 1 as well since they entered the venue from points not covered by the survey team.

This bias in the survey sampled by COTA appears significant when considering dollar-denominated survey questions. From available ticket price data it appears this bias is on the order of 38 percent low. Because this bias, the first choice in developing further estimates of fan spending on items (other than hotels) relied, when possible, only on non-dollar-denominated survey responses such as the number of people per group, the length of stay per group or the proportion of groups making a particular expenditure (such as renting cars) supplemented by non-COTA survey data. When such other data is not available, COTA survey expenditure data is adjusted upward to reflect likely survey bias.

Based on calculated average ticket prices and attendance by group from Table 1, total ticket revenues and state sale tax generation is presented in columns 1 and 2 of Table 6. But as is the case in hotel expenditures, in addition to the state sales taxes generated by out-of-state visitors to Texas for the event, the amount retained in Texas by local and out-of-area Texans that would have otherwise gone to another state to watch the event should be counted as a gain to the state from holding the event in Texas.

Accordingly, the state gained more than \$3 million in sales taxes from hosting F1 that it would not have otherwise realized had the event been held in another state.

Since the City of Austin did not annex the COTA site until after the 2012 event, no local general sales taxes accrued to the city from the event. This will not be the case in 2013.

Table 6
Ticket Revenues and State Sales Taxes

<u>Group</u>	(1) Ticket Revenue	(2) State Sales Tax	(3) Tax Gain to the State
Out-of-State Fans:			
Staying in Hotels	\$32,135,377	\$1,890,316	\$1,890,316
Not Staying in Hotels	\$7,537,928	\$443,408	\$443,408
Out-of-Area Texans:			
Staying in Hotels	\$7,631,891	\$448,935	\$269,361
Not Staying in Hotels	\$7,332,601	\$431,329	\$159,592
Local Texans	\$14,964,492	\$880,264	\$325,698
Total	\$69,602,289	\$4,094,252	\$3,088,374

Car Rental Expenditures

Another important state revenue source from hosting events such as the U.S.G.P. is the gain in tax revenue from short-term car rentals. Depending upon the group considered, as many as 60 percent of groups attending F1 rented cars according to the results from the COTA survey (60 percent of out-of-state visitors staying in hotels indicated car rentals). Such expenditures generate a 10 percent state tax and seem to display the same price peaking tendency as hotel rooms.

Current rental car rates for 22 standard sized cars rented at the Austin Airport average a daily rental rate of \$122.51 from Friday November 14 to Saturday November 15, 2013---the weekend of the 2013 F1. The rental rates for the same 22 cars from Friday November 7 to Saturday November 8 is \$77.06---an increase in prices of nearly 60 percent from one week to the next.¹⁶

Based on these prices, COTA survey data on the percentage of groups renting cars, the number of persons per group and the length of stay of each group, Table 7 presents the likely expenditures on rental cars during the 2012 F1 week:¹⁷ Once again the gain to the state can be divided into that attributable to expenditures by out-of-state visitors plus the price-gain induced by increased demand from F1 on the local rental car market and the retention of expenditures that would likely have left the state had the event not been held in Texas.¹⁸

Table 7
Car Rental Expenditures at the 2012 U.S. Grand Prix

	(1)	(2)	(3)	(4)	(5)
	F1 Week Rental Car Expenditure per person	Total Rental Car Expenditure	State Tax	State Gain From Rental Car Expenditure	State Tax Gain to Texas
OO5 Fans Staying in Hotels	\$138.21	\$7,921,327	\$720,121	\$7,921,327	\$720,121
OOS Fans Not Staying in Hotels	\$53.40	\$717,919	\$65,265	\$717,919	\$65,265
OOA Texans Staying in Hotels	\$19.91	\$256,340	\$23,304	\$191,849	\$17,441
Portion due to Price Gain	\$7.39	\$95,112	\$8,647	\$95,112	\$8,647
Portion Due to Activity Gain	\$12.52	\$161,227	\$14,657	\$96,736	\$8,794
OOA Texans Not Staying In Hotels	\$12.73	\$198,040	\$18,004	\$119,568	\$10,870
Portion due to Price Gain	\$4.72	\$73,481	\$6,680	\$73,481	\$6,680
Portion Due to Activity Gain	\$8.01	\$124,559	\$11,324	\$46,087	\$4,190
Local Fans	\$5.10	\$128,672	\$11,697	\$77,687	\$7,063
Portion due to Price Gain	\$1.89	\$47,743	\$4,340	\$47,743	\$4,340
Portion Due to Activity Gain	\$3.21	\$80,930	\$7,357	\$29,944	\$2,722
F1 Competitors & Related	\$659.73	\$3,588,944	\$326,268	\$3,588,944	\$326,268

Mixed Drink Expenditures and Alcohol Taxes

Both mixed drink taxes and ABC Title 5 alcohol taxes generate funds from events that can be considered as supporting the Major Events Trust Fund to the extent that those taxes represent a gain to the state (or, respectively to the locality). Results from the COTA survey are relatively reliable to determine the number of persons in each group, the length of stay of each group and the percentage of each group who would have left Texas to see the race had it been held outside the state. With that information an estimate consistent with reliable survey data can be developed using credible mixed drink expenditure per person per day figures.

After the F1 event, COTA (actually Premier Hospitality, Inc.) paid to the Comptroller \$392,835.38 in mixed drink taxes. Based on the mixed drink tax rate (14%) and the 3-day attendance at the event, this equates to an expenditure of about \$10.50 per person per day on mixed drinks just at the COTA facility.

In reviewing the application for METF funding for 2012, the Comptroller approved a mixed drink estimate of \$1.2 million---a figure that can be seen as likely conservative in light of data on November 2012 mixed drink tax collections. If the more conservative total of \$1.2 million is used, this implies that mixed drink expenditures at the COTA facility would have accounted for about 33 percent of average daily mixed drink expenditures.

This implies that on average a person spent \$31.50 per day on mixed drinks at the F1 event---not including the mixed drink tax. Based on that estimate Table 7 presents the total expenditures on mixed drinks at the F1 event (column 2), the total mixed drink tax (column 3), and the "gain" in mixed drink tax to the state (including revenue retained that would have otherwise gone outside Texas). Column 6 of Table 7 also lists the gain to the county in mixed drink tax revenues from hosting the F1 event---including revenue retained that otherwise would have followed the event outside the state.

Also shown in Table 7 is an estimate for the Title 5 ABC tax at F1. This is a statutorily complex tax whose tax rate varies by class of alcohol with distilled spirits taxed at the highest rate of \$2.40 per gallon while beer with alcohol content of 4% or lower is taxed at \$0.193548 per gallon. Clearly a truly technically accurate computation of the ABC tax involves many variables not usually available given simple total expenditure data. So usually a surrogate rate is used. In this case it is noted that based on comptroller reviews of previous METF studies, a good approximation for this tax would be to compute it at the rate of \$0.061 of ABC Title 5 tax per \$1 in total mixed beverage sales tax receipts. This estimate is presented in column 5 of Table 7 after adjusting for the gain to the state.

Table 8
Mixed Drink Expenditures at the 2012 U.S. Grand Prix

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	F1 Week Mixed Drink Expenditures per person	Total Mixed Drink Expenditure	State Mixed Drink Tax (State Share)	State Gain Mixed Drink Expenditures	Mixed Drink Tax Gain to State	Title 5 ABC Tax Gain to the State	County Share Mixed Drink Tax
OOS Fans Staying in Hotels	\$175.30	\$10,046,890	\$1,172,892	\$10,046,890	\$1,172,892	\$85,800	\$87,197
OOS Fans Not Staying in Hotels	\$97.59	\$1,311,965	\$153,161	\$1,311,965	\$153,161	\$11,204	\$11,387
OOA Texans Staying in Hotels	\$139.52	\$1,796,458	\$209,722	\$1,077,875	\$125,833.05	\$9,205	\$15,591
OOA Texans Not Staying in Hotels	\$152.53	\$2,372,694	\$276,993	\$877,897	\$102,487.24	\$7,497	\$20,593
Local Fans	\$99.76	\$2,518,655	\$294,032	\$931,902	\$108,791.96	\$7,958	\$8,088
F1 Competitors & Related	\$176.51	\$960,223	\$112,098	\$960,223	\$112,098	\$8,200	\$11,167
TOTAL		\$19,006,885	\$2,218,898	\$15,206,752	\$1,775,264	\$129,866	\$154,022

Food and Non-Alcoholic Beverage Expenditures

Reliable and unbiased figures for average daily food and beverage expenditures that can be applied to fan and competitor behavior at the U.S. Grand Prix are taken from a survey conducted of about 4,700 participants at the 2011 Houston Marathon and Half-Marathon race. The survey was conducted via e-mail immediately after the race and the number of responses account for nearly a quarter of all participants at the event so these responses are deemed highly likely to be representative of attendees at that event. Moreover, responses were tabulated to reflect the expenditures by out-of-area participants separately from local participants since the level of expenditures of these two groups on many items (such as food and non-alcoholic beverages) was quite different.¹⁹ Moreover, there is no indication of bias in the results of this survey.

Overall the Houston survey indicated that average daily expenditures per person at this event on food and non-alcoholic beverages amounted to an average of \$68.65 for out-of-state visitors and non-local Texans in February of 2011. The average for local participants was \$15.85.²⁰ After adjusting these amounts to reflect the inflation in the cost of food purchased away from home according to the US CPI, the relevant averages for November 2012 were closer to \$71.44 and \$16.49 per person per day.²¹

Applying these figures to the survey-based estimates of the group sizes and length of stay of the various groups at F1 results in the expenditure estimates in Table 9.

Table 9
Food and Non-alcoholic Beverage Expenditures at the 2012 U.S. Grand Prix

	(1)	(2)	(3)	(4)	(5)	(6)
F1 Week	Food and Non-Alcoholic Expenditures per person	Total Food and Non-Alcoholic Expenditures	State Sales Tax	Total Food and Non-Alcoholic Expenditures Gain to the State	Sales Tax Gain to the State	Sales Tax Gain to Austin
OO5 Fans Staying in Hotels	\$346.49	\$19,857,710	\$1,241,107	\$19,857,710	\$1,241,107	\$147,191
OO5 Fans Not Staying in Hotels	\$192.89	\$2,593,103	\$162,069	\$2,593,103	\$162,069	\$19,221
OOA Texans Staying in Hotels	\$275.76	\$3,550,705	\$221,919	\$2,130,423	\$133,151	\$26,319
OOA Texans Not Staying In Hotels	\$301.48	\$4,689,637	\$293,102	\$1,735,166	\$108,448	\$34,761
Local Fans	\$45.52	\$1,149,333	\$71,833	\$425,253	\$26,578	\$3,590
F1 Competitors & Related	523.31	\$2,846,827	\$177,927	\$2,846,827	\$177,927	\$23,868
TOTAL		\$34,687,315	\$2,167,957	\$29,588,482	\$1,849,280	\$254,949

Once again, competitors and related personnel have the highest expenditures per person for the entire F1 race week, but this solely reflects their longer average length of stay.

In total, all fans and competitors probably spent \$34.7 million for food and non-alcoholic beverages during F1 week. Based on expenditures by persons from outside Texas and the expenditures by Texans on food and non-alcoholic beverages that were retained in the state rather than having those lost outside the state indicates that the state likely gains nearly \$2.2 million in sales tax revenues from these expenditures. Similar calculations for Austin places the city's sales tax gain from food and beverage expenditures at \$255,000.

Other Fan and Competitor Expenditures

The COTA survey asked fans about a number of other areas of expenditures that were made during their stay at the F1 event for entertainment, local transportation and other purchases. The survey of the 4,700 Houston Marathon and half-marathon participants were asked similar questions for the same categories. Adding together the responses from the Houston survey into a single "other purchases" category indicates that average daily expenditures on those "other purchases" for persons attending the event from outside Texas were \$110.38, for persons attending the event from Texas but outside the local area other purchases expenditures were \$73.67 per person per day and for local participants daily per person expenditures amounted to \$15.86.²² Adjusting these figures for 21 months of low inflation from February 2011 to November 2012 increases these amounts to \$114.80, \$76.62 and \$15.86 respectively.²³

Applying these figures to the survey-based estimates of the group sizes and length of stay of the various groups at F1 results in the "other purchases" expenditure estimates in Table 10.

In total, fans, competitors and related personnel likely spent about \$50.3 million in Texas on entertainment, other retail purchases and local transportation during F1 week. Of this total, \$44.9 million can be deemed a gain to the state from hosting F1 generating a \$2.5 million sales tax gain to the state.²⁴ The City of Austin likely gained about \$335,000 in sales tax revenues from these purchases made by out of state visitors, Texans visiting from outside the Greater Austin area and retaining some expenditures that would have followed local fans to another state had the event not been held in Texas.

Merchandise Expenditures at COTA

Although merchandise sales at the F1 USGP directly through COTA vendors did not account for all such merchandise sales, through discussions with teams and other vendors senior COTA staff

indicated that total merchandise sales at the event exceeded \$6 million including all outlets at the venue.²⁵ In order to distribute these sales over the appropriate fan groups, the total sales were distributed according to the number of person-days each group spent at the event.

Table 11 details the estimated total merchandise sales at the 2012 event and the amount that can be considered a gain to the state. Of the total expenditures it is estimated that \$4.5 million can be considered a gain to the state generating \$266,000 in state sales tax revenues.

Table 10
"Other Purchases*" Expenditures at the 2012 U.S. Grand Prix

	(1)	(2)	(3)	(4)	(5)	(5)
	F1 Week "Other Purchases" Expenditures per person	Total "Other Purchases" Expenditures	State Sales Tax	State Gain in Total "Other Purchases" Expenditures	Sales Tax Gain to the State	Sales Tax Gain to Austin
OOS Fans Staying in Hotels	\$556.77	\$31,909,556	\$1,793,745	\$31,909,556	\$1,793,745	\$212,732
OOS Fans Not Staying in Hotels	\$309.96	\$4,166,884	\$234,235	\$4,166,884	\$234,235	\$27,779
OOA Texans Staying in Hotels	\$295.75	\$3,808,117	\$213,354	\$2,284,870	\$128,012	\$25,303
OOA Texans Not Staying in Hotels	\$323.33	\$5,029,616	\$281,789	\$1,860,958	\$104,262	\$33,419
Local Fans	\$43.77	\$1,105,160	\$64,494	\$408,909	\$23,863	\$3,201
F1 Competitors & Related	\$789.17	\$4,293,107	\$241,330	\$4,293,107	\$241,330	\$32,373
TOTAL		\$50,312,440	\$2,828,947	\$44,924,284	\$2,525,447	\$334,808

* made up of entertainment expenditures, retail purchases not made at the COTA facility and miscellaneous expenses including local transportation expenses.

Table 11
Merchandise Expenditures at COTA during the 2012 U.S. Grand Prix

	(1)	(2)	(3)	(4)
	Total Merchandise Expenditures at COTA	State Sales Tax	State Gain in Merchandise Expenditures at COTA	Sales Tax Gain to the State
OOS Fans Staying in Hotels	\$2,770,200	\$162,953	\$2,770,200	\$162,953
OOS Fans Not Staying in Hotels	\$649,800	\$38,224	\$649,800	\$38,224
OOA Texans Staying in Hotels	\$657,900	\$38,700	\$394,740	\$23,220
OOA Texans Not Staying In Hotels	\$632,100	\$37,182	\$233,877	\$13,757
Local Fans	\$1,290,000	\$75,882	\$477,300	\$28,076
TOTAL	\$6,000,000	\$352,941	\$4,525,917	\$266,230

Travel Expenditures in Attending the United State Grand Prix in 2012

Fans attending the F1 event at COTA were also asked to estimate their travel expenses in getting to the event. Given the aforementioned activity noted by the City of Austin at Austin-Bergstrom Airport surrounding the event, it is likely that a relatively high proportion of persons flew to the event. Table 12 presents an estimate of the likely travel expenses in getting to the 2012 F1 event based on 70 percent of the expenditures by out-of-state attendees being spent on airfare, 30 percent of the expenditures by non-local Texans being allocated to airfare and 90 percent of travel expenditures by competitors and related personnel spent on airfare.²⁶

As is well-known, commercial airfare is not subject to state sales taxes that could be considered a gain to the state from holding the event. However, since it is likely that a portion of the non-airfare related travels expenses would have been spent in Texas, half of these expenses are considered taxable.

Table 12
Travel Expenditures to the 2012 U.S. Grand Prix

	(1) Travel Expenditures getting to 2012 USGP per person	(2) Total Travel Expenditures Getting to 2012 USGP	(3) State Sales Tax	(4) State Gain in Travel Expenditures to COTA	(5) Sales Tax Gain to the State
OOS Fans Staying in Hotels	\$720.23				
Airfare		\$28,894,177		\$28,894,177	
Other Travel Expenses		\$12,383,219	\$386,976	\$12,383,219	\$386,976
OOS Fans Not Staying in Hotels	\$499.81				
Airfare		\$4,703,464		\$4,703,464	
Other Travel Expenses		\$2,015,770	\$62,993	\$2,015,770	\$62,993
OOA Texans Staying in Hotels	\$306.80				
Airfare		\$1,185,119		\$711,072	
Other Travel Expenses		\$2,765,278	\$86,415	\$1,659,167	\$51,849
OOA Texans Not Staying In Hotels	\$211.89				
Airfare		\$988,820		\$365,863	
Other Travel Expenses		\$2,307,246	\$72,101	\$853,681	\$26,678
F1 Competitors & Related	\$720.23				
Airfare		\$3,526,222		\$3,526,222	
Other Travel Expenses		\$391,802	\$12,244	\$391,802	\$12,244
TOTAL					
Airfare		\$39,297,802		\$38,200,798	
Other Travel Expenses		\$19,863,315	\$620,729	\$17,303,639	\$540,739
TOTAL All Modes		\$59,161,117	\$620,729	\$55,504,437	\$540,739

Cost of Presenting the 2012 U. S. G. P.

Also considered in developing both the direct, indirect and induced economic and tax gain from hosting events under the Major Event Trust Fund are expenses directly related to presenting the event in Texas. From COTA financial accounting records, Table 13 presents COTA's expenses in 2012 related to putting on the Formula One race.²⁷ These expenses were reviewed and those that would have double-counted expenditures covered in other tables (such as the cost of goods sold at the event) were removed from Table 13.

Some of the expenses incurred in presenting the 2012 F1 event are themselves directly subject to state and local sales tax and those estimates are included in Table 13. Also, some longer-term financial rewards based on financial performance were removed from salaries and wages since those were in part driven by completion of the COTA physical facility. It is believed that all expenses related to the construction of the COTA physical facilities have been removed from Table 13 so that those expenses represent only those not covered elsewhere in this study that were directly related to presentation of the 2012 F1 event.

