

GOVERNOR GREG ABBOTT  
ECONOMIC DEVELOPMENT & TOURISM

# Major Events Reimbursement Program

Report on the 2016 X Games

Date of Event: June 2-5, 2016

Report Publish Date: November 16, 2018

## BACKGROUND

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The Major Events Reimbursement Program permits local governments and local organizing committees to apply to the State for the establishment of a Major Events Reimbursement Fund to help pay for certain eligible costs associated with conducting specifically-named major events if all statutory and administrative requirements are met pursuant to Article 5190.14, Section 5A, Vernon's Texas Civil Statutes. The fund established for each event consists of amounts deposited by the State and local government of the estimated incremental increase in tax receipts, as determined by the State, that are directly attributable to the preparation for and presentation of the event for a one-year period. The period begins two months before the date of the event and continues for ten months thereafter. In accordance with statute, the estimated increase in tax receipts is limited to amounts collected within a designated market area, and only to amounts collected from five specific tax types.

The Legislature transferred the administration of the program from the Texas Comptroller of Public Accounts ("Comptroller's Office") to the Economic Development and Tourism Office within the Office of the Governor ("OOG") during the 84th Legislative Session, with an effective date of September 1, 2015. As part of these duties, Article 5190.14, Section 5A(w) requires the Office of the Governor to use existing resources to complete a post-event study in the market area of eligible major events.

This post-event economic impact study provides the best available information regarding the direct tax effects of the 2016 X Games.

## SUMMARY OF EVENT

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The 2016 X Games (the "event") was held June 2-5, 2016 at the Circuit of the Americas in Austin. ESPN was the Site Selection Organization for the event. A Site Selection Letter was submitted to the OOG as a part of the application to the program. See Appendix A for the application, including the Site Selection Letter.

According to the attendance report provided to the OOG by the Circuit Events Local Organizing Committee (CELOC), the Applicant for the event, the total attendance was 89,973 fans. CELOC further estimated that 35 percent of the total attendees, or 31,147, were from out-of-state. This OOG report makes no assumptions about the accuracy of this reported estimate.

## METHODOLOGY

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The methodology established to determine the direct tax effects of the event by the OOG began with collecting tax data for the five applicable taxes for the most precise period available. Collection of information requires interagency cooperation. Some tax data is available for a monthly period and by city or county. However, some taxes are collected statewide and are only reported quarterly or annually. Since daily tax collection data is unavailable, specific taxes collected for only the days during which the event occurred cannot be determined. After collecting the available data, the OOG compared the tax information for the month of the event in the market area to the same month of years prior to the event. Comparing data from the event to the same time period of the following year cannot be done since the report is due prior to the following year's data being available. The OOG assessed other factors that could

also affect the tax data. Some of the factors include: population growth, crowding out effects, other events being held in the market area during June 2015 (the year prior to the event being held), or different events held in the market area during June 2016 (the month the event was held). Crowding out can include locals leaving town or staying home to avoid frequented businesses due to the influx of visitors. The OOG does not have information available regarding events that do not apply to any of the Events Trust Fund programs to factor into the comparison. These reasons prevent the OOG from determining the actual amount of incremental tax increases of the 2016 X Games utilizing existing resources.

## APPLICABLE STATE TAXES

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In accordance with the Major Events Reimbursement Program statute, the estimated increase in tax receipts attributed to major events are limited to amounts collected within a designated market area, and only to amounts collected from five specific tax types. The five state taxes are: 1) state sales and use taxes; 2) hotel occupancy taxes; 3) mixed beverage taxes; 4) motor vehicle rental taxes; and 5) wholesale alcoholic beverage taxes. Information on each of these tax types are summarized as follows:

### Sales & Use Tax

The sales and use tax rate of 6.25 percent is assessed on all tangible personal property and certain services. The sales and use tax is collected by the Comptroller's Office either monthly, quarterly, or annually based on certain qualifications. Since the period of collection varies by business, determining the taxes directly attributable to the event is not attainable. This report reflects that data for the quarter. This tax is also likely to be affected by crowding out.

### Hotel Occupancy Tax

The state hotel tax rate is 6.0 percent and is collected on either a monthly or quarterly basis. The Comptroller's Office collects only the state tax portion of the hotel tax, while cities and counties are primarily responsible for collecting their own local hotel taxes. Similar to sales and use tax, the variation of periods that the tax is collected from businesses results in an indeterminable incremental tax increase as a result of the event. Most hotels report monthly, therefore, this report reflects the monthly data.

### Motor Vehicle Rental Tax

The motor vehicle gross rental receipts tax is imposed on motor vehicle rentals. The tax rate is based on the length of the rental contract listed below:

- 10% for contracts of 1-30 days
- 6.25% for contracts exceeding 30 days but no longer than 180 days.

Not all cities collect a local tax for car rental, and taxes are collected from the rental company for all rentals across the state, not by city or county. Additionally, a car might be rented from several locations for the event. For these reasons, the motor vehicle rental taxes leveraged in a period cannot be isolated and directly attributed to the event.

## Mixed Beverage Tax

The gross receipts tax of 6.70 percent is charged with the sale of mixed beverages on the amount received from the sale, preparation, or service from the sale of an alcoholic beverage that is consumed on the premises of the mixed beverage permittee. The mixed beverage sales tax of 8.25 percent is imposed on the person or organization holding the mixed beverage permit and not the customer. This tax is collected monthly, but since the mixed beverage sales tax is imposed on the mixed beverage permit holder, it may not be added to the selling price as a separate charge and may not be “backed out” from the amount received. This can result in an inaccurate reporting of spending on mixed beverages by