Table 13
U.S. Grand Prix Event Presentation Expenses

	Expenditure	State Sales Tax paid	Local Sales Taxes Paid
Wages and Salaries	\$11,726,267		
Professional and Artist Fees	\$9,788,511		
Marketing, Advertising & Promotional Materials	\$4,292,307	\$54,591	\$8,735
Fuel	\$280,381		
Equipment Rental (incl. temp facilities)	\$11,710,189	\$688,835	\$110,214
Transportation Plan	\$2,944,307	\$124,689	\$19,950
Insurance, Licensing, Permits & Sanction Fees*	\$4,871,893	\$0	\$0
Utilities	\$589,239		
Vehicles Transport Freight and Delivery	\$547,151	\$32,185	\$5,150
Repairs, Maintenance, Tools & Supplies	\$3,611,426	\$212,437	\$33,990
Medical, fire & safety	\$270,481	\$15,911	\$2,546
Computer support	\$781,577		
Misc. Venue and Event Expenses	\$581,925	\$34,231	\$5,477
Office Expenses and Supplies	\$1,502,489	\$4,098	\$656
Opening Events	\$535,500	\$20,125	\$3,220
Event Travel and Lodging	\$2,060,113	\$62,288	\$53,242
TOTAL Event Presentation Expenses	\$56,093,756	\$1,249,389	\$243,178

* excludes FOM sanctioning fee

Direct Economic and Tax Gains from 2012 F1

To develop estimates of the indirect and induced impacts of hosting the Formula One race on the state and the City of Austin, the Texas Comptroller of Public Accounts maintains a model which, given the level of direct economic impacts, estimates the indirect and induced economic and tax gains from the direct profile of expenditure gains from fans, competitors and related personnel as well as direct event presentation expenses. Since what constitutes a gain to the state under the Major Event Trust Fund differs somewhat from what constitutes a gain to the City of Austin, Table 14 presents these gains for Texas and for Austin based on the estimates contained in Tables 3 through 13 of this report.

In total, the total direct economic gain to the state from hosting this event should exceed \$274.1 million. The total direct tax gain to the state reached \$15.9 million with the local Austin economy directly gaining \$3.8 million.

Indirect and Induced Economic and Tax Gains from 2012 USGP

In addition to the direct economic and tax gains from the F1 event, the state and city gain both economic activity and taxes as these direct impacts filter their way through the state and local economies. These gains are termed indirect and induced increases. For example, in order for restaurants and hotels to serve F1 guests, they must increase the orders for food, drinks and other materials from their suppliers. That increased demand generates indirect economic gains as the activity filters its way down the supply chain.

Moreover, to supply increased demand for services additional workers must be hired or have their hours extended increasing their take home pay. As those workers spend that additional money this too generates increased induced demands throughout the state and the city.

The total effects of increased direct spending along with indirect and induced spending is presented in Table 15 based on the Texas Comptroller's IMPLAN model.²⁸ This table indicates that the \$274.1 million in direct expenditures driven by hosting the Formula One event generates \$112.4 million in indirect impacts and another \$159.8 million in induced impacts for a total gain of \$546.3 million in economic activity to Texas.

From a tax perspective, to the \$15.9 million in tax gain to the state from direct economic activity must be added \$5.3 million in indirect tax gains and \$9.3 million in induced tax gains for a total tax gain of \$30.5 million.

In comparison, for the 2012 U.S. Grand Prix the Comptroller's office approved a total estimated state and local tax gain of \$29,329,984 under the Major Event Trust Fund. This is composed of a state gain of \$25,284,468 and a local matching contribution of \$4,045,516.

Based on post-event data and independently-produced measures of economic gains from hosting the event, it appears the tax gain to Texas for the 2012 U.S. Grand Prix not only met this estimated tax gain to the state but exceeded it by more than \$5 million.

Table 14

State and Austin Direct Expenditure and Tax Gain From Hosting 2012 F1: Summary

Gain From:	Direct State Gain	Direct State Tax Gain	Direct Austin Gain	Direct Austin Tax Gain
Hotel Expenditures	\$47,324,011	\$2,839,441	\$33,350,221	\$3,001,520
Rental Cars	\$12,617,293	\$1,147,027	\$12,760,256	
Alcoholic Beverage Expenditures	\$15,206,752	\$1,905,129	\$12,912,302	\$154,022
Food and Non-Alcoholic Beverage Expenditures	\$29,588,482	\$1,849,280	\$25,174,525	\$254,949
Other Merchandise Expenditures	\$44,924,284	\$2,525,447	\$36,776,944	\$334,808
Merchandise Expenditures at Venue	\$4,525,917	\$266,230	\$0	
Travel to Austin for F1				
Airfare	\$38,200,798		\$39,297,802	
Other Transportation	\$17,303,639	\$540,739	\$0	
Gratuities (a.k.a. wages)	\$8,325,148	\$499,509	\$6,170,839	\$59,240
Event Presentation Expenses				
Wages and Salaries	\$11,726,267	\$0	\$5,863,133	\$0
Professional and Artist Fees	\$9,788,511	\$0	\$9,788,511	\$0
Marketing, Advertising & Promotional Materials	\$4,292,307	\$54,591	\$4,292,307	\$8,735
Fuel	\$280,381	\$0	\$0	\$0
Equipment Rental (incl temp facilities)	\$11,710,189	\$688,835	\$0	\$0
Transportation Plan	\$2,944,307	\$124,689	\$0	\$0
Insurance, Licensing, Permits & Sanction Fees	\$4,871,893	\$0	\$2,435,946	\$0
Utilities	\$589,239	\$0	\$294,620	\$0
Vehicles Transport Freight and Delivery	\$547,151	\$32,185	\$0	\$0
Repairs, Maintenance, Tools & Supplies	\$3,611,426	\$212,437	\$0	\$0
Medical, fire & safety	\$270,481	\$15,911	\$0	\$0
Computer support	\$781,577	\$0	\$390,788	\$0
Misc. Venue and Event Expenses	\$581,925	\$34,231	\$0	\$0
Office Expenses and Supplies	\$1,502,489	\$4,098	\$1,502,489	\$656
Opening Events	\$535,500	\$20,125	\$535,500	\$3,220
Event Travel & Lodging	\$2,060,113	\$62,288	\$2,060,113	\$26,621
TOTAL	\$274,110,082	\$12,822,191	\$193,606,298	\$3,843,770
Gain to State From Ticket Sales		\$3,088,374		
Total Direct Tax Gain		\$15,910,565		\$3,843,770

Table 15

METF Expenditures and Taxes for the 2012 U.S. Grand Prix at Circuit of the Americas

METF Expenditures	Direct			Indirect			Induced			TOTAL
	Spending	Taxes	Spending	Spending	Taxes	Spending	Spending	Taxes		
Hotel	\$47,324,011	\$2,839,441	\$22,344,787	\$980,508	\$1,328,266	\$22,850,989	\$92,519,788	\$5,148,215		
Food and Non-Alcoholic Bev.	\$29,588,482	\$1,849,280	\$13,066,483	\$650,072	\$872,230	\$15,009,373	\$57,664,338	\$3,371,582		
Alcoholic Beverage	\$15,206,752	\$1,905,129	\$6,715,409	\$334,099	\$448,275	\$7,713,941	\$29,636,103	\$2,687,504		
Event Presentation Expenses	\$56,093,756	\$1,249,389	\$22,238,050	\$1,261,914	\$2,673,695	\$45,970,007	\$124,301,814	\$5,184,999		
Rental Cars	\$12,617,293	\$1,147,027	\$5,570,673	\$236,811	\$282,409	\$4,853,250	\$23,041,216	\$1,666,247		
Other Merchandise	\$44,924,284	\$2,525,447	\$16,531,456	\$825,076	\$1,597,196	\$27,488,274	\$88,944,014	\$4,947,719		
Merchandise at Venue	\$4,525,917	\$266,230	\$1,665,469	\$83,123	\$160,910	\$2,769,318	\$8,960,704	\$510,263		
Gratuities	\$8,325,148	\$499,509	\$3,280,974	\$135,497	\$238,784	\$4,057,309	\$15,663,432	\$873,790		
Transportation (Airfare)	\$38,200,798	\$0	\$17,743,671	\$725,447	\$1,033,939	\$17,798,250	\$73,742,719	\$1,759,386		
Transportation (Other)	\$17,303,639	\$540,739	\$3,286,449	\$110,901	\$655,866	\$11,254,700	\$31,844,789	\$1,307,506		
State Gain from Ticket Sales	\$0	\$3,088,374	\$0	\$0	\$0	\$0	\$0	\$0	\$3,088,374	
TOTAL	\$274,110,082	\$15,910,565	\$112,443,422	\$5,343,450	\$9,291,571	\$159,765,413	\$546,318,916	\$30,545,585		

The U.S. Grand Prix in 2013

The second running of the U.S.G.P will begin November 15, 2013 and conclude November 17. As in 2013, competitors and fans will start arriving November 11.

Overall, the 2013 race week should be expected to very much resemble the 2012 race with a few significant exceptions. First, the University of Texas football team is hosting Oklahoma State on November 16 in what is expected to be another sell-out of Texas Memorial Stadium's 100,119 seats. This game will put even more pressure on limited local hotel capacity already straining to meet F1 demands. As a result, room rates will likely be higher in 2013 than in 2012 and more F1 fans will end up staying at less accessible lodgings (as, no doubt, will football fans).

But before turning to these effects, one concern is to what extent should the 2013 F1 event replicate the 2012 experience? Usually with new events or events in new venues, a first-year "novelty" effect is seen in attendance as fans seek to be part of a first-time event. So will the 2013 event at least replicate the 2012 experience?

Again, several factors will be at work to push attendance slightly above that seen in 2012. First, somewhat offsetting any "novelty" effect is a concern that untried event plans can often lead to disaster as transportation, housing and food resources are strained. Some fans prefer to let the event "work out the kinks" to see if this is a concern. So some fans purposely choose to forego a first-year trip to an event *because* it is the first year.

On this score, the COTA facilities and the reception of the event in Austin proved universally praised. Traffic issues were minimal to non-existent, the F1 drivers and teams highly praised the facility as a racing venue and overall the event received truly high marks. In short, there were no "kinks" to work out. This should add to the event's second year draw.

Second, internationally acclaimed Director Ron Howard will be releasing his new Formula One-based dramatic film entitle "Rush" on September 27, 2013 in theaters in the U.S.---about 6 weeks before the 2013 U.S.G.P. The excitement and drama of this film will undoubtedly draw additional fans in to see the real event on which the film was based.

Third, COTA has added several new attractions in 2013---most notably a Saturday concert by Sting at ACL. Also, FanFest has been extended another day and a "Motostalgia" auction has been scheduled.

Lastly, 2013 will likely see two Mexican drivers in the grid-- Sergio Perez and Esteban Gutierrez. In 2012 only Perez competed but brought in a strong and vocal fan base. In addition, in 2013 Perez moved

to one of the top teams – McLaren. This should bring in more fans from Mexico and throughout the Southwestern U.S. to attend the 2013 U.S.G.P.

As a result of the near flawless execution of the 2012 event, the new attention drawn to F1 by "Rush," a concert by the world-renowned star Sting, increased interest from the Mexican community and other attractions, it is unlikely that COTA will see a drop-off from 2012 F1 attendance levels. Indeed it is expected the event will actually host the 120,000 fans originally planned for the 2012 event. This attendance level combined with the experience from 2012 with out-of-state attendees and hotel guests will likely result in the pattern of attendance in column 1 of Table 16.

However, fitting this attendance level and fans attending the UT game from outside the area into limited local hotel space will generate some changes from the visitation pattern seen in 2012---more F1 fans and more football fans will be relegated to more remote locations as capacity constraints in the local Austin market are greatly exceeded both Friday and Saturday nights.

Football games at Memorial Stadium typically sell-out of all 100,119 seats. In 2008, a study of the economic impact of the UT sporting events noted that about 53 percent of attendees at football games come from outside the Austin metropolitan area. About 40 percent of those attendees from outside the MSA attend the game as "day trippers"---returning home without spending the night in the Austin area. That means that 60 percent of those from outside the MSA---or about 32 percent of the total fans at the game---stay in the Austin area at least one night.²⁹

Based on typical game attendance, as many as 32,000 football fans could be staying in Austin and the surrounding area in addition to the fans in town for F1. This means hotel space will be at even more of a premium. Certainly most of the Oklahoma fans allocated tickets by UT for the game will need a place to stay for at least one night.

Unfortunately at this point a key variable remains unknown---the exact timing of the game. If the UT game with Oklahoma State has significant implications for BCS Bowl participants or for the Big 12 championship, the game could occur Saturday evening shifting most of the hotel demand to Saturday night. If, on the other hand, the game has fewer bowl implications, it could be held late in the morning or early afternoon on Saturday shifting most of the hotel demand to Friday evening.

Table 16

Estimated Fan Attendance at the 2013 United States Grand Prix at Circuit of the Americas

	----- Out of State Fans -----				----- Non- Local Texas Fans -----							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Ticketed Race Fans	Out of State Attendees	Effective OOS Attendees	Non-Race Attendees	Total OOS Attendees	Staying in Hotel	Attendees from Texas, not Local (OOA)	Effective OOA Attendees	Non-Race Attendees	Attendance by OOA Texans	Staying in Hotel	Local Austin-Round Rock Fans
Tue Nov. 12					-	8,236					180	
Wed Nov. 13					-	20,590					718	
Thu Nov. 14					-	37,436					2,872	
Fri Nov. 15	66,791	38,071	44,268	2,527	46,795	41,668	14,360	16,894	2,131	19,025	9,268	14,360
Sat Nov. 16	84,521	48,177	48,664	2,778	51,441	58,567	18,172	19,752	2,491	22,243	13,158	18,172
Sun Nov. 17	120,000	68,400	68,400	3,904	72,304	47,151	25,800	25,800	3,254	29,054	10,593	25,800
Mon Nov. 18					-	14,145					1,059	

Table 17 replicates the pattern of hotel demand in Table 2 which is benchmarked to Smith Travel Research figures except that the table also incorporates the effects of the additional hotel demand for the UT game split evenly between Friday and Saturday night.³⁰ Several changes are apparent in Table 17 relative to the 2012 event depicted in Table 2. First, overall room demand from F1 fans is about 2% higher due to higher overall attendance. Second, compared to Table 2 fewer F1 fans will be accommodated in Austin area hotels Friday and Saturday nights. More F1 fans in 2013 will be displaced outside the Austin Area. Third, hotel occupancy in the Austin area hits 100% both Friday and Saturday nights. This is composed of the competitors and teams from F1, some F1 fans, some football fans and about 5% not affiliated with either event.

Because of this very high occupancy level, hotel prices are projected to rise another 10% over peak prices in 2013.

As a result of higher occupancy and higher prices, the total hotel expenditure by F1 fans in the Austin area will rise to \$28.8 million in 2013 from \$27.4 million in 2012. And the price-driven increase from non-F1 or non-UT hotel guests rises to \$2.8 million from \$2.5 million.³¹

The price increase would also affect teams, driver and other direct race participants, although the gain in Table 18 is only \$200,000 above that in Table 3---rising from \$6.9 million to \$7.1 million.

However, the largest gain in hotel expenditures from F1 fans in 2013 will be seen outside the Austin area. Table 19 replicates Table 4 from 2012 and indicates that overall hotel expenditures at F1 in 2013 should rise by about 9.1 percent to \$51.7 million. But, looking at the largest group of hotel guests---out-of-state fans--- indicates total hotel expenditures by out-of-state fans staying inside the Austin Area should rise by 5.9 percent, but the expenditures by OOS fans staying outside of the Austin area should rise by three times that rate, increasing 18.2 percent.

Table 17

Fan Hotel Spending in Greater Austin at 2013 United States Grand Prix at Circuit of the Americas

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	% Austin Area Hotel Capacity used by Other than F1 & Football	Rooms Available for F1 Fans in Austin	Total F1 Fan Hotel Demand	% F1 Fans in Greater Austin	Hotel Occupancy in Austin	Total Hotel Person-Nights in Greater Austin by F1 Attendees	Total Hotel Room-Nights in Greater Austin by F1 Attendees	Avg Cost per room in Greater Austin	Total F1 Attendee Hotel Expenditure in Greater Austin	Non-Fan Price Gain Effect in Greater Austin
Tue Nov. 12	25%	20,595	4,926	100.0%	47.6%	8,415	4,926	118	\$581,904	\$236,261
Wed Nov. 13	15%	21,639	12,473	85.0%	63.1%	18,112	10,602	295	\$3,130,910	\$936,455
Thu Nov. 14	10%	22,493	23,594	81.0%	88.7%	32,650	19,111	311	\$5,940,984	\$670,777
Fri Nov. 15	5%	23,988	29,813	67.6%	100.0%	34,452	20,165	330	\$6,654,538	\$305,991
Sat Nov. 16	5%	23,988	41,982	50.4%	100.0%	36,120	21,142	330	\$6,976,825	\$364,003
Sun Nov. 17	5%	23,988	33,799	51.0%	77.4%	29,450	17,237	266	\$4,587,908	\$203,912
Mon Nov. 18	10%	24,163	8,900	95.0%	47.5%	14,444	8,455	106	\$900,154	\$59,633
									\$28,773,223	\$2,777,030
									Avg. Occupancy (person/room)	1.71

Table 18
Formula One Participant Personnel Attendance and Hotel Spending

	Journalists, Photographers, Radio, TV, FOM TV		Teams, Manufacturers & Guests		Officials, Event Support & Promoter Personnel		Total OOS Event Personnel		Nightly Room Rate	Total Hotel Cost- Greater Austin Area	
	Persons	Rooms	Persons	Rooms	Persons	Rooms	Persons	Rooms			
Tues	275	196	1,400	1,167	560	467	2,235	1,830	\$118.13	\$216,144	
Wed	550	393	2,000	1,667	2,060	1,717	4,610	3,776	\$295.32	\$1,115,173	
Thurs	980	700	2,400	2,000	2,060	1,717	5,440	4,417	\$310.86	\$1,372,965	
Friday	980	700	2,400	2,000	2,060	1,717	5,440	4,417	\$330.00	\$1,457,500	
Sat	980	700	2,400	2,000	2,060	1,717	5,440	4,417	\$330.00	\$1,457,500	
Sun	980	700	2,400	2,000	2,060	1,717	5,440	4,417	\$266.16	\$1,175,540	
Mon	392	280	2,400	2,000	560	467	3,352	2,747	\$106.46	\$292,421	
	Ave Length of Stay									5.9	\$7,087,243

Table 19

Hotel Spending Gain To Texas of 2012 United States Grand Prix at Circuit of the Americas

	----- Out of State Fans -----		-----Out of Area Texans Attending F1 -----						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Hotel Expenditures in Greater Austin by OOS Fans	Hotel Expenditure Outside Greater Austin by OOS Fans	Hotel Expenditures by Race Participants (teams, sponsors, etc.)	Non-Fan Price Gain Effect in Greater Austin	Price Gain Effect OOA Fans in Greater Austin	Price Gain Effect OOA Fans Outside Greater Austin	Expenditure Retention from OOA Fans in Greater Austin	Expenditure Retention from OOA Fans Outside Greater Austin	Total Hotel Expenditure Gain to Texas From Hosting F1
Nov. 12	\$569,497	\$0	\$216,144	\$236,261	\$3,320	\$0	\$5,452	\$0	\$1,030,674
Nov. 13	\$3,025,455	\$427,123	\$1,115,173	\$936,455	\$74,560	\$10,526	\$18,537	\$2,617	\$5,610,446
Nov. 14	\$5,517,857	\$1,035,450	\$1,372,965	\$670,777	\$305,361	\$57,302	\$70,660	\$13,260	\$9,043,631
Nov. 15	\$5,444,177	\$2,214,049	\$1,457,500	\$305,991	\$750,703	\$311,679	\$275,795	\$108,332	\$10,868,226
Nov. 16	\$5,697,378	\$4,773,578	\$1,457,500	\$364,003	\$831,985	\$711,654	\$268,477	\$216,203	\$14,320,778
Nov. 17	\$3,746,553	\$3,059,685	\$1,175,540	\$203,912	\$489,210	\$416,438	\$211,287	\$162,401	\$9,465,027
Nov. 18	\$837,465	\$35,262	\$292,421	\$59,633	\$11,744	\$494	\$30,567	\$1,287	\$1,268,873
Total	\$24,838,382	\$11,545,147	\$7,087,243	\$2,777,030	\$2,466,881	\$1,508,094	\$880,776	\$504,099	\$51,607,654



Other 2013 F1 Changes

Beyond the changes driven by about a 2% increase in attendance in 2013, few other changes are expected relative to fan and other expenditures. But, ticket prices are expected to rise modestly with the average price of the base ticket up about 9% as fans opt for better seating. Additionally, the premium paddock passes are advertising a slight increase as well. Most importantly, the City of Austin will collect sales taxes on both tickets and merchandise sold at COTA due to annexation of the property.

Table 20 replicates Table 6 for 2013 and shows that the state will likely gain an additional \$800,000 in sales tax revenue from the sales of tickets to F1 in 2013.

Table 20
2013 F1 Ticket Revenues and State Sales Taxes

Group	(1) Ticket Revenue	(2) State Sales Tax	(3) Tax Gain to the State
Out-of-State Fans:			
Staying in Hotels	\$35,304,583	\$2,344,445	\$2,344,445
Not Staying in Hotels	\$8,281,322	\$549,932	\$549,932
Out-of-Area Texans:			
Staying in Hotels	\$8,384,552	\$556,787	\$334,072
Not Staying in Hotels	\$8,055,746	\$534,952	\$197,933
Local Texans	\$16,440,297	\$1,091,738	\$403,944
Total	\$76,466,500	\$5,077,854	\$3,830,325

Car rental expenses are expected to be about 1.6 percent higher at the 2013 F1 race reflecting the growth in attendance (Table 21). A similar pattern of attendance-driven gains in 2013 are expected for mixed drink sales (Table 22), food and non-alcoholic beverage expenditures (Table 23), "other" expenditures during F1 week (Table 24), merchandise sales at COTA (Table 25), and fan expenditures getting to Austin (Table 26). It should be noted that annexation of the COTA facility by the city of Austin should add \$26,000 in sales tax revenue from merchandise sales at the venue.

While there will be some changes in the individual expenditure items by COTA for actually presenting the event, at this point it is too early to project any systematic trends in those changes so the expenses detailed in Table 13 are expected to be replicated in 2013.

Table 21
Car Rental Expenditures at the 2013 U.S. Grand Prix

	(1)	(2)	(3)	(4)	(5)
	F1 Week Rental Car Expenditure per person	Total Rental Car Expenditure	State Tax	State Gain From Rental Car Expenditure	State Tax Gain to Texas
OOS Fans Staying in Hotels	\$138.21	\$8,094,757	\$735,887	\$8,094,757	\$735,887
OOS Fans Not Staying in Hotels	\$53.40	\$733,637	\$66,694	\$733,637	\$66,694
OOA Texans Staying in Hotels	\$19.91	\$261,952	\$23,814	\$196,049	\$17,823
Portion due to Price Gain	\$7.39	\$97,195	\$8,836	\$97,195	\$8,836
Portion Due to Activity Gain	\$12.52	\$164,757	\$14,978	\$98,854	\$8,987
OOA Texans Not Staying In Hotels	\$12.73	\$202,376	\$18,398	\$122,186	\$11,108
Portion due to Price Gain	\$4.72	\$75,090	\$6,826	\$75,090	\$6,826
Portion Due to Activity Gain	\$8.01	\$127,286	\$11,571	\$47,096	\$4,281
Local Fans	\$5.10	\$131,490	\$11,954	\$79,388	\$7,217
Portion due to Price Gain	\$1.89	\$48,788	\$4,435	\$48,788	\$4,435
Portion Due to Activity Gain	\$3.21	\$82,702	\$7,518	\$30,600	\$2,782
F1 Competitors & Related	\$659.73	\$3,588,944	\$326,268	\$3,588,944	\$326,268
TOTAL		\$13,608,973	\$1,183,014	\$12,814,960	\$1,164,996

Table 22
Mixed Drink Expenditures at the 2013 U.S. Grand Prix

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	F1 Week	Total Mixed Drink Expenditure	State Mixed Drink Tax (State Share)	State Gain Mixed Drink Expenditures	Mixed Drink Tax Gain to State	Title 5 ABC Tax Gain to the State	City Share Mixed Drink Tax
OOS Fans Staying in Hotels	\$175.30	\$10,266,857	\$1,198,571	\$10,266,857	\$1,198,571	\$87,679	\$89,106
OOS Fans Not Staying in Hotels	\$97.59	\$1,340,689	\$156,514	\$1,340,689	\$156,514	\$11,449	\$11,636
OOA Texans Staying in Hotels	\$139.52	\$1,835,790	\$214,313	\$1,101,474	\$128,588.05	\$9,407	\$15,933
OOA Texans Not Staying In Hotels	\$152.53	\$2,424,642	\$283,057	\$897,117	\$104,731.11	\$7,661	\$21,043
Local Fans	\$99.76	\$2,573,799	\$300,470	\$952,306	\$111,173.86	\$8,133	\$8,265
F1 Competitors & Related	\$176.51	\$960,223	\$112,098	\$960,223	\$112,098	\$8,200	\$11,167
TOTAL		\$19,402,000	\$2,265,024	\$15,518,667	\$1,811,677	\$132,529	\$157,150

Table 23
Food and Non-alcoholic Beverage Expenditures at the 2013 U.S. Grand Prix

	(1)	(2)	(3)	(4)	(5)	(6)
	F1 Week Food and Non- Alcoholic Expenditures per person	Total Food and Non- Alcoholic Expenditures	State Sales Tax	Total Food and Non- Alcoholic Expenditures Gain to the State	Sales Tax Gain to the State	Sales Tax Gain to Austin
OOS Fans in Hotels	\$346.49	\$20,292,476	\$1,268,280	\$20,292,476	\$1,268,280	\$150,414
OOS Fans Not in Hotels	\$192.89	\$2,649,877	\$165,617	\$2,649,877	\$165,617	\$19,642
OOA Texans in Hotels	\$275.76	\$3,628,445	\$226,778	\$2,177,067	\$136,067	\$26,895
OOA Texans Not In Hotels	\$301.48	\$4,792,312	\$299,520	\$1,773,156	\$110,822	\$35,522
Local Fans	\$45.52	\$1,174,496	\$73,406	\$434,564	\$27,160	\$3,668
F1 Competitors & Related	523.31	\$2,846,827	\$177,927	\$2,846,827	\$177,927	\$23,868
TOTAL		\$35,384,433	\$2,211,527	\$30,173,966	\$1,885,873	\$260,009

Table 24

"Other Purchases" Expenditures at the 2013 U.S. Grand Prix

	(1)	(2)	(3)	(4)	(5)	(6)
	F1 Week "Other Purchases" Expenditures per person	Total "Other Purchases" Expenditures	State Sales Tax	State Gain in Total "Other Purchases" Expenditures	Sales Tax Gain to the State	Sales Tax Gain to Austin
OOS Fans in Hotels	\$556.77	\$32,608,187	\$1,833,018	\$32,608,187	\$1,833,018	\$217,390
OOS Fans Not in Hotels	\$309.96	\$4,258,114	\$239,363	\$4,258,114	\$239,363	\$28,388
OOA Texans in Hotels	\$295.75	\$3,891,492	\$218,025	\$2,334,895	\$130,815	\$25,857
OOA Texans Not in Hotels	\$323.33	\$5,139,735	\$287,959	\$1,901,702	\$106,545	\$34,151
Local Fans	\$43.77	\$1,129,356	\$65,906	\$417,862	\$24,385	\$3,271
F1 Competitors & Related	\$789.17	\$4,293,107	\$241,330	\$4,293,107	\$241,330	\$32,373
TOTAL		\$51,319,991	\$2,885,600	\$45,813,866	\$2,575,456	\$341,429

Table 25
Merchandise Expenditures at COTA during the 2013 U.S. Grand Prix

	(1)	(2)	(3)	(4)	(5)	(6)
	Total Merchandise Expenditures at COTA	State Sales Tax	State Gain in Merchandise Expenditures at COTA	Sales Tax Gain to the State	Austin Gain in Merchandise Expenditures at COTA	Sales Tax Gain to Austin
OOS Fans Staying in Hotels	\$2,830,851	\$166,521	\$2,830,851	\$166,521	\$2,830,851	\$14,014
OOS Fans Not Staying in Hotels	\$664,027	\$39,060	\$664,027	\$39,060	\$664,027	\$3,288
OOA Texans Staying in Hotels	\$672,304	\$39,547	\$403,382	\$23,728	\$672,304	\$3,328
OOA Texans Not Staying In Hotels	\$645,939	\$37,996	\$238,998	\$14,059	\$645,939	\$3,188
Local Fans	\$1,318,243	\$77,544	\$487,750	\$28,691	\$487,750	\$2,215
TOTAL	\$6,131,364	\$360,668	\$4,625,008	\$272,059	\$5,300,871	\$26,241

Table 26
Travel Expenditures to the 2013 U.S. Grand Prix

	(1) Travel Expenditures getting to 2012 USGP per person	(2) Total Travel Expenditures Getting to 2012 USGP	(3) State Sales Tax	(4) State Gain in Travel Expenditures at COTA	(5) Sales Tax Gain to the State
OOS Fans Staying in Hotels	\$720.23				
Airfare		\$29,526,789		\$29,526,789	
Other Travel Expenses		\$12,654,338	\$395,448	\$12,654,338	\$395,448
OOS Fans Not Staying in Hotels	\$499.81				
Airfare		\$4,806,442		\$4,806,442	
Other Travel Expenses		\$2,059,904	\$64,372	\$2,059,904	\$64,372
OOA Texans Staying in Hotels	\$306.80				
Airfare		\$1,211,066		\$726,640	
Other Travel Expenses		\$2,825,821	\$88,307	\$1,695,493	\$52,984
OOA Texans Not Staying In Hotels	\$211.89				
Airfare		\$1,010,469		\$373,874	
Other Travel Expenses		\$2,357,761	\$73,680	\$872,372	\$27,262
F1 Competitors & Related	\$720.23				
Airfare		\$3,526,222		\$3,526,222	
Other Travel Expenses		\$391,802	\$12,244	\$391,802	\$12,244
TOTAL					
Airfare		\$40,080,988		\$38,959,966	
Other Travel Expenses		\$20,289,626	\$634,051	\$17,673,908	\$552,310
TOTAL All Modes		\$60,370,614	\$634,051	\$56,633,874	\$552,310

Total Direct Gains from Hosting the 2013 U.S.G.P.

Based on Tables 16 through 26 and the 2012 COTA event presentation expenditures, the total direct economic gain to the state from hosting the 2013 U.S.G.P. should reach \$285.7 million, up 4.2 percent from the \$274.1 million in 2012 as is detailed in Table 27. In terms of direct tax gains, the state should realize a net gain of \$17.2 million in 2013, up from \$15.9 million in 2012.

Total economic impact on the City of Austin of hosting the 2013 U.S.G.P. should amount to \$204.3 million, up from \$ 193.6 in 2012. After annexing the COTA facility, the direct tax gains to the City of Austin should hit \$4.6 million in 2013, up 18.9 percent from \$3.8 million in 2012.

Indirect and Induced Gains from Hosting the 2013 U.S.G.P.

As was the case with the impact of the 2012 U.S.G.P., the economic impact of this event is not limited to just the direct gains detailed in Table 27. To those gain must be added the indirect and induced gains driven by the direct gains. Table 28 presents the estimate direct, indirect and induced economic and tax gains to the state from hosting the 2013 United States Grand Prix.

In total, the \$285.7million in direct economic gains to Texas are expected to drive another \$116.9 million in indirect economic gains and \$166.0 million in induced gains. From a tax perspective, to the \$17.2 million in direct tax gains to the state must be added \$5.5 million in indirect tax gains and \$9.7 million in induced tax gains for a total of \$32.4 million.

Local tax gains should be comparable. Table 27 notes that just the direct local tax gain from Hosting the F1 event for the City of Austin should nearly reach \$4.6 million. Based on more conservative indirect and induced tax gains than those indicated Table 28 for the state³², the total tax gain to the city of Austin should reach nearly \$8.5 million.

Table 27

State and Austin Direct Expenditure and Tax Gain From Hosting 2013 F1: Summary

<u>Gain From:</u>	<u>Direct State Gain</u>	<u>Direct State Tax Gain</u>	<u>Direct Austin Gain</u>	<u>Direct Austin Tax Gain</u>
Hotel	\$51,607,654	\$3,096,459	\$35,482,472	\$3,193,422
Rental Cars	\$12,814,960	\$1,164,996	\$12,961,054	
Alcoholic Beverage	\$15,518,667	\$1,944,207	\$13,179,422	\$154,022
Food and Non-Alcoholic Beverage	\$30,173,966	\$1,885,873	\$25,679,499	\$260,009
Other Merchandise Expenditures	\$45,813,866	\$2,575,456	\$37,512,471	\$341,429
Merchandise at Venue	\$4,625,008	\$272,059	\$5,300,871	\$26,242
Travel to Austin for F1				
Airfare	\$40,080,988		\$40,080,988	
Other Transportation	\$20,289,626	\$634,051	\$0	
Gratuities	\$8,658,344	\$519,501	\$6,943,991	\$68,752
Event Presentation Expenses				
Wages and Salaries	\$11,726,267	\$0	\$5,863,133	\$0
Professional and Artist Fees	\$9,788,511	\$0	\$9,788,511	\$0
Marketing, Advert. & Promo. Mat.	\$4,292,307	\$54,591	\$4,292,307	\$8,735
Fuel	\$280,381	\$0	\$0	\$0
Equip. Rental (incl temp facilities)	\$11,710,189	\$688,835	\$0	\$110,214
Transportation Plan	\$2,944,307	\$124,689	\$0	\$19,950
Insurance, Licensing, Permits & Fees	\$4,871,893	\$0	\$2,435,946	\$0
Utilities	\$589,239	\$0	\$294,620	\$0
Vehicles Transport Freight & Delivery	\$547,151	\$32,185	\$0	\$5,150
Repairs, Maint., Tools & Supplies	\$3,611,426	\$212,437	\$0	\$33,990
Medical, fire & safety	\$270,481	\$15,911	\$0	\$2,546
Computer support	\$781,577	\$0	\$390,788	\$0
Misc. Venue and Event Expenses	\$581,925	\$34,231	\$0	\$5,477
Office Expenses and Supplies	\$1,502,489	\$4,098	\$1,502,489	\$656
Opening Events	\$535,500	\$20,125	\$535,500	\$3,220
Event Travel & Lodging	\$2,060,113	\$62,288	\$2,060,113	\$9,966
TOTAL	\$285,676,836	\$13,341,991	\$204,304,175	\$4,243,779
Gain From Ticket Sales		\$3,830,325		\$327,272
Total		\$17,172,315		\$4,571,052

Table 28

METF Expenditures and Taxes for the 2013 U.S. Grand Prix at Circuit of the Americas

METF Expenditures	Direct		Indirect		Induced		TOTAL	
	Spending	Taxes	Spending	Taxes	Spending	Taxes	Spending	Taxes
Hotel	\$51,607,654	\$3,096,459	\$24,367,377	\$1,069,261	\$24,919,400	\$1,448,497	\$100,894,430	\$5,614,217
Food and Non-Alcoholic Bev.	\$30,173,966	\$1,885,873	\$13,325,037	\$662,936	\$15,306,372	\$889,489	\$58,805,375	\$3,438,298
Alcoholic Beverage	\$15,518,667	\$1,944,207	\$6,853,153	\$340,952	\$7,872,166	\$457,470	\$30,243,986	\$2,742,629
Event Presentation Expenses	\$56,093,756	\$1,249,389	\$22,238,050	\$1,261,914	\$45,970,007	\$2,673,695	\$124,301,814	\$5,184,999
Rental Cars	\$12,814,960	\$1,164,996	\$5,657,945	\$240,521	\$4,929,283	\$286,834	\$23,402,188	\$1,692,351
Other Merchandise	\$45,813,866	\$2,575,456	\$16,858,809	\$841,414	\$28,032,591	\$1,628,823	\$90,705,267	\$5,045,693
Merchandise at Venue	\$4,625,008	\$272,059	\$1,701,933	\$84,943	\$2,829,950	\$164,433	\$9,156,891	\$521,435
Gratuities	\$8,658,344	\$519,501	\$3,412,288	\$140,920	\$4,219,694	\$248,340	\$16,290,327	\$908,761
Transportation (Airfare)	\$40,080,988		\$18,616,989	\$761,153	\$18,674,255	\$1,084,828	\$77,372,232	\$1,845,981
Transportation (Other)	\$20,289,626	\$634,051	\$3,853,572	\$130,039	\$13,196,858	\$769,045	\$37,340,056	\$1,533,135
State Gains from Ticket Sales		\$3,830,325						\$3,830,325
TOTAL	\$285,676,836	\$17,172,315	\$116,885,154	\$5,534,053	\$165,950,577	\$9,651,455	\$568,512,567	\$32,357,824

METF Request from Hosting the 2013 U.S.G.P.

Based on actual event data including key benchmarks of economic activity generated by credible research organizations not affiliated with the event, the actual state tax gain from the 2012 U.S.G.P. exceeded the Comptroller-allocated tax gain to the state by more than \$5 million reaching a level of nearly \$30.5 million in state tax gains.

For the 2013 event, based on the same methodology used to verify the 2012 event impact, the 2013 U.S.G.P. should generate a state tax gain of \$32,357,824 and a local tax gain of about \$8.5 million. Based on these figures, CELOC requests the Comptroller approve establishing a METF for the USGP containing \$32,357,824 in state tax gains from this event when matched by \$5,177,252 in contributions made on behalf of the City of Austin.



Appendix A

Survey Instrument used at 2012 U.S.G.P.



PARTICIPATE AND WIN TICKETS TO THE 2013 FORMULA 1 UNITED STATES GRAND PRIX!!

Thank you for taking the time to complete this survey. Your feedback is extremely important to us in conducting our research. This survey should only take about 5 minutes of your time.

For the purposes of this survey, your immediate travel party refers to the group traveling with you and sharing expenses like accommodations or transportation, even if they did not accompany you to today's event. A club or tour group is not considered an immediate travel party.

For the purposes of this survey, the acronym COTA stands for Circuit of the Americas.

If you live in the U.S., what is your residential zip code?		
If you live outside the U.S., what country are you from?		
If you live outside Texas...		
...is the primary reason for your visit to attend the F1 Grand Prix and/or related Fan Fest events?	Yes	No
...did you RESCHEDULE a previously planned visit to Texas in order to attend?	Yes	No
...did you EXTEND a previously planned visit to Texas in order to attend?	Yes	No
If you live in Texas...		
...would you have traveled outside of Texas to attend a similar event held elsewhere in the U.S.?	Yes	No
If you live outside Austin...		
...how many people accompanied you on your visit to Austin?	people	
How many members of your immediate party (including yourself)...		
...attended or plan to attend the F1 Grand Prix on FRIDAY?	members	
...attended or plan to attend the F1 Grand Prix on SATURDAY?	members	
...attended or plan to attend the F1 Grand Prix on SUNDAY?	members	
Have you or anyone in your immediate travel party...		
...attended or plan to attend Austin Fan Fest (free downtown stages/displays)?	Yes	No

...attended or plan to attend Aerosmith at the Frank Irwin Center?	Yes	No
...attended or plan to attend Flo Rida OR Enrique Iglesias at the Austin Convention Center?	Yes	No
...attended or plan to attend Juanes OR Lupe Fiasco OR The Wallflowers at the Moody Theater?	Yes	No
...attended or plan to attend COTA After Party at the Bob Bullock Texas State History Museum?	Yes	No
...attended or plan to attend private parties?	Yes	No
How many nights are you and your immediate party staying at the following over the entire duration of this trip?		
...at a hotel OR motel OR bed and breakfast?		nights
...at a rented private residence?		nights
...at a camping OR RV site?		nights
...at a friend OR family member's home?		nights
...at your own home?		nights
...at another location?		nights

Please answer the following questions regarding your motivation to attend this event.	<i>Strongly Disagree -- Strongly Agree</i>				
	1	2	3	4	5
I feel a personal sense of achievement when my favorite driver wins.	1	2	3	4	5
I appreciate the beauty inherent in Formula 1 racing.	1	2	3	4	5
I enjoy the drama of close races.	1	2	3	4	5
Attending a race provides an escape for me from my day-to-day routine.	1	2	3	4	5
I increase my knowledge about Formula 1 racing at the race.	1	2	3	4	5
The skills of the drivers are something I appreciate.	1	2	3	4	5
I enjoy interacting with other spectators at the race.	1	2	3	4	5
I feel like I have won when my favorite driver wins.	1	2	3	4	5
I enjoy the natural beauty in Formula 1 racing.	1	2	3	4	5
I prefer watching a close race than one that is one-sided.	1	2	3	4	5
I increase my understanding of Formula 1 racing strategy by watching the race.	1	2	3	4	5
Attending a race provides a diversion from "life's little problems."	1	2	3	4	5
I enjoy watching a well-executed race.	1	2	3	4	5
I enjoy talking with others at the race.	1	2	3	4	5
I feel proud when my favorite driver does well.	1	2	3	4	5
I enjoy the gracefulness associated with Formula 1 racing.	1	2	3	4	5
I enjoy when the outcome of the race is not decided until the very end.	1	2	3	4	5
A race provides a distraction from my everyday activities.	1	2	3	4	5
I can learn about the technical aspects of Formula 1 racing by watching the race.	1	2	3	4	5
I enjoy a skillful performance by a driver.	1	2	3	4	5
I enjoy socializing with people sitting near me at the race.	1	2	3	4	5

Please answer the following questions regarding your identification with this event.	<i>Strongly Disagree -- Strongly Agree</i>				
I identify with the individual Formula 1 drivers.	1	2	3	4	5
I consider myself to be a real fan of Formula 1.	1	2	3	4	5
First and foremost I consider myself a fan of auto racing.	1	2	3	4	5
I am attending the race because it increases the status of the local community.	1	2	3	4	5
I am a big fan of specific Formula 1 drivers.	1	2	3	4	5
I would experience a loss if I had to stop being a fan of Formula 1.	1	2	3	4	5
Auto racing is my favorite sport.	1	2	3	4	5
I am a fan of the event because it enhances the community's image.	1	2	3	4	5
I consider myself a fan of certain drivers of Formula 1.	1	2	3	4	5
Being a fan of Formula is very important to me.	1	2	3	4	5
I am an auto racing fan at all levels and tours.	1	2	3	4	5
I am a fan of the event because it improves the perception of the local community.	1	2	3	4	5

Please answer the following questions regarding your perceptions of this event.	<i>Strongly Disagree -- Strongly Agree</i>				
It is highly likely that I will attend next year's event.	1	2	3	4	5
When I shop for products or services, I will purposely look for those sold by sponsors of COTA.	1	2	3	4	5
My overall impression of firms that sponsor COTA are good.	1	2	3	4	5
The likelihood of me attending next year's event is very high.	1	2	3	4	5
My overall attitude toward the firms that sponsor COTA are favorable.	1	2	3	4	5
The probability is high that I will attend next year's event.	1	2	3	4	5
My overall impression of firms that sponsor COTA is satisfactory.	1	2	3	4	5
I am more likely to purchase products or services from COTA sponsors rather than non-sponsors.	1	2	3	4	5

Please answer the following questions regarding your feelings about environmental practices.	<i>Strongly Disagree -- Strongly Agree</i>				
	1	2	3	4	5
The diversity of nature must be valued and protected.	1	2	3	4	5
Circuit of the Americas must protect the environment.	1	2	3	4	5
Proper sport development requires that wildlife and natural habitats be protected at all times.	1	2	3	4	5
Community environment must be protected now and for the future.	1	2	3	4	5
Circuit of the Americas must be developed in harmony with the natural and cultural environment.	1	2	3	4	5
Circuit of the Americas is committed to using a portion of its profits to help nonprofits.	1	2	3	4	5
Circuit of the Americas gives back to the communities in which it does business.	1	2	3	4	5
Local nonprofits benefit from Circuit of the America's contributions.	1	2	3	4	5
Circuit of the Americas integrates charitable contributions into its business activities.	1	2	3	4	5
Circuit of the Americas is involved in corporate giving.	1	2	3	4	5
Conserving natural resources is important to me.	1	2	3	4	5
Conserving natural resources is not my problem.	1	2	3	4	5
I have a responsibility to conserve natural resources.	1	2	3	4	5
Circuit of the Americas demonstrates a commitment to the environment.	1	2	3	4	5
Circuit of the Americas demonstrates a commitment to sustainable development.	1	2	3	4	5
I am aware of the environmental programs of Circuit of the Americas.	1	2	3	4	5
I know of the good things Circuit of the Americas does for the environment.	1	2	3	4	5
I believe Circuit of the Americas to be an environmentally responsible organization.	1	2	3	4	5
I am aware of the programs of Circuit of the Americas that benefit the environment.	1	2	3	4	5
I would pay more to buy a product from a company that exhibits environmental sustainability.	1	2	3	4	5
I would pay more to buy a product from a company with good environmental practices.	1	2	3	4	5
I would not want to invest in a company with a poor reputation for environmental sustainability.	1	2	3	4	5
I am willing to boycott companies that I do not consider to be environmentally friendly.	1	2	3	4	5
I try to avoid products from companies with a poor reputation for environmental sustainability.	1	2	3	4	5

It would not want to work for a company with a poor reputation for environmental sustainability.	1	2	3	4	5
It makes me angry when companies are environmentally irresponsible.	1	2	3	4	5

Which of the following is a sponsor of this event?				
<input type="checkbox"/> Pepsi	<input type="checkbox"/> Coca-Cola		<input type="checkbox"/> unsure	
<input type="checkbox"/> Mobil 1	<input type="checkbox"/> Total Lubricants	<input type="checkbox"/> Pennzoil		<input type="checkbox"/> unsure
<input type="checkbox"/> Bud Light	<input type="checkbox"/> Miller Light	<input type="checkbox"/> Coors Light		<input type="checkbox"/> unsure
<input type="checkbox"/> Red Bull		<input type="checkbox"/> Monster Energy		<input type="checkbox"/> unsure
<input type="checkbox"/> UBS Financial	<input type="checkbox"/> Santander	<input type="checkbox"/> Wells Fargo		<input type="checkbox"/> unsure
<input type="checkbox"/> Pirelli	<input type="checkbox"/> Michelin	<input type="checkbox"/> Bridgestone		<input type="checkbox"/> unsure
<input type="checkbox"/> AT&T	<input type="checkbox"/> Verizon	<input type="checkbox"/> T-Mobile	<input type="checkbox"/> Sprint	<input type="checkbox"/> unsure

Considering the entire duration of this trip, how much do you and your immediate party plan to spend on the following?	
...travel to Austin (air, train, bus, gas for personal car, etc.)?	US dollars
...rental car(s) within Austin?	US dollars
...other travel expenses within Austin (gas, parking, taxi, etc.)?	US dollars
...lodging?	US dollars
...Formula 1 Grand Prix event tickets?	US dollars
...Austin Fan Fest tickets (ticketed concerts)?	US dollars
...other entertainment (private parties, movies, museums, etc.)?	US dollars
...food and non-alcoholic beverages?	US dollars
...alcoholic beverages?	US dollars
...merchandise at the Formula Grand Prix or Austin Fan Fest venues?	US dollars
...other non-event retail merchandise (apparel, gifts, souvenirs, etc.)?	US dollars
If you live in Texas, how would this money likely have been used had the F1 Grand Prix and Austin Fan Fest not been in Austin?	
<input type="checkbox"/> other local events or activities	<input type="checkbox"/> another event or trip outside of Texas
<input type="checkbox"/> for your personal savings	

Which of the following best describes you?					
<input type="checkbox"/> ticketed sponsor	<input type="checkbox"/> corporate attendee	<input type="checkbox"/> accredited official	<input type="checkbox"/> vendor	<input type="checkbox"/> other	
Based on your experience thus far, how satisfied are you with your overall experience this weekend?					
<input type="checkbox"/> very dissatisfied	<input type="checkbox"/> somewhat dissatisfied	<input type="checkbox"/> neutral	<input type="checkbox"/> somewhat satisfied	<input type="checkbox"/> very satisfied	
How likely are you to recommend next year's event to a friend?					
<input type="checkbox"/> very unlikely	<input type="checkbox"/> somewhat unlikely	<input type="checkbox"/> neutral	<input type="checkbox"/> somewhat likely	<input type="checkbox"/> very likely	
How satisfied are you with this survey?					
<input type="checkbox"/> very dissatisfied	<input type="checkbox"/> somewhat dissatisfied	<input type="checkbox"/> neutral	<input type="checkbox"/> somewhat satisfied	<input type="checkbox"/> very satisfied	
What is your age?					
<input type="checkbox"/> 18-24	<input type="checkbox"/> 25-34	<input type="checkbox"/> 35-44	<input type="checkbox"/> 45-54	<input type="checkbox"/> 55+	
What is your annual household income?					
<input type="checkbox"/> <\$25,000	<input type="checkbox"/> \$25,000-\$49,999	<input type="checkbox"/> \$50,000-\$74,999	<input type="checkbox"/> \$100,000-\$149,999	<input type="checkbox"/> \$150,000-199,999	<input type="checkbox"/> \$200,000+
What is your gender?					
<input type="checkbox"/> male		<input type="checkbox"/> female			
What is your race?					
<input type="checkbox"/> White	<input type="checkbox"/> African American	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Asian	<input type="checkbox"/> Other	
What is your e-mail address?			.com		

By providing us your e-mail address, you will be entered in a drawing to win a pair of 3-day passes to the 2013 F1 United States Grand Prix. It will not be provided to any third-party vendors.

Thank you very much for participating in our survey. We appreciate you coming today and hope you enjoy the rest of your visit.

¹ Most of the data cited in this report comes from one of five sources, four of which are published with the remaining source being discussion with COTA senior staff. The four published reports include:

City of Austin, ATX Grand Prix, report published May 8, 2013.

"Austin Area Hotels saw Boost during F1 Week,": Austin American Statesman, December 6, 2012 article by John Maher.

"State's Top Alcohol Seller in November: F1 Track," Austin American Statesman, January 7, 2013 article by Gary Dinges.

Koesters, Todd C. and Ballouli, Khalid, United States Grand Prix--Executive Summary, report prepared by the University of South Carolina, College of Hospitality, Retail and Sport Management, Department of Sport and Entertainment Management, undated report to Circuit of the Americas.

² See City of Austin Report, page 7.

³ The primary problem with relying on the COTA survey data is that because of contractual restrictions on access to some fans, post-event analysis of the survey indicates that the resulting survey estimates are strongly biased downward particularly with regard to spending--probably on the order of 35 to 40 percent low. The survey was conducted through face-to-face interviews with fans at the event over three days. But, because of contractual obligations and other access limitations surveyors were not permitted access to the paddock area at all and also most likely conducted relatively few (if any) interviews with persons in suites. As a result, the surveyors missed most of the highest spending fans. Because of this limitation if other data on fan spending is available, those data are used in this report rather than the fan spending estimates from the COTA survey. In other cases, if no other spending data are available that use the same definition as that covered by the COTA survey, the COTA survey figures were adjusted to correct for likely bias.

It should be noted, however, that the COTA survey likely does provide reasonably accurate estimates of key data points if those data points are not monetary in nature. As such, the length of stay of various groups, the number of people per group and similar non-monetary data likely do not suffer the same degree of bias and as such should provide reasonably accurate guideposts. In 2013, this survey shortcoming will be corrected and the survey results will undoubtedly better reflect unbiased estimates.

⁴ The fact that the COTA survey missed high-spending fans probably biases these figures downward slightly.

⁵ A 2011 survey of 4,000 participants in the Houston marathon and half marathon found that group sizes considerably smaller than those seen at the F1 race generally used multiple rooms per group resulting in room occupancy levels as low as 1.68 persons per room. See: (ADD Reference)

⁶ The model is calibrated on a total availability of about 30,000 rooms in Greater Austin which is approximately the number of rooms listed as available in the Comptroller's hotel tax database for the 4th quarter of 2012 in Austin (25,204), Bastrop (504), Round Rock (2,412) and San Marcos (1,900). But it is assumed that fans staying outside of Austin could also use rooms in Comal or Bexar counties so sufficient room capacity is available for all fans in addition to some other non-F1 visitors within the seven-county area.

⁷ Smith Travel Research's room rate figures are net of state and local taxes according to Brittany Baldwin, Director of Business Development, Destinations at Smith Travel Research contacted by Don Hoyte TexasTrustFunds.com, August 28, 2013.

⁸ Noted by Smith Travel Research as about \$89 a night

⁹ The survey question referred to the cost of traveling to Austin.

¹⁰ It should be noted that the price effect on non-attendees is estimated only for hotels in the Greater Austin area since typical hotel occupancy rates outside of this area are not known. Certainly there is likely to have been some price effect and this is included in Table 4 for out-of-area Texans attending F1 and staying outside of Greater Austin. However, since typical occupancy rates outside of Greater Austin are not known, the degree to which persons staying in those areas but not attending F1 cannot be reliably estimated and is not considered in this analysis. Lack of including this effect makes the hotel impact figures attributable to Texas hosting F1 conservative.

¹¹ For the purposes of estimating the price-driven hotel gain outside the Greater Austin area from Texans attending F1, it was assumed that hotel prices outside greater Austin during F1 week were 80 percent of those inside Greater Austin and had a "normal" level of \$69 a night.

¹² It should be noted that the gains in columns 4 - 8 of Table 4 do not represent an increase in what would typically be considered TOTAL hotel spending, but they do represent an increase in the amount that is typically considered a gain to the state from hosting the event.

¹³ The City of Austin's 25,204 hotel rooms constitute about 83 percent of the 30,000 hotel rooms available in the Greater Austin region (Austin, Bastrop, Round Rock and San Marcos). Since Austin's facilities are likely to be more expensive during F1 week than others, Table 5 presumes Austin Hotels would account for 90 percent of relevant expenditures in the Greater Austin area.

¹⁴ Email from Bruce Knox, Circuit of the Americas to Don Hoyte, TexasTrustFunds.com on 8/9/2013.

¹⁵ Prices for paddock access for the 2013 race average about \$5,300 per person for three-day access and about \$4,800 per person for Saturday and Sunday access. Paddock tickets are sold through different outlets, but see, for example, <http://www.formulatours.com/Formula1PaddockClub.aspx>

¹⁶ See <http://AustinAirportcarrental.com> last visited on 8/7/2013.

¹⁷ Table 7 also assumes that on average 2.2 persons utilize each vehicle---the average vehicle occupancy on recreational trips. See page 39 of "Summary of Travel Trends: 2009 National Household Travel Survey," U.S. Department of Transportation, Federal Highway Administration. A. Santos, N. McGuckin, H.Y. Nakamoto, D. Gry and S. Liss authors. June 2011. Report Number FHWA-PL-11-022.

¹⁸ The high expenditure per visit for competitors and related personnel stems from a number of factors. First, it is assumed these groups are relatively small in size with many one person groups. As such, the number of persons per vehicle will also be low. Combining this with the likelihood that the percentage of groups renting cars will be the highest of any group implies that the underlying daily demand for rental cars by competitors and related personnel is about twice as high as the next highest group. Members of this group also stay more days than any other group---6.9 days as compared to 4.8 days for out-of-staters staying in hotels---the next longest staying group. (note this implies 5.9 and 3.8 rental days respectively so all other things being equal the rental cost per visit for competitors and related personnel would be 55% higher than the next lowest group on that basis alone). Lastly, since these are primarily well-paid automotive professionals, it is assumed they would rent luxury vehicles rather than standard cars. The average cost of 14 luxury cars for November 14 to 15 2013 in Austin is \$167.73--37 percent greater than a standard vehicle.

¹⁹ See Houston Marathon Committee, "Economic Impact of the Houston Marathon Weekend 2011," June 16, 2011. For copies of the report or more information contact HoustonMarathon.com

²⁰ Although the survey question generating the figures on food and non-alcoholic beverages did not specifically say so, it is assumed the expenditures are net of taxes since most consumers think of expenditures in terms of menu or other stated price that do not typically include tax and respond to survey accordingly.

²¹ Anecdotal reports indicate that there may have been some price effects on food and non-alcoholic beverages during F1 week similar to those for hotels and rental cars. But no data is available to measure or substantiate those effects. Nonetheless, if such price increases occurred, the figures cited here from the Houston Marathon survey--- while unbiased for that event--- would likely underestimate the true food and beverage expenditures for F1 week.

²² The actual expenditure categories in both surveys included local transportation expenditures, entertainment expenditures and other retail expenditures. Based on those general categories it is assumed all entertainment and other retail expenditures would incur a state sales tax rate of 6.25% and half of other local transportation expenditures would be subject to sales tax.

²³ In truth, when comparing the overall expenditures of "other purchases" for F1 week for all groups as determined by the COTA survey (adjusted for the likely level of under-estimate due to sample bias) against the Houston survey results, the differences are relatively slight. There were some noticeable differences in expenditure patterns for some groups on some questions between the two surveys, but taken as a group of "other purchases" both sets of survey results arrived at similar totals. Utilizing the adjusted COTA survey responses generated \$2.5 million in state sales taxes for "other purchases" versus \$2.8 million generated by combining the Houston survey figures with the COTA average length of stay per group figures and the total number of groups. Such minor differences serve to not only validate the Houston survey results but also the degree to which the COTA survey dollar-based results were under-estimated by sample selection bias.

²⁴ The effective sales tax rate applied to each group's expenditures varies slightly from group to group based on each group's mix of expenditures considered as "other purchases." Entertainment and retail expenses not made at the COTA site were considered fully taxable whereas only half of the expenditures on local transportation and related items were considered subject to sales tax.

²⁵ In an email from Bruce Knox, Circuit of the Americas to Don Hoyte, TexasTrustFunds.com on 9/27/2013, merchandise sales at all venues consisted of two parts: \$1.1 of COTA merchandise sales and \$4.9M of team and vendor merchandise from the weekend's events.

²⁶ As is the case in the use of other COTA survey dollar-denominated questions, the basic survey results were adjusted upward to reflect the likely downward bias in the actual survey responses due to under-estimating the effects of high-spending fans. For this particular question, the amount of under-estimation should be expected to be large since it is reasonable to assume that many persons missed in the survey either flew to the event on commercial or private planes. Accordingly, the figures in Table 12 are likely conservative. Moreover, some local fans indicated they spent some money getting to the event, but these responses were ignored in Table 12. Finally, the actual question asked of respondents was about their expenses getting "to" the event so assuming respondents answered the question that was asked, the amounts in Table 12 actually represent only half of total expenditures.

²⁷ Detailed expense for each month were proved by Rob Gibbs, Finance and Accounting Consultant, Circuit of the Americas, Austin, Texas to Don Hoyte TexasTrustFunds.com on 7/31, 8/1, 8/8, 8/16 and 8/19/2013 via e-mail.

²⁸ Thanks is extended to JoJo Estrada from the Comptroller's staff for his prompt and expert analysis of the indirect and induced impacts from the 2012 and 2013 F1 events based on the direct impacts supplied to him.

²⁹ Dr. Patrick Rush, Director, Sportsimpacts.com, "An Economic Impact Assessment of College Athletics at the University of Texas at Austin upon the Austin Metropolitan Statistical Area: Selected Sports Teams and Events, August 2008. See additional reference from www.AustinTexas.org/media/press-kit/research-resources/

³⁰ The actual hotel room demand for the game is based on using the hotel stay percentages for OOS and OOA persons from the 2012 F1 survey. It is assumed that all of the Oklahoma State visitors will stay in hotels at the same rate as OOS F1 visitors and the remaining OOA fans will stay in hotels at the same rate as OOA F1 hotel users.

³¹ The price gain was pro-rated between attendance at F1 and attendance at UT based on the relative proportion of fans of each event staying in the Austin Area.

³² Data limitations make developing a IMPLAN model for a city somewhat of an inexact exercise since most such local models must be calibrated based on county geographic regions. However, a good approximation would be to assume that city-level multipliers would be about 90 percent of those of the state leading to total local tax gains of \$8.8 million.

ATTACHMENT 4

Requested Economic Impact Study Market Area

The requested basic economic impact region for the Formula One United States Grand Prix event scheduled for the weekend of November 15 - 17, 2013 is the five-county Austin Metropolitan area, including Travis, Williamson, Hays, Bastrop, and Caldwell Counties (collectively, the "Economic Impact Region"). This designated Economic Impact Region has been used for the Economic Study.

ATTACHMENT 5

Events & Activities Schedule

* Anticipated additional events will be added to schedule. See more details in the Economic Impact Study.



**UNITED STATES
GRAND PRIX**

AUSTIN
16-17-18 NOVEMBER 2012¹

THURSDAY

10:00	16:00	FORMULA ONE	INITIAL SCRUTINEERING
10:00	12:00	PROMOTER ACTIVITY	PUBLIC PIT LANE WALK FOR THREE DAY TICKET HOLDERS ONLY
11:00		FORMULA ONE	PRESS CONFERENCE – PRESS ROOM
13:00	15:00	FORMULA ONE	TRACK FAMILIARISATION AND SYSTEM CHECKS – SAFETY CAR – TRACK CLOSED
16:00		FORMULA ONE	TEAM MANAGERS' MEETING

FRIDAY

08:20		FORMULA ONE	MEDICAL INSPECTION
08:30	08:45	FORMULA ONE	TRACK INSPECTION AND TRACK TEST
09:00	10:30 ¹	FORMULA ONE	FIRST PRACTICE SESSION
11:00	11:30 ¹	HGP	PRACTICE SESSION
11:30	12:30	FORMULA ONE	Paddock CLUB PIT LANE WALK
12:30	12:40	FORMULA ONE	TRACK INSPECTION
13:00	14:30 ¹	FORMULA ONE	SECOND PRACTICE SESSION
15:00	15:45 ¹	FERRARI CHALLENGE	PRACTICE SESSION
15:00		PIRELLI GT3 CUP TROPHY USA WEST	DRIVERS MEETING
15:00	16:00	FORMULA ONE	PRESS CONFERENCE – PRESS ROOM
16:00		FORMULA ONE	DRIVERS' MEETING
16:15	16:45 ¹	PIRELLI GT3 CUP TROPHY USA WEST	PRACTICE SESSION
17:00		TRACK ACTIVITY	MARSHAL PIT LANE WALK

SATURDAY

07:00	07:40	FORMULA ONE	TEAM PIT STOP PRACTICE
07:00	07:40	FORMULA ONE	Paddock CLUB PIT LANE WALK
07:45	08:15	FERRARI CHALLENGE	QUALIFYING SESSION
08:20		FORMULA ONE	MEDICAL INSPECTION
08:30	08:45	FORMULA ONE	TRACK INSPECTION AND TRACK TEST
09:00	10:00 ¹	FORMULA ONE	THIRD PRACTICE SESSION
10:30	11:00	HGP	QUALIFYING SESSION
11:05	11:40	FORMULA ONE	Paddock CLUB PIT LANE WALK
11:30	11:40	FORMULA ONE	TRACK INSPECTION
12:00	13:00	FORMULA ONE	QUALIFYING SESSION
13:30 [*]	14:00 ²	FERRARI CHALLENGE	FIRST RACE (10 LAPS OR 25 MINS)
14:30	14:50	PIRELLI GT3 CUP TROPHY USA WEST	QUALIFYING SESSION
15:20 [*]	15:55 ²	HGP	RACE (14 LAPS OR 30 MINS)
16:15	16:25	AIR DISPLAY	HERITAGE AIR FORCE PLANE FLYOVER TEST

* These times refer to the start of the formation lap ¹ Fixed End Session ² Approximate finishing time

PLEASE NOTE THAT THIS TIMETABLE IS SUBJECT TO AMENDMENTS

2012 FORMULA 1 UNITED STATES GRAND PRIX –TIMETABLE ISSUE 5¹

15/11/2012

1 Pro forma schedule for 2013 event



**UNITED STATES
GRAND PRIX**

AUSTIN
16-17-18 NOVEMBER 2012¹

SUNDAY

09:30* 10:00 ²	PIRELLI GT3 CUP TROPHY USA WEST	RACE (10 LAPS OR 25 MINS)
10:00	FORMULA ONE	DRIVERS MEETING (IF NECESSARY)
10:30* 11:00 ²	FERRARI CHALLENGE	SECOND RACE (10 LAPS OR 25 MINS)
11:05 12:15	FORMULA ONE	PADDOCK CLUB PIT LANE WALK
11:15 11:30	FORMULA ONE	MARSHALLING SYSTEM TRACK TEST
11:30	FORMULA ONE	FORMULA ONE DRIVERS PARADE
11:45 12:15	FORMULA ONE	STARTING GRID PRESENTATION
12:00	FORMULA ONE	MEDICAL INSPECTION
12:10 12:20	FORMULA ONE	TRACK INSPECTION
12:30	FORMULA ONE	PIT LANE OPEN
12:45	FORMULA ONE	PIT LANE CLOSED GRID FORMATION
12:46	FORMULA ONE	NATIONAL ANTHEM
12:47	AIR DISPLAY	HERITAGE AIR FORCE PLANE FLYOVER
13:00* 15:00 ²	FORMULA ONE	GRAND PRIX (56 LAPS OR 120 MINS)

* These times refer to the start of the formation lap ¹ Fixed End Session ²Approximate finishing time

PLEASE NOTE THAT THIS TIMETABLE IS SUBJECT TO AMENDMENTS

2012 FORMULA 1 UNITED STATES GRAND PRIX -TIMETABLE ISSUE 5¹

15/11/2012

1. Proforma Schedule for 2013 Event



**2013 FORMULA 1 UNITED STATES GRAND PRIX
SEASON EVENT SCHEDULE**

**Schedule subject to change.*

AUSTIN FAN FEST FUELED BY SHELL

Dates: Thursday, Nov. 14 – Sunday, Nov. 17
Times: Thursday, Nov. 14: 5 p.m. to midnight
Friday, Nov. 15: 10 a.m. to midnight
Saturday, Nov. 16: 10 a.m. to midnight
Sunday, Nov. 17: 10 a.m. to 8 p.m.
Location: Downtown Austin's Warehouse and 2nd Street Entertainment Districts (12 square blocks bounded by San Antonio Street (west), 5th Street (north), Congress Ave. (east) and 2nd Street (south)).
Tickets: Free Admission

MERCEDES BENZ CIRCUIT SUPPER CLUB

Date: Friday, Nov. 15
Time: 7 p.m. to 11 p.m.
Location: Brazos Hall (204 E 4th Street, Austin, TX 78701)
Tickets: Circuit Supper Club Concierge at 512.201.4021 or Concierge@CircuitSupperClub.com.

CIRCUIT OF THE AMERICAS AND ACL LIVE BRING YOU STING

Date: Saturday, Nov. 16
Time: Doors: 8 p.m. / Show: 9:30 p.m.
Location: ACL Live at The Moody Theater
Tickets: www.acl-live.com

POST RACE CONCERTS AT AUSTIN 360 AMPHITHEATER (Artists to be announced soon)

Dates: Saturday, Nov. 16 and Sunday, Nov. 17
Times: Saturday, Nov. 16: 4 p.m. to 5:30 p.m.
Sunday, Nov. 17: 3:30 p.m. to 5 p.m.
Location: Austin 360 Amphitheater
Tickets: Free admission to all F1 USGP ticket holders

**Form to be COMPLETED by request letter signatory for the below mentioned
Major Events Trust Fund or Events Trust Fund**

ATTENDANCE CERTIFICATION

A request was processed to establish a Major Event Trust Fund for the event:	2013 Formula 1 – United States Grand Prix
You submitted a Request letter for an event:	September 30, 2013
The Comptroller mailed a fund approval letter to you on:	October 30, 2013
This affidavit is to be returned to the Comptroller no later than fourteen (14) days after the end of this event:	December 2, 2013

The TOTAL attendance at the PRIMARY EVENT was: 113,162

The ACTUAL attendees NOT residents of this state for this PRIMARY EVENT was: approx. 76,950

Source(s) and Methodology feel free to attach support information:

Based on preliminary data from a post-event electronic survey of ticket buyers, out-of-state attendees for the primary event are estimated at 68% of total attendance or 76,950 non-resident attendees. This initial data is subject to change with ongoing survey efforts & receipt of data collected during the event, which is not yet available.

- I understand that non-compliance with reporting requirements could be treated as a violation of the statute and/or program rules resulting in the possible withholding of disbursement funding.
- I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.
- I understand my obligation to provide information about event expectations and performance that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348.

Requestor:
CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE

Signature: 

Printed Name: Wayne S. Hoffingsworth, Director

Date: December 3, 2013

Send to:
Texas Comptroller of Public Accounts, Economic Development and Analysis Department, P.O. Box 13528, Austin, TX 78711-3528

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Heard on the Field

F1's Vettel: Best in Texas (And Everywhere Else)

Nov. 17, 2013 5:52 p.m. ET

The world of international racing turned its eyes to Austin, Texas, on Sunday, where Sebastian Vettel and the Red Bull team continued their dominance of Formula One by winning the U.S. Grand Prix from pole.



Sebastian Vettel of Infiniti Red Bull Racing celebrates after winning the U.S. Formula One Grand Prix. *Getty Images*

On the 3.4-mile Circuit of the Americas, Vettel drove himself deeper into the record books, gaining his eighth straight victory, topping fellow German Michael Schumacher's record of seven in a single season. Lotus driver Romain Grosjean of France placed second; Vettel's Red Bull teammate Mark Webber of Australia was third. Vettel had already clinched his fourth straight F1 world championship before arriving in Austin. Still, 113,162 fans turned up on race day—further proof that the \$400 million purpose-built track has cemented a presence in the U.S. for F1, which is wildly popular globally but has struggled for decades to find a home here. The U.S. didn't host F1 from 2008 to 2011, before the Austin track held its first grand prix last year.

The crowd was highly international. Still, organizers heaped on the Texas flavor, with innumerable 10-gallon hats and a pre-race performance by the Dallas Cowboys cheerleaders.

The race featured fireworks early on. German Adrian Sutil of the Force India team crashed hard into a barrier after contact with the Williams car of Pastor Maldonado, drawing out the safety car. Sutil walked away without injury.

From the green flag, however, the competition moved swiftly and smoothly for the most part,

especially for Vettel and Grosjean, whose second place was his best finish of the season. Most of the teams used a single pit stop strategy, and all but Sutil finished the 56 laps.

Vettel set the fastest lap of 1 minute 39.856 seconds near the end of the race, and wrapped up his victory in 1 hour 39 minutes and 17.148 seconds. In what has become a bit of a tradition for the champion, he screeched out doughnuts for a roaring crowd in his car before climbing to the podium.

Post race, Vettel was philosophical about his record of consecutive wins. "I think as a sportsman, you don't really jump in the car to break records," he said. "But equally you don't expect them to last forever."

F1 will travel to Brazil next Sunday for the final Grand Prix of the 2013 season.

—A.J. Baime

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Major Event Trust Fund Gain from the 2013 Formula One United States Grand Prix:

Review of Post-Event Data and
Request for
2014 United States Grand Prix

Austin, Texas

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TEXASECONOMICIMPACT.COM

8.27.2013

Prepared for

Circuit Events Local Organizing Committee

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The 2013 Formula One United States Grand Prix

By all accounts the first Formula One United States Grand Prix held at the new Circuit of the Americas facility outside Austin, Texas was an unqualified success. Virtually no snags were encountered the entire week with the possible exception of a few minor issues at the track. The total three-day attendance by fans at the track reached 265,499--the third highest count of the entire 2012 F1 season. The final day attendance of 117,429 was the second highest count in 2012 F1 season and the total value of brand exposure for sponsors reached an estimated \$150.9 million---the highest such figure at F1 races in 2012.

The second F1 USGP was an equal success. In only its second year, Austin's U.S. Grand Prix became part of Formula One history. German driver Sebastian Vettel won in the United States for the first time and for a record eight straight victory in a single season, beating the old mark of seven wins held by German legend Michael Schumacher.¹

Off -the-track successes were perhaps even more historic. In hosting both the USPG and the UT-Oklahoma State game on the same weekend, Austin showed it can handle world class racing AND 99,739 avid football fans simultaneously.² With that level of interest, it's not surprising that Michael Barnes noted that the level of activity in Austin that week may have been exceeded only by New Year's Eve celebrations marking the end of the millennium in 1999.³

Following that success, this report builds on published reports of post-event data about the 2013 event to document the economic gains from holding the event in the Austin Area and for Texas with special reference to the taxes generated under the Major Event Trust Fund. The purpose of this report is to establish the economic and tax gains to the state and to Austin that are firmly tied to post-event data points.

The underlying accuracy of this approach is perhaps best seen in the first few tables of this report in which daily attendance estimates are developed in order to derive hotel revenues from out-of-state and out-of-area fans. While any one data point may or may not be accurate down to the last decimal place, in order to simultaneously satisfy **known** data points such as track attendance, average length of stay in hotels, observed occupancy rates, room rates and Smith Travel Data hotel revenue estimates for the Austin-Round Rock area during most of the event week, the visitation pattern **must** look very much like the pattern identified in those tables or those known data points could not be replicated. Moreover, key hotel occupancy levels and room rates are from sources independent from any parties involved in presenting the USGP.

This report relies on substantial **known** data on attendance, occupancy rates, length of stay and hotel revenue. While the exact number of out of state visitors staying in hotels on one particular

night may not be a data point actually collected, for the observed length of stay, occupancy rates and revenues gains to be correct, the overall pattern of fan attendance at the event must be very similar to that depicted in Tables 1 and 2.

Invaluable in this effort are the results of two surveys. One, conducted by the University of South Carolina survey research team interviewed 670 fans attending the 2013 F1 event at COTA⁴. A copy of the survey instrument used is presented in Appendix A. The second survey was of more than 4,000 ticket holders conducted via internet and which was essential to accurately determining the percent of persons from outside Texas attending F1. Much of this is discussed in Appendix B.

In addition, estimates are compared to other available sources such as nightly room occupancy tracked by Smith Travel Research Data, total mixed beverage tax collections recorded by the Comptroller and ticket price sales data from COTA. In all cases the survey results proved very close to these other data sources.

Fan and Participant Attendance at 2013 Formula One USGP

Immediate post-race data initially indicated that the 2013 Formula One USGP saw a total of 113,162 people attend the Sunday race making the second version of F1 also the second largest sporting event behind the inaugural F1 race in 2012 that drew more than 117,000. Initial total three-day attendance at the 2013 race reached 250,324.⁵ However, it was later determined that these totals neglected to include those on-site for the support races and FOM representatives also on-site televising the event. As a result, Table 1 puts the total Sunday attendance at 114,512 and total three-day attendance at 254,374, somewhat higher than the figures originally noted immediately after the event.

To accurately estimate the spending by fans and participants at the race it is possible to fairly closely simulate the pattern of attendance of the various groups at the race based on known attendance figures at the event itself, length of stay patterns from fan surveys and other key fan behavior survey data. Moreover, the experience and records of COTA are instrumental in estimating the stay patterns for race participants such as drivers and teams, FOM officials, COTA staff, SODEXO staff and sponsors.

Although the race actually occurs over but three days, weeks of planning and preparation activity precede the actual race dates. Moreover, the chance to enjoy the festive F1 atmosphere in Austin and attend sponsored (and un-sponsored) pre-event celebrations draw fans into the Austin area well before the event begins. And in 2013 there was the added crowd pressure of UT football fans on Saturday for an 2:30 p.m. showdown with conference rival Oklahoma State.

The starting point for these estimates is the known attendance on each race day⁶ and the distribution of this attendance into various groups for the final day of racing as presented by the Circuit Events Local Organizing Committee's post-event preliminary certification to the Texas Comptroller of Public Accounts.⁷ The unadjusted figures are set in bold in Table 1 for Sunday with the non-bolded Sunday figures including updated figures for some groups and other groups omitted in the preliminary figure from December 2013. The net impact in the peak attendance figures is to increase this slightly from the announced 113,162 persons to 114,512 due to that addition of 400 F1 suppliers, 350 participants in the two support race categories and 600 broadcast personnel. The other figures in Table 1 are estimated based on knowledge of the likely behavior of each group during the race weekend and the daily attendance totals adjusted for updated data.⁸

Table 1

2013 Formula One USGP Race Attendance Estimate at COTA

	COTA <u>Passes</u>	Promo & Sponsor <u>Passes</u>	Paddock <u>Club</u>	22 F1 Teams, FOM & F1 <u>Suppliers</u>	Support <u>Races</u>	<u>Officials</u>	COTA & Event <u>Staff</u>	Broadcast & Media	SODEXO <u>Staff</u>	<u>TOTAL</u>
Friday	47,159	627	2,423	2,800	350	2,060	1,604	1,580	1,023	59,626
Saturday	66,082	879	3,395	2,800	350	2,060	1,887	1,580	1,203	80,236
Sunday	97,308	1,294	5,000	2,800	350	2,060	2,516	1,580	1,604	114,512
3-Days	210,549	2,800	10,819	8,400	1,050	6,180	6,007	4,740	3,830	254,374

Clearly the largest group attending the race weekend are the fans represented by the attendance using COTA passes, promotional or sponsor passes and at the paddock club.⁹ Estimating the visitation patterns of both out-of-state and non-local Texans at the USGP is crucial to estimating the tax gain under the METF for F1.

Table 2 presents the attendance by out-of -state fans for the 2013 USGP based on the attendance figures in Table 1 and the percentage of fans from out of state as derived from two survey efforts of fan attendance as discussed in Appendix B. On average, it is estimated that 66.6 percent of the fans entering on COTA passes came from outside Texas. It is believed that the percentage of out-of-state fans in the Paddock area and receiving special sponsor passes is slightly higher than the overall percentage for the fans entering on COTA passes. Accordingly it is likely that 70,388 out-of-state fans attended the final day of the event (67.9 percent of all fans).

Table 2

Out-of State Fan Attendance at 2013 Formula One USGP

	---OOS Fans at COTA ---			Total OOS Fans at <u>COTA</u>	F1 Fans No- shows at COTA	OOS F1 Visitors Never at <u>COTA</u>	Total OOS Visitors	OOS F1 Visitors
	<u>COTA Passes</u>	Promo & Sponsor <u>Passes</u>	Paddock <u>Club</u>				in Austin for F1	Staying the Night
Monday							13,547	13,547
Tuesday							20,526	20,526
Wednesday							30,450	30,450
Thursday							42,735	42,735
Friday	30,284	533	2,181	32,998	14,036	1,317	48,351	48,351
Saturday	42,436	747	3,056	46,239	15,295	1,723	63,256	63,256
Sunday	62,488	1,100	4,500	68,088	-	1,906	69,995	52,044
Monday							52,044	17,695
Tuesday							17,695	
						Average Nights Stayed	4.12	288,604

The overall pattern of fan visitation to Austin for F1 is not just limited to those that show up at COTA on a particular day. Because this is a three-day event and some fans may arrive too late to attend track activities on one of the first two days, or simply choose not to go on one day even if they are in town. So there are likely to be a number of "no-shows" at the track both Friday and Saturdays. These are fans that are actually in Austin on Friday or Saturday for the event but for one reason or another do not go to the track that day and therefore could not be counted in COTA figures.

A second group of "fans" are also in Austin for F1 but would not show up in the fan counts at COTA. The survey of ticket purchasers at F1 asked how many fans accompanied each group that were not intending to go to the track at any point during the weekend. Based on the response to that survey, just counting fans showing up at COTA would undercount persons in the Austin area from outside Texas for the F1 event by about 2.8 percent and in the Austin area for F1 from other parts of Texas by about 2.0 percent.

The last two columns of Table 2 simulate the pattern of stay by out-of-state visitors in Austin for F1 based on the pattern of hotel-room usage for each day as developed by Smith Travel Research for these days, and the total number of person-nights out-of-state fans stay in Austin. The 2013 on-site survey asked out-of-state fans how many nights they will stay in Austin for F1 and this group averaged 4.12 nights. The patterns of stay in the last two columns of Table 2 total the correct number of visitor-nights for the 8 day event period and parallel changes in the nightly

hotel occupancy data collected by Smith Travel Research so this pattern is likely to closely reflect the actual level of nightly activity.¹⁰

Table 3 presents the same data for non-local Texans visiting Austin for F1. From the survey of fans attending F1, non-local Texas fans comprised 63 percent of all Texas fans. This implies that total non-local Texas fans probably totaled 20,925 on Sunday at COTA. Texas fans from outside the local area stayed 2.16 nights in the Austin area for the F1 USGP---significantly shorter than the 4.12 nights stayed by out-of-state fans. In total, non-local Texans spent an estimated 46,243 person-nights in the Austin area for F1.

Table 3
Non-local Texas Fan Attendance at 2013 Formula One USGP

-Non-Local Texas Fans at COTA -				Non-Local Texas F1 Fans No-shows at COTA	Non-local Texas F1 Visitors Never at COTA	Total Non-Local Texas Visitors in Austin for F1	Non-Local Texas F1 Visitors Staying the Night
COTA Passes	Promo & Sponsor Passes	Paddock Club	Total Non-Local Texas Fans at COTA				
Monday						45	45
Tuesday						301	301
Wednesday						1,203	1,203
Thursday						4,811	4,811
Friday	9,929	59	153	10,141	1,078	236	11,455
Saturday	13,913	83	214	14,210	2,686	355	17,251
Sunday	20,488	122	315	20,925	-	439	21,364
Monday						10,645	532
Tuesday						532	
Average Nights Stayed						2.16	
Total Nights Stayed							46,243

The remaining groups involved in Formula One tend to have slightly longer patterns of stay than the fans. While the exact stay patterns for these groups isn't known with certainty, based on professionals familiar with the arrival and departure schedule of these Formula One participants at COTA, Table 4 probably fairly represents the arrival and departure schedules for these groups and their related average length of stay. In particular, team set-up does require some significant lead time as does some parts of the television coverage preparation.¹¹

Table 4

Participants at 2013 Formula One USGP

	----- Total Participants -----						----- Out-of-State Participants -----					
	F1 Teams, FOM & F1 Suppliers	Support Races	Officials	COTA & Event Staff	Broad- cast & Media	SODEXO Staff	F1 Teams, FOM & F1 Suppliers	Support Races	Officials	COTA & Event Staff	Broad- cast & Media	SODEXO Staff
Mon.	10			129			10					
Tue.	20			129			20					
Wed.	30			129			30					
Thu.	30			129			30					
Fri.	30		14	129			30		14			
Sat.	30		28	257			30		28			
Sun.	30		28	514		328	30		28			
Mon.	1,700	213	1,124	1,029	400	656	1,683	191	1,101	62	380	39
Tue.	2,200	275	1,685	1,143	698	729	2,178	248	1,652	69	663	44
Wed.	2,200	275	2,060	1,270	1090	810	2,178	248	2,019	76	1,036	49
Thu.	2,800	350	2,060	1,411	1286	900	2,772	315	2,019	85	1,222	54
Fri.	2,800	350	2,060	1,568	1580	999	2,772	315	2,019	94	1,501	60
Sat.	2,800	350	2,060	1,929	1580	1,230	2,772	315	2,019	116	1,501	74
Sun.	2,800	350	2,060	2,516	1580	1,604	2,772	315	2,019	151	1,501	96
Mon.	1,700	213	1,288	514	245	656	1,683	191	1,262	31	221	39
Tue.	400				206	328	396				185	
Wed.	20						20					
Avg. Nights Stayed	6.00	5.79	6.02	4.09	4.48	4.14	6.00	5.79	6.02	3.53	4.47	3.74

Table 5 presents the overall pattern of stay by all visitors at the F1 USGP: local fans, non-local Texas fans, out-of-state fans and event participants.

Table 6 presents out-of-state fans and participants in the first seven columns and the number of non-local Texas fans at F1 USGP by day. At the bottom of this table are three crucial figures for each group--the average number of nights stayed by the group, the percentage of nights stayed in a hotel or motel, and the average number of persons per room for those staying in the hotel or motel. For out-of-state fans and non-local Texas fans, these figures are derived directly from the USC fan survey. The number of nights stayed, percentage stayed in hotels and the average persons per room for the other groups at F1 are estimated based on knowledge of the behavior of these groups and the levels of the same variables as derived from the survey of out-of-state fans.

Table 5

All Fans and Participants in Austin for 2013 Formula One USGP

	<u>Fans</u>	FOM & F1 <u>Teams</u>	<u>Officials</u>	COTA & Event <u>Staff</u>	<u>Media</u>	SODEXO <u>Staff</u>	<u>TOTAL</u>
Monday		10		129			139
Tuesday		20		129			149
Wednesday		30		129			159
Thursday		30		129			159
Friday		30	14	129			173
Saturday		30	28	257			315
Sunday		30	28	514		328	900
Monday	12,227	1,200	1,124	1,029	200	656	16,435
Tuesday	20,604	1,800	1,685	1,143	200	729	26,161
Wednesday	32,670	2,200	2,060	1,270	245	810	39,255
Thursday	48,975	2,400	2,060	1,411	490	900	56,236
Friday	67,378	2,400	2,060	1,568	980	999	75,385
Saturday	90,967	2,400	2,060	1,929	980	1,230	99,566
Sunday	105,988	2,400	2,060	2,516	980	1,604	115,548
Monday	64,428	1,500	1,288	514	245	656	68,631
Tuesday	18,819	200		-	206	328	19,552
Wednesday		20		-			20
Average Nights Stayed	3.36	5.96	6.02	4.09	3.62	4.14	3.49

Table 6

Out-of-Area Fans and Participants in Austin for 2013 Formula One USGP

	----- Out of State Fans and Participants -----								TOTAL
	<u>OOS Fans</u>	F1 Teams, FOM & F1 <u>Suppliers</u>	Support <u>Races</u>	<u>Officials</u>	COTA & Event <u>Staff</u>	Broad- cast & <u>Media</u>	SODEXO <u>Staff</u>	Non-Local Texas <u>Fans</u>	
Monday		10							10
Tuesday		20							20
Wednesday		30							30
Thursday		30							30
Friday		30		14					44
Saturday		30		28					58
Sunday		30		28	31				89
Monday	13,547	1,683	191	1,101	62	380	39	42	17,046
Tuesday	20,526	2,178	248	1,652	69	663	44	281	25,661
Wednesday	30,450	2,178	248	2,019	76	1,036	49	1,124	37,179
Thursday	42,735	2,772	315	2,019	85	1,222	54	4,497	53,699
Friday	48,351	2,772	315	2,019	94	1,501	60	10,707	65,819
Saturday	63,256	2,772	315	2,019	116	1,501	74	16,124	86,177
Sunday	69,995	2,772	315	2,019	151	1,501	96	19,969	96,818
Monday	52,044	1,683	191	1,262	31	221	39	9,950	65,420
Tuesday	17,695	396				185	20	532	18,828
Wednesday		20							20
Avg. Nights Stayed	4.12	6.00	5.79	6.02	3.74	4.47	3.95	2.17	3.82
% in Hotel	80.9%	95.0%	95.0%	95.0%	85.0%	90.0%	85.0%	51.5%	
Persons/rm	1.96	1.25	1.5	1.25	1.96	1.75	1.96	2.21	

(note: figures in **bold** directly from the survey)

Combining the visitation patterns in Tables 5 and 6, the estimated percentage of each group staying in hotels and the number of persons per room generates a pattern of room-night demand by the various groups attending F1 in the first three columns of Table 7. Assuming that all F1 participants will stay in hotels in the City of Austin that are the most accessible to the track facilities, groups of fans likely will be distributed among City of Austin hotels, hotels in the Austin area outside the city, and hotels outside the Austin Area according to the pattern in Table 7.

Table 7

Hotel Room Demand at 2013 Formula One USGP

	<u>Participants</u>	<u>OOS Fans</u>	<u>Non-Local Texas Fans</u>	<u>Total F1 Room Demand</u>	<u>COA Rooms</u>	<u>Other Austin Area Rooms</u>	<u>Outside Austin Area Rooms</u>
Monday	8			8	8		
Tuesday	15			15	15		
Wednesday	23			23	23		
Thursday	23			23	23		
Friday	33			33	33		
Saturday	44			44	44		
Sunday	58			58	58		
Monday	2,476	4,889	10	7,375	6,476	899	
Tuesday	3,458	8,148	66	11,671	10,109	1,562	
Wednesday	3,933	12,629	262	16,825	14,663	2,162	
Thursday	4,529	17,725	1,049	23,303	17,060	5,328	
Friday	4,679	20,054	2,499	27,232	17,123	5,974	4,135
Saturday	4,695	26,236	3,763	34,693	18,984	6,479	9,230
Sunday	2,503	21,585	2,322	26,410	16,292	4,618	5,500
Monday	405	7,339	124	7,868	6,302	1,566	
Tuesday	15			15	15		

This fan distribution is derived by assuming the fans will distribute themselves among the hotels inside the City of Austin (COA) or outside the city but inside the Austin area in proportion to the number of hotel rooms occupied in the City of Austin and other areas within the local Austin region.¹² However, this proportionate distribution ceases on Thursday as the total utilization of City of Austin hotel space by F1 participants and fans reaches 85 percent of all occupied hotel rooms in the city.¹³ At this point F1 fans increasingly rely on hotel rooms in the Austin area but outside of the city until that capacity reaches 90 percent of those occupied rooms. This results in an overflow of F1 fans to facilities outside the Austin area Friday night, Saturday night and Sunday night. Although it is by no means certain that all the overflow rooms booked outside the Austin area are in the City of San Antonio, to understand the degree to which outlying areas can handle this overflow, the peak overflow on Saturday night of 9,230 rooms amounts to about 20 percent of the hotel rooms in the City of San Antonio.

The fans surveyed at the 2013 F1 by the University of South Carolina also indicated how much they spent per night on hotel rooms. Those fans from outside Texas staying in hotels rooms spent an average of \$234.63 a night for their hotel room. Texas fans from outside the Austin area spent an average of \$242.61 a night. Nightly room rates as tracked by Smith Travel Research peaked at \$342.83 a night on Saturday in hotels in the City of Austin and \$298.03 a night for

hotels in the Austin area but outside of the City of Austin. In addition, the average of room costs cited by Smith Travel Research each night during the week of the race when weighted by the likely profile of F1 attendees during those nights in Austin yields an average of about \$244 a night---very close to the figures cited in the USC survey.

To develop a total spending pattern on hotels for both fans and participants, the Smith Travel Research average nightly room charge for hotels Austin the area was used as the appropriate price for out-of-state and non-local Texans staying in the city of Austin. These prices were adjusted up by 20 percent and applied to the pattern of out-of-state participants staying in Austin under the assumption that these groups would seek better accommodations and be less price-sensitive. As a check to this process it should be noted that the total estimated hotel spending for F1 participants and fans staying in the city of Austin during the five peak nights of F1 activity is less than 90 percent of the total hotel spend estimated by Smith Travel Research for those nights in Austin. Smith Travel Research prices for hotels outside of the City of Austin were adjusted upward slightly to reflect the higher demand and willingness to pay premium prices by F1 visitors.¹⁴

Table 8

Hotel Room Expenditures at 2013 Formula One USGP

	Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Monday	\$1,301				
Tuesday	\$2,721				
Wednesday	\$4,143				
Thursday	\$4,094				
Friday	\$5,897				
Saturday	\$8,041				
Sunday	\$9,899				
Monday	\$450,197	\$603,723	\$112,525	\$1,062	\$198
Tuesday	\$601,780	\$955,365	\$179,823	\$7,395	\$1,392
Wednesday	\$727,217	\$1,554,614	\$262,601	\$32,448	\$5,481
Thursday	\$1,604,088	\$3,507,011	\$1,002,735	\$208,623	\$59,650
Friday	\$1,989,821	\$4,587,460	\$1,532,086	\$574,299	\$191,800
Saturday	\$2,011,975	\$6,159,144	\$2,001,102	\$887,573	\$288,372
Sunday	\$971,303	\$4,995,906	\$1,081,353	\$539,963	\$116,874
Monday	\$64,614	\$736,622	\$177,018	\$12,520	\$3,009
Tuesday	\$2,280				
TOTAL	\$8,459,371	\$23,099,844	\$6,349,244	\$2,263,885	\$666,776
				Total State Hotel Tax from OOS F1 Visitors:	\$2,274,508
				Total COA Hotel Tax from Out-of Area F1 Visitors:	\$3,044,079

Table 8 notes that F1 participants spent an estimated \$8.5 million on hotel stays for the 2013 Formula One USGP. Out of State fans spent \$23.1 million in the City of Austin for hotels and another \$6.3 million on their stays in hotels in the Austin area or just outside the Austin area.

Ticket Sales

Certainly key to the financial viability of the U.S. Grand Prix in Austin are ticket sales. Not as well appreciated is that those sales also serve as a major revenue driver for the state and for the city of Austin in determining the gain under the Major Event Trust Fund.

Based on the USC survey results, the average ticket price paid per person by out-of-area attendees (both out-of-state and non-local Texans) was about \$611. This is likely a fairly accurate price since after including revenues estimated from paddock access tickets and prices set in the secondary market, the average ticket price from the 2013 survey should have been about slightly over \$600 according to COTA. In addition, in 2013 each out-of-area fan spent \$15 on tickets to the FanFest (this is an average over all fans).

Applying these 2013 averages to the ticketed attendance by group from Table 2, total ticket revenues and state sale tax generation is presented in columns 1 and 2 of Table 9. Based on this estimate, the state gained nearly \$2.7 million in sales taxes from hosting F1 that it would not have otherwise realized had the event been held in another state.¹⁵ The local gain to the City of Austin in that portion of local sales tax counted as generated by the event¹⁶ was about \$549,000.

Table 9

Ticket Expenditures at 2013 Formula One USGP

	<u>OOS Fans</u>	<u>Non-Local Texas Fans</u>
Attendees in Austin	69,995	19,969
Ticketed Attendees	68,088	19,558
Cost per F1 Ticket	\$611.02	\$611.02
Cost per Fan Fest Ticket	\$15.09	\$15.09
Total Ticket Expenditure	\$42,631,068	\$12,245,793
Tax Gain under METF		
State Sales Tax	\$2,664,442	
Local Sales Tax*	\$548,769	

Auto Rental Expenses

Another important state revenue source gained from hosting events such as the USGP is the tax revenue received from short-term car rentals. Based on the USC survey results, a little more than half of the out-of-state groups said they were renting a car (56.4%) while at F1 and, on average, these groups rented 1.27 vehicles per group keeping them for an average of 5.1 days. Only about 13 percent of non-local Texas visitors rented cars while at F1, renting 1.2 vehicles per group for an average of 3.3 days.

Out-of-state and out-of-area fans visiting for F1 and renting at least one car indicated that they spent, on average, \$81.73 a day renting these vehicles.¹⁷ Based on the USC survey data on the percentage of groups renting cars, the number of persons per group and the length of stay of each group, Table 10 presents the likely expenditures on rental cars during the 2013 F1 week.

Table 10
Car Rental Expenditures at 2013 Formula One USGP

	OOS Participants	OOS Fans	Non-Local Texas Fans
Attendees	6,854	69,995	19,969
Persons/group	1.2	3.3	3.8
Groups	5,712	21,210	5,255
% Renting	85.0%	56.4%	13.0%
Cars/group	1.00	1.30	1.20
Days renting	6.6	5.1	3.3
Cost/day/car	\$122.51	\$81.73	\$81.73
Total Expenditure	\$3,925,521	\$6,479,212	\$221,841
Total State Car Rental Tax Gain	\$1,040,473		

Note that the rental car rate used for out-of-state participants of \$122.51 is based on the rate for 22 standard sized cars advertised for rent at the Austin Airport from Friday November 14 to Saturday November 15, 2013---the weekend of the 2013 F1.¹⁸ That these automotive professionals should choose to rent at higher rates than more price-sensitive fans should not be surprising.

This level of rental activity should generate more than \$1.0 million in auto rental tax from out-of-state fans and F1 participants.

Mixed Drink Expenditures and Alcohol Taxes

Both mixed drink taxes and ABC Title 5 alcohol taxes generate funds from events such as F1. Those taxes are considered as supporting the Major Events Trust Fund to the extent that those taxes represent a gain to the state (or, respectively to the locality).

The Texas mixed drink tax is 14% percent tax assessed on of the price of the drink sold. The tax accrues to both the state, the municipality and the county with the state retaining 11% of the 14% assessment, and the municipality and county each remitted 1.5%.

The USC survey of F1 fans asked about daily spending on both beer and wine and on other alcoholic beverages.¹⁹ Based on the responses of out-of-area fans, each fan spent an estimated \$42.81 per day on mixed drinks.²⁰ Given the number of out-of-state fans and participants at the event, Table 11 estimates that the total mixed drink expenditures at F1 by out-of-state attendees reached about \$16.1 million generating nearly \$1.8 million in mixed drink tax revenue for the state.

Table 11

Mixed Drink Expenditures at 2013 Formula One USGP

	OOS Participants (COA)	OOS Fans inside COA	OOS Fans Outside COA	Non-local Texans inside COA	Non-Local Texans Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Attendees at COTA	6,854	47,339	20,749	13,598	5,960
Attendees not at COTA	-	1,326	581	286	125
Per person Expenditures/day, persons at COTA	\$21.40	\$42.81	\$42.81	\$42.81	\$42.81
Per person Expend./day, persons not at COTA		\$26.88	\$26.88	\$26.88	\$26.88
Days Stayed	6.6	5.1	5.1	3.3	3.3
Total Mixed Drink Expend.	\$968,225	\$10,516,734	\$4,609,468	\$1,946,280	\$853,051
Total Mixed Drink Expenditures OOS Visitors:			\$16,094,427		
Total Mixed Drink Tax to the State:		\$1,770,387			
Title 5 ABC Tax		\$412,017			
Total Mixed Drink Expenditures OOA Visitors in Austin:			\$13,431,239		
Total Mixed Drink tax to COA from expenditures by OOA Visitors at F1 in Austin:					\$201,469

Total mixed drink expenditures by out of area visitors in the City of Austin was nearly \$13.4 million generating \$201,469 in tax revenues for the city.

By way of rough validation of these figures, the Comptroller's mixed drink database notes that total mixed drink tax remittances to the city in January 2014 amounted to \$2,064,202 which primarily covers activity in the fourth quarter of 2013 (October, November and December). The implication of the \$201,000 figure at the bottom of Table 11 is that F1 -related activity accounted for a bit over 10 percent of the remittances during these three months. Given that F1 undoubtedly had a strong influence on mixed drink spending for 7 or 8 days of the quarter amounting to just under 9 percent of the days in the quarter, the figures in Table 11 seem reasonable given that F1 is the largest single event held in Austin for the last two years.

Table 11 also shows the gain to the state from the taxes imposed by Title 5 of the Alcoholic Beverage Code (Title 5 ABC). Title 5 ABC is a complex tax levied on the basis of the alcohol content of various beverages by volume. To simplify the calculation of this tax for out-of-state visitors to F1, the estimate of the Title 5 ABC tax in Table 11 is based on a derived value-based percentage linking revenue from the Alcoholic Beverage Tax to mixed beverage tax sales.

Specifically, in the January 2013 Biennial Revenue Estimate prepared by the Comptroller of Public Accounts, the estimated tax gain during the next biennium for the mixed beverage tax is \$1,624 million (see page 17). The estimated gain from the Title 5 ABC tax is estimated at \$416 million or roughly a quarter of the tax raised by the state under the mixed beverage tax. Accordingly, while the mixed beverage tax gain noted in Table 11 applies the statutory state tax rate of 11 percent to the estimated value of mixed beverages sold to F1 out-of-state visitors, the amount for Title 5 ABC tax is approximated by applying a tax rate of 2.56 percent of the value of mixed beverage sales which raises about a quarter of mixed beverage tax gain accruing to the state from this event. There is no local tax component to the Title 5 ABC tax.

To round out the alcohol beverage sales related to F1, the USC survey also asked respondents to estimate their daily purchases of beer and wine while at F1. This expenditure was not collected in the previous year's survey or otherwise included in the previous estimates of activity driven by F1. These daily averages are combined with the attendance data from Table 11 to estimate in Table 12 the total beer and wine sales for out-of-state visitors to F1 and out-of-area visitors to Austin for F1.

Table 12
Beer and Wine Expenditures at 2013 Formula One USGP

	OOS Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Attendees at COTA	6,854	47,339	20,749	13,598	5,960
Attendees not at COTA	-	1,326	581	286	125
Per person Expend./day persons at COTA	\$43.27	\$86.54	\$86.54	\$86.54	\$86.54
Per person Expend./day, persons not at COTA		\$54.97	\$54.97	\$54.97	\$54.97
Days Stayed	6.6	5.1	5.1	3.3	3.3
Total Beer and Wine Expend.	\$1,957,403	\$21,478,706	\$9,414,083	\$3,965,018	\$1,737,861

Merchandise Sales

Attendees at F1 were asked to estimate how much they felt they would spend each day on merchandise while at either COTA or FanFest.²¹ Based on the responses from the out-of-area fans, Table 13 estimates the expenditures made by out-of-state fans, participants and non-local Texans while at the event. Based on the number of attendees at COTA each day during the event, it is estimated that fans averaged 2.2 days at COTA facilities.

Attendees at F1 were also asked to estimate how much they felt they would spend each day on merchandise in Austin outside of COTA facilities and to estimate the same sort of expenditures by persons in their group not at COTA.. Based on the responses from the out-of-area fans, Table 13 also estimates the expenditures made by out-of-state fans, participants and non-local Texans while at the event.²²

Table 13
Merchandise Expenditures at 2013 Formula One USGP

	OOS Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Attendees at COTA	6,854	47,339	20,749	13,598	5,960
Attendees not at COTA	-	1,326	581	286	125
Expenditures at COTA/person/day	\$83.01	\$166.02	\$166.02	\$166.02	\$166.02
Expend. Outside COTA/person/day by persons at COTA	\$38.99	\$77.97	\$77.97	\$77.97	\$77.97
Expend. Outside COTA/person/day by persons not at COTA	-	\$168.16	\$168.16	\$168.16	\$168.16
Days at COTA	3.0	2.6	2.6	2.3	2.3
Days in Austin	6.6	5.1	5.1	3.3	3.3
Total Merchandise Expenditure	\$3,470,484	\$40,353,100	\$17,686,700	\$8,948,423	\$3,922,080
Merchandise Expend. State Sales Tax	\$3,844,393				
Merch. Expend. Local Sales Tax in COA	\$527,720				

In total, the state sales tax gain attributable to out-of-state F1 fans and participants probably reached more than \$3.8 million from the 2013 USGP. The local sales tax gain to the City of Austin from merchandise sold to out-of-area fans and participants reached nearly \$528,000.

Food and Non-Alcoholic Beverage Expenditures

The USC survey also asked visitors to F1 to estimate the amount they spent each day on food and non-alcoholic beverages. Once again, F1 visitors at COTA were asked to estimate the spending for people in Austin with them but not at the COTA facilities the day of the survey. Table 14 presents the results of the survey and the estimated spending by participants, out-of-state fans and out-of-area fans at the 2013 F1.

On average, fans at COTA indicated they spent \$168.40 a day on food and beverages. While this may seem high to some, it should be noted that in two other cases where objective measures of the survey results are available, both survey-established hotel room rates and ticket prices square well with that data. Moreover, the total level of mixed drink spending based in part on survey-derived spending questions also seems plausible given tax remittance data.

Table 14

Food & Non-Alcoholic Beverage Expenditures at 2013 Formula One USGP

	OOS Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Attendees at COTA	6,854	47,339	20,749	13,598	5,960
Attendees not at COTA	-	1,326	581	286	125
Expend./person/day by persons at COTA	\$157.66	\$157.66	\$157.66	\$157.66	\$157.66
Expend./person/day by persons not at COTA	-	\$141.04	\$141.04	\$141.04	\$141.04
Days in Austin	6.6	5.1	5.1	3.3	3.3
Total Food and Non-Alcoholic Beverage Expend.	\$7,131,972	\$39,017,398	\$17,101,264	\$7,207,781	\$3,159,159
F & B Expend. State Sales Tax	\$3,953,165				
F & B Expend. Local Sales Tax in COA	\$533,572				

In total, the gain in sales tax to the state attributable to food and beverage sales to F1 out-of-state visitors probably nearly reached \$4.0 million in 2013. The gain to the City of Austin exceeded \$533,000.

Other Entertainment Expenditures

The USC survey asked respondents at COTA to estimate their daily spending on other entertainment activities while in town for F1. In addition, respondents were asked about the spending of persons in their group who many not have been at COTA the day the interview was conducted.

Based on their responses, Table 15 estimates the total spending on other entertainment activities by F1 participants and fans while in Austin for F1. As in other cases, time restraints on participants at F1 would probably limit their ability to participate in other activities to the same degree as fans, so their daily expenditures are limited to half of those of the typical out-of-area fan.

Table 15

Non-F1 Entertainment Expenditures at 2013 Formula One USGP

	OOS Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Attendees at COTA	6,854	47,339	20,749	13,598	5,960
Attendees not at COTA	-	1,326	581	286	125
Expend./person/day by persons at COTA	\$36.51	\$73.01	\$73.01	\$73.01	\$73.01
Expend./person/day by persons not at COTA	-	\$68.29	\$68.29	\$68.29	\$68.29
Days in Austin	6.6	5.1	5.1	3.3	3.3
Total Non-F1 Entertainment Expend.	\$1,651,392	\$18,088,943	\$7,928,355	\$3,340,702	\$1,464,224
Non-F1 Entertain. Expend. State Sales Tax	\$1,296,970				
Non-F1 Entertain. Expend. Local Sales Tax-COA	\$173,108				

Total sales tax gain to the state from non-F1 entertainment expenditures was almost \$1.3 million in 2013 while the local sales tax gain to the City of Austin was more than \$173,000.

Travel Expenditures to Attend the United State Grand Prix in 2013

Fans attending the F1 event at COTA were also asked to estimate their travel expenses in getting to the event. Table 16 presents an estimate of the likely travel expenses in getting to the 2013 F1 event based on the survey results. Most noticeable in this regard is the distinctly different travel behavior of out-of-state visitors when compared to non-local Texans.

About 63 percent of out-of-state visiting fans indicated they traveled to F1 by air. In contrast, 93 percent of non-local Texans traveled to the event in a car. Respondents were also asked to estimate how much they spent on one-way airfare to the event. Out-of-state respondents airfare averaged \$562 as compared to \$396 spent by in-state travelers. In total, out-of-state fans spent about \$24.8 million in airfare to attend the F1 event.²³

Table 16

Travel Expenditures to 2013 Formula One USGP

	OOS Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Percent Traveling by Air	80%	63%	63%	7%	7%
Percent Traveling by Car	20%	37%	37%	93%	93%
Avg one-way air cost	\$562	\$562	\$562	\$396	\$396
Avg one-way miles driven	858	858	858	257	257
Avg Size of group driving	1.75	2.88	2.88	3.03	3.03
Avg. Round Trip Car Cost/person	\$549	\$333	\$333	\$95	\$95
One-Way Airfare Spending	\$3,081,558	\$17,230,287	\$7,552,008	\$384,859	\$168,683
Round-trip Car Travel cost	\$752,734	\$6,001,509	\$2,630,452	\$1,227,004	\$537,794
Texas/Austin Portion	\$358,674	\$2,859,693	\$1,253,399	\$613,502	\$0
Total State/Austin Travel Cost	\$3,440,233	\$20,089,981	\$8,805,407	\$998,361	\$168,683

Fans also indicated that they traveled considerable distances by car to attend F1 with out-of-state visitors traveling on average 858 miles one-way and out-of-area Texans traveling 257 miles. Based on the mileage rate currently allowed for travel by the IRS and the average size of group traveling by car, the average cost of the car travel to and from the F1 event for out-of-state fans is \$333 per person and \$95 per person for Texans.

Based on the average number of miles from Austin to six border cities in Texas (Orange, Texarkana, El Paso, Brownsville, Wichita Falls and Dalhart), the average car traveler from outside Texas would spend about 409 miles of their trip in Texas (48 percent of their trip). Accordingly, for out-of-state visitors Table 16 assigns 48 percent of the cost of the car travel to Texas and for non-local Texans assigns half of the spending to Austin if the traveler stayed in Austin.

As is well-known, commercial airfare is not subject to state sales taxes that could be considered a gain to the state from holding the event. Moreover, while there the state does receive considerable tax revenues directly from gasoline sales, those direct taxes are not considered in calculating the METF. Nonetheless, travel expenditures that are considered a gain to the state and the locality from holding an event do drive indirect and induced economic activity which in turn does generate tax gains under the METF.

Cost of Presenting the 2013 U S G P

Also considered in developing the direct, indirect and induced economic and tax gain from hosting events under the Major Event Trust Fund are expenses related to presenting the event in Texas. From COTA financial accounting records, Table 17 presents COTA's expenses in 2013 related to putting on the Formula One race.²⁴ These expenses were reviewed and those that would have double-counted expenditures covered in other tables (such as the cost of goods sold at the event) were removed from Table 17.

Total COTA annual overhead expenses were apportioned to F1 based on the proportion that F1 represents of all COTA revenues.

Table 17

U.S. Grand Prix Event Presentation Expenses

	USGP and Fanfest Accounts	COTA Overhead attributable to Formula One	Total F1 Expense
Wages and Salaries (compensation)	498	8,352,224	8,352,722
Professional & Legal	183,196	5,673,550	5,856,746
Facilities & Maintenance	8,624,992	5,518,871	14,143,863
Marketing	3,716,187	4,672,561	8,388,748
Other	320,244	1,822,581	2,142,825
Insurance	295,095	1,272,457	1,567,552
Contract Labor	902,064	1,248,719	2,150,783
Equipment & Supplies	270,692	1,128,064	1,398,756
Telecom	462,021	606,682	1,068,704
Event Related	7,779,004	462,993	8,241,998
Travel & Entertainment	131,175	372,030	503,206
Ticketing	236,454	11,084	247,538
Sanction Fees (non-FOM), Content Fees and Royalties	2,966,532	0	2,966,532
Net Race Contract Requirements	1,184,117	0	1,184,117
TOTAL	27,072,271	31,141,817	58,214,088

Corporate, Sponsor and Team Spending

While it is possible to interview fans about their spending behavior, count tickets and even monitor accounting systems for COTA event expenditures, one category of expenditures at F1 remains difficult to capture---spending by corporate suppliers, sponsors and even Formula One teams themselves. These entities are independent actors who are not contractually required to report expenditures to COTA but certainly use the USGP to market themselves to their existing and potential clients through hospitality suites, corporate functions and other marketing contacts. Moreover, since those activities are provided to attendees free-of-charge, even on-site interviews with attendees would not be unable to solicit from those respondents the value they receive from those expenditures.

But, based on the number of entities involved, an estimate of the number of clients typically involved, the number of days this activity occurs and the approximate per guest spending, Table 18 estimates to total value of corporate, sponsor and team spending used to maintain and develop contacts important to their businesses.²⁵ In total these groups spend an estimated \$15.0 million on these marketing activities this is not otherwise picked up in fan surveys or by COTA accounting systems.

Table 18

Corporate, Sponsor and Team Spending at 2013 Formula One USGP

Sponsor/Teams	Number	Avg. # Guests	Days	Cost/Guest	Total
F1 Teams	11	250	3	\$300	\$2,475,000
F1 Team Major Sponsors	44	100	3	\$400	\$5,280,000
F1 Team Suppliers/Sponsors	150	4	3	\$350	\$630,000
F1 Series Sponsors	10	70	3	\$500	\$1,050,000
F1 High End Entertainment Events	4	300	1	\$1,000	\$1,200,000
Non Affiliated Corporate Entertainment	240	20	3	\$300	\$4,320,000
Total					\$14,955,000
State Sales Tax Gain	\$934,688				
City of Austin Sales Tax Gain	\$149,550				

Direct Economic and Tax Gains from 2013 F1

To develop estimates of the indirect and induced impacts of hosting the Formula One race on the state and the City of Austin, the Texas Comptroller of Public Accounts maintains a model which, given the level of direct economic impacts, estimates the indirect and induced economic and tax gains from the direct profile of expenditure gains from fans, competitors and related personnel as well as direct event presentation expenses. Since what constitutes a gain to the state under the Major Event Trust Fund differs somewhat from what constitutes a gain to the City of Austin, Table 19 presents these gains for Texas and for Austin based on the estimates contained in Tables 8 through 18 of this report.

Table 19
Direct Economic and Tax Gains from 2013 F1

	<u>State Impact</u>	<u>Direct METF Tax Gain</u>	<u>Austin Impact</u>	<u>Direct METF Tax Gain</u>
Hotel	\$37,908,460	\$2,274,508	\$33,823,100	\$3,044,079
Car Rental	\$10,404,732	\$1,040,473	\$10,626,574	
Mixed Drink (incl. Title 5 ABC tax)	\$16,094,427	\$2,182,404	\$13,431,239	\$201,469
Beer and Wine	\$32,850,193		\$27,401,128	
Merchandise	\$61,510,285	\$3,844,393	\$52,772,008	\$527,720
Food & Non-Alcoholic Beverage	\$63,250,634	\$3,953,165	\$53,357,151	\$533,572
Non-F1 Entertainment	\$27,668,691	\$1,296,970	\$23,081,037	\$173,108
Travel Cost to F1	\$32,335,620		\$24,528,575	
Event Presentation Expenses	\$58,214,088		\$58,214,088	
Corporate, Sponsor & Team Spending	\$14,955,000	\$934,688	\$14,955,000	\$149,550
Tax from Ticket Sales		\$2,664,442		\$548,769
TOTAL	\$355,192,130	\$18,191,042	\$312,189,900	\$5,178,266

In total, the total direct economic gain to the state from hosting this event should exceed \$355.1 million. The total direct tax gain to the state reached \$18.2 million with the local Austin economy directly gaining \$5.2 million.

It should be noted that this total direct impact of the 2013 F1 USGP to the state of \$355.2 million is larger than the impact reviewed for the 2012 USGP of \$274.1 million presented in Table 14 of the 2012 report with that event having a slightly higher attendance.²⁶ The primary differences between the results of the 2012 review and this review are in four areas: 1) the review of the 2012 event included only the expenditures on mixed beverages and no expenditures on beer and wine (\$33 million), 2) the survey conducted of the 2012 event contained very little data on Non-F1 related entertainment expenditures (\$28 million), 3) the 2012 analysis contained little information about spending by sponsors, teams and other corporate entities (\$15 million), and 4) because of survey limitations in 2012, that report probably underestimated actual merchandise expenditures by more than \$11 million. When considered on the same basis as this report, the total impact of the 2012 event was more likely about \$361 million.

Indirect and Induced Economic and Tax Gains from 2013 USGP

In addition to the direct economic and tax gains from the F1 event, the state and city gain both economic activity and taxes as these direct impacts filter their way through the state and local economies. These gains are termed indirect and induced increases. For example, in order for restaurants and hotels to serve F1 guests, they must increase the orders for food, drinks and other materials from their suppliers. That increased demand generates indirect economic gains as the activity filters its way down the supply chain.

Moreover, to supply increased demand for services additional workers must be hired or have their hours extended increasing their take home pay. As those workers spend that additional money this too generates increased induced demands throughout the state and the city.

The total effects of increased direct spending along with indirect and induced spending is presented in Table 20 based on the Texas Comptroller's IMPLAN model. This table indicates that the \$355.2 million in direct expenditures driven by hosting the Formula One event generates \$XXX.X million in indirect impacts and another \$XXX.X million in induced impacts for a total gain of \$XXX.X million in economic activity to Texas.

From a tax perspective, in addition to the \$18.2 million in tax gain to the state from direct economic activity must be added \$X.X million in indirect tax gains and \$X.X million in induced tax gains for a total tax gain of \$XX.X million to the state. On a similar basis when including both indirect and induced tax effects, the City of Austin's total tax gain from the 2013 F1 event was \$X,XXX,XXX.

In comparison, for the 2013 U.S. Grand Prix the Comptroller's office approved a total estimated state gain of \$25,024,710 and a local matching contribution of \$4,003,954.











Appendix A

Survey Instrument used at 2013 U.S.G.P.



PARTICIPATE AND WIN MERCHANDISE FROM THE FORMULA 1 U.S. GRAND PRIX!!

Thank you for taking the time to complete this survey. Your feedback is extremely important to us in conducting our research. **This survey should only take about 5 minutes of your time.**

For the purposes of this survey, your **immediate travel party** refers to the group traveling with you and sharing expenses for things like accommodations or transportation. A tour group is **not** a travel party.

For the purposes of this survey, the acronym **COTA** stands for The Circuit of the Americas.

If you live in the U.S., what is your residential zip code?	zip code
If you live outside the U.S., what country are you from?	country

If you live OUTSIDE TEXAS...		
...is the primary reason for your visit to attend the F1 Grand Prix and/or related Fan Fest?	Yes	No
...did you RESCHEDULE a previously planned visit to Texas in order to attend?	Yes	No
...did you EXTEND a previously planned visit to Texas in order to attend?	Yes	No

If you live INSIDE TEXAS...		
...would you have traveled outside Texas to attend a similar event if held elsewhere in the U.S.?	Yes	No
...how would you have spent the money you spent today attending F1 had the F1 Grand Prix not been in Austin?		
<input type="checkbox"/> other local Texas events or activities	<input type="checkbox"/> an event or trip outside of Texas	<input type="checkbox"/> would not have spent

If you live OUTSIDE AUSTIN...		
...how many people came with you on your visit to Austin?	people	
...how many of these people are here at COTA with you today?	people	
...how many of these people will attend at least one day of racing at COTA during your visit?	people	
...how many of these people traveled by AIRPLANE to Austin?	people	
...what would you estimate the average one-way cost of each airline ticket to be? <i>(skip if none)</i>	dollars	<input type="checkbox"/> don't know
...how many of your group traveled by CAR to Austin?	people	
...what would you estimate the average miles traveled to be for these people? <i>(skip if none)</i>	miles	<input type="checkbox"/> don't know
...how many nights are you and your immediate party staying in/around the Austin area?	nights	
...how many of these nights will you spend at a hotel OR motel OR bed and breakfast?	nights	

...how many rooms did you reserve at a hotel OR motel OR bed and breakfast? <i>(skip if none)</i>		rooms
...what is the average room cost in your hotel OR motel OR bed and breakfast? <i>(skip if none)</i>	dollars/night	<input type="checkbox"/> don't know
...are you or someone in your immediate group renting one or more cars during your stay?	Yes	No
...how many rental cars is your group renting for how many days? <i>(skip if none)</i>	cars	days
...how much is each rental car costing your group per day? <i>(skip if none)</i>	dollars/day	<input type="checkbox"/> don't know



Considering the amount of money YOU have spent or will spend TODAY, excluding tips and tax, how much will be on:		
...Formula 1 Grand Prix event tickets?	dollars	<input type="checkbox"/> don't know
...Fan Fest tickets (ticketed concert)?	dollars	<input type="checkbox"/> don't know
...other entertainment at private parties, movies, museums, etc.?	dollars	<input type="checkbox"/> don't know
...food and non-alcoholic beverages?	dollars	<input type="checkbox"/> don't know
...beer and wine beverages?	dollars	<input type="checkbox"/> don't know
...other alcoholic beverages?	dollars	<input type="checkbox"/> don't know
...merchandise at the Formula Grand Prix or Fan Fest venues?	dollars	<input type="checkbox"/> don't know
...other non-event retail merchandise (apparel, gifts, souvenirs, etc.)?	dollars	<input type="checkbox"/> don't know

If there are other members of your group not attending COTA today with you, how much do you think they will spend today on:		
... entertainment such as movies, museums, golf, other sporting events, etc.?	dollars	<input type="checkbox"/> don't know
...food and non-alcoholic beverages?	dollars	<input type="checkbox"/> don't know
...beer and wine beverages?	dollars	<input type="checkbox"/> don't know
...other alcoholic beverages?	dollars	<input type="checkbox"/> don't know
...shopping in town for apparel, gifts, souvenirs, etc.?	dollars	<input type="checkbox"/> don't know

Which of the following best describes you?					
<input type="checkbox"/> ticketed fan	<input type="checkbox"/> ticketed sponsor	<input type="checkbox"/> corporate attendee	<input type="checkbox"/> accredited official	<input type="checkbox"/> vendor	<input type="checkbox"/> other

Based on your experience thus far, how satisfied are you with your overall experience this weekend?

<input type="checkbox"/> very dissatisfied	<input type="checkbox"/> somewhat dissatisfied	<input type="checkbox"/> neutral	<input type="checkbox"/> somewhat satisfied	<input type="checkbox"/> very satisfied
--------------------------------------------	------------------------------------------------	----------------------------------	---------------------------------------------	-----------------------------------------

What is your age group?	<input type="checkbox"/> 18-24	<input type="checkbox"/> 25-34	<input type="checkbox"/> 35-44	<input type="checkbox"/> 45-54	<input type="checkbox"/> 55+
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What is your annual household income?					
<input type="checkbox"/> <\$25,000	<input type="checkbox"/> \$25,000-\$49,999	<input type="checkbox"/> \$50,000-\$74,999	<input type="checkbox"/> \$100,000-\$149,999	<input type="checkbox"/> \$150,000-199,999	<input type="checkbox"/> \$200,000+

What is your gender?	<input type="checkbox"/> male	<input type="checkbox"/> female
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What is your race?	<input type="checkbox"/> White	<input type="checkbox"/> African American	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Asian	<input type="checkbox"/> Other
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What is your e-mail address?*	
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*By providing us your e-mail address, you will be entered in a drawing to win merchandise from the 2013 F1 United States Grand Prix. Your e-mail address **will not** be provided to any third-party vendors.

Thank you very much for participating in our survey. We hope you enjoy the rest of your visit.

Appendix B: Percentage of Out-Of-State Fans at 2013 Formula One Grand Prix

A key feature of the Texas Major Events trust Fund (METF) that is largely responsible for ensuring that state expenditures on trust fund events do not exceed the state revenue from holding the event, is the requirement that the tax gains from an event that are eligible to be deposited into the trust fund for the event are only those that represent a gain to the state from holding the event. For tax gains from expenditures by fans and participants attending an event, since the first implementation of the Trust Funds that has been interpreted as those taxes paid on expenditures by out-of-state fans and event participants made during their stay for the event.²⁷ Similarly, in counting the gains to the local municipality hosting the event, only those expenditures by fans and participants visiting for the event from outside the local market are counted as gains from the event.²⁸

Accordingly, establishing an accurate estimate of the number of persons present at the event from outside Texas and outside the Austin area is crucial to establishing the gain to the state and to Austin from hosting events receiving support from METF.

Often, the location of credit card ticket purchases is used as a surrogate for more direct measures of the number of persons attending from outside the state. But, using the results of two surveys of fans attending the 2013 F1 USGP a more accurate estimate can be obtained since reliance on the location of credit card users ignore the fact that many tickets purchased by Texans for F1 are actually used by non-Texans and some tickets purchased by non-Texas are used by Texans.

Table B-1 presents the relevant figures derived from two surveys of fans attending the 2013 F1 USGP in order to estimate the percentage of fans from outside Texas using general admission tickets, personal seat license tickets and reserved seating tickets as opposed to the percentage of fans purchasing those tickets. For about 80 percent of fan attendees, tickets are purchased by setting up an account with COTA. This universe of attendees excludes those fans in the paddock area, fans for which special passes were issued, or fans purchasing tickets for which no account was created (typically those purchasing a ticket at walk-up windows at the event).

Very accurate estimates of group sizes can be obtained using the number of tickets sold per account for tickets purchased by local buyers (those in the Austin-Round Rock-San Marcos area), Texas buyers from the rest of the state, and buyers in other states in the U.S. Since these averages cover the sale of more than 60,000 tickets to people in these three groups, it is believed those averages are quite representative of the groups sizes for those purchasers.

However, a large number of accounts established by travel agents and ticket re-sellers operating in foreign markets causes the average number of tickets per foreign account to be an unrealistic group average of more than 8 tickets per account. For this group, to ensure that the concept of a

"group" matches the concept that used in the survey of ticket purchasers, Table B-1 uses an out of state group average that is based in part on the average number of tickets purchased per account by purchasers from the U.S. but outside Texas (3.31 tickets per account), and the average number of persons per group attending the 2013 F1 event as determined by the results of 647 surveys administered during the race weekend by the University of South Carolina (USC Survey). These survey results indicate that the average size of a group at F1 in 2013 headed by someone from outside the U.S. was 4.22 which is almost half of the 8.09 tickets per account average figure reflected in the number of tickets sold per account when purchased by someone outside the U.S.

The first line of Table B-1 presents the group size averages for Texas-based ticket purchasers and non-Texas based ticket purchasers. The average in column one is the weighted average of the number of tickets purchased by local purchasers and other Texas purchasers applied to the respective group size averages. The average in column two is the weighted average of the number of tickets purchased per account by non-Texas purchasers and the USC survey-based average group size for non-U.S. purchasers.

Table B-1
Ticket Usage by Fans* Attending 2013 F1 USGP

	Texans	Non-Texans
Avg. # persons per group (1)	3.32	3.70
# Respondents Interviewed (2)	1,490	1,340
# Persons Represented	4,940	4,954
# OOS Guests Present (2)	941	4,815
Percent of OOS Guests	19.0%	97.2%

(1) Average tickets per account for Texans and U.S. residents. Average group size from USC survey for international groups

(2) From Post-event ticket-purchaser survey

*excluding fans in the Paddock, attending on special passes or purchasers the week of the event.

The post-event ticket purchasers survey was conducted via e-mail and included 2,830 responses with 1,490 being an account-holder from Texas and 1,340 being account holders from outside Texas. Based on the respective group averages, these responses are representative of 4,940 ticket users attending the event on a ticket purchased by someone from Texas, and 4,954 ticket users attending the event using a ticket purchased by someone from outside the state.

The ticket purchasers from Texas indicated that a total of 941 or 19 percent of their tickets were used by non-Texans. Conversely, non-Texans indicated that of their 4,954 tickets purchased 4,815 or 97.2 percent were used by someone from outside Texas.

These percentages become crucial in estimating the percent of persons from outside Texas that attended the 2013 F1 USGP. The USC Survey interviewed 647 persons about their activities at F1. Some of the key responses are summarized for four different groups identified in the surveys being from the Austin area, from Texas but not local, from the US but outside of Texas, and international respondents.

Based just on the number of surveys some 57% of respondents were from outside Texas. However, this does not adjust for the fact that these respondents reflect groups that differ in the average number of persons per group and that, as just discussed, there is likely some cross-over in groups with out-of-staters mixed in with Texas residents and even some Texas residents attending with predominately out-of-state groups.

Using key averages and percentages from the USC surveys and the post-event ticket purchaser survey for the four groups of respondents (local, non-local Texans, non-Texan U.S., and international), Table B-2 develops an estimate of the percent of fans attending the 2013 F1 USGP that are from outside Texas. Of the 2,204 persons attending F1 represented by the 644 survey respondents, an estimated 66.6 percent of them (1,468 fans) are from outside Texas. Of the estimated 2,251 persons represented in the survey that are in Austin for F1 (whether or not they actually went to COTA), an estimated 66.7 percent are from outside Texas.

Table B-2

Percentage of Out-of-State Visitors to Austin for 2013 Formula One USGP

University of South Carolina and Post-Event Ticket Survey Results

Respondent's Home:	Number of Surveys	Percent	Persons/Group in Austin for F1	% of Persons in Group Not Attending F1	# Persons/ Group at F1 USGP	Persons Attending F1 USGP	Persons in Austin for F1 USGP
<u>Austin</u>	121	18.70%	3.59*	0	3.59*	434	434
Texas Attendees						352	352
Outside Texas Attendees						83	83
<u>Texas, not Local</u>	156	24.00%	3.53	2.00%	3.43**	532	548
Texas Attendees						431	443
Outside Texas Attendees						101	104
<u>US, not Texas</u>	270	41.90%	3.44	2.80%	3.36**	911	931
<i>Texas Attendees</i>						26	26
<i>Outside Texas Attendees</i>						886	905
<u>International</u>	97	15.00%	4.34	2.80%	4.22**	409	421
Texas Attendees						11	12
Outside Texas Attendees						398	410
<u>Unknown</u>	3	0.50%					
Total	647	100%				2,286	2,334
Total From Outside							
Texas	367	367				1,468	1,502
Percent from Outside Texas		56.7%				64.2%	64.4%

Bold denotes data from USC interviews during 2013 F1

Italics denotes data from Post-Event Ticket purchasers survey

* Average number of tickets sold per account in Austin-Round Rock area

**Average group size in Austin adjusted for percent of persons in group not attending F1

¹ John Maher, "Vettel Races into History," *Austin American Statesman*, November 18, 2013, page C1.

² see Ken Herman "The lessons learned during an Austin weekend unlike any other," *Austin American Statesman*, November 18, 2013, p. C1.

³ Michael Barnes, "Wall-to-Wall in Downtown," *Austin American Statesman*, November 18, 2013, p. C2.

⁴ Koesters, Todd C. and Ballouli, Khalid, United States Grand Prix--Executive Summary, report prepared by the University of South Carolina, College of Hospitality, Retail and Sport Management, Department of Sport and Entertainment Management, undated report to Circuit of the Americas.

⁵ John Maher, "Vettel Races into History," *Austin American Statesman*, November 18, 2013, page C1.

⁶ Augmented with the inadvertently omitted figures on TV production personnel and those involved with secondary races.

⁷ Circuit Events Local Organizing Committee's post-event submission to Texas Comptroller of Public accounts on December 11, 2013.

⁸ In this regard the previous Saturday total attendance cited in newspaper sources was 78,886 and the Friday attendance was 78,886. The new totals in Table 1 are slightly higher at 80,236 and 59,626 respectively.

⁹ Paddock Club attendance figures are entirely controlled by F1 and the estimates presented in Table 1 are the best available to COTA during the race. But, contractual obligations prohibit even COTA from having exact attendance figures for this group.

¹⁰ Two things should be noted about this methodology. First, trying to get the stay-pattern to reflect Smith Travel Research's hotel room demand figures does not imply that all of these visitors stayed in hotels. But the hotel stay-data does likely closely parallel the overall pattern of demand for all accommodations. Second, the daily pattern of stay in Table 2 does include rough estimates for a number of no-shows about which there is really very little data. Eliminating these no-shows from consideration would not affect the fact that based on the Sunday attendance figures for out of state persons and the survey data on the number of nights stayed, the total of the nights stayed over the time period surrounding the event would need to sum to about 287,000 person nights. Completely eliminating the "no-shows" would not change the total of person-nights out-of-staters were in the Austin area which is determined by the peak number of out-of-staters and the average length of stay. Without including a significant number of non-shows at COTA Friday and Saturday, the daily pattern of out-of-state visitors staying in Austin for F1 would have to be quite odd in order to still reach 287,000 person-nights over the days visitors were in Austin.

¹¹ Records examined by SODEXO indicated that about 6 percent of their staff was from outside Texas.

¹² Total occupied hotel rooms in Austin and the surrounding area is tracked by Smith Travel Research and is presented in the following table:

Smith Travel Research Data

<u>Date</u>	<u>COA Occupied Rooms</u>	<u>Austin Area Occupied Rooms</u>
Nov 11, 2013	18,668	22,864
Nov 12, 2013	20,536	25,359
Nov 13, 2013	19,551	24,691
Nov 14, 2013	20,070	25,990
Nov 15, 2013	21,297	27,935
Nov 16, 2013	22,334	29,533
Nov 17, 2013	19,167	24,299
Nov 18, 2013	16,888	21,374

¹³ Actually this cap on allocating F1 fans to City of Austin hotels was lowered to 75 percent of all occupied rooms on Friday night and 80 percent of all occupied rooms Saturday night to accommodate those in town for the UT football game.

¹⁴ Prices cited by STR do not include taxes.

¹⁵ Note this figure only counts out-of-state attendees.

¹⁶ By statute this is only 1% of the taxable sales gain from hosting the event even though total local sales tax collections from ticket sales would be twice that amount with still excludes sales tax on tickets sold to local fans.

¹⁷ Since rental car companies rarely quote or advertise rental rates that include all taxes and fees, it is doubtful that persons responding to this question in a survey situation would give estimates that include taxes and fees. Most responses were in round figures.

¹⁸ See <http://AustinAirportcarrental.com> last visited on 8/7/2013.

¹⁹ The survey asked a several questions about the respondent's per-day spending on a number of items. Because such open-ended questions about spending do not inherently contain an upper limit to the amount claimed, it is possible that one or two very large responses can have a disproportionate influence on the overall average. To ensure that is not the case in this analysis, the "average" spending figure cited in Tables 11 - 15 actually excludes the highest value claimed by any one out-of-state respondent and by any one non-local Texan. Accordingly, these averages are, if anything, conservative interpretations of survey data.

²⁰ Because of the nature of auto racing and the time demands, it is likely participants at F1 spent only half as much per person per day as did out-of-state and out-of-area fans.

²¹ To reiterate, the survey asked a several questions about the respondent's per-day spending on a number of items. Because such open-ended questions about spending do not inherently contain an upper limit to the amount claimed, it is possible that one or two very large responses can have a disproportionate influence on the overall average. To ensure that is not the case in this analysis, the "average" spending figure cited in Tables 11 - 15 actually excludes the highest value claimed by any one out-of-state respondent and by any one non-local Texan. Accordingly, these averages are, if anything, conservative interpretations of survey data.

²² Once again based on time limitations for F1 participants to engage in spending off-site, the average expenditure per day for these visitors is cut in half.

²³ For the purposes of estimating the total impact of out-of-state fans and participant at F1, it is assumed that the one-way fare expenditures would be spent in Austin while the return airfare would accrue to the home destination.

²⁴ Detailed expense data was provided by Richard McComb, COTA Chief Financial Officer, August 14, 2014.

²⁵ Based on data provided by Richard McComb, COTA Chief Financial Officer, August 14, 2014.

²⁶ Circuit Events Local Organizing Committee, **Major Event Trust Fund Gain from the 2012 Formula One United States Grand Prix: Review of Post-Event Data and Projections for 2013 United States Grand Prix**, September 23, 2014.

²⁷ Primarily those occur during the actual dates the event is "active," but some of those expenditures do precede the event during set-up periods and for a short time after the event.

²⁸ In addition, taxes generated by direct, indirect and induced expenditures made to actually produce the event are eligible for deposit into the trust fund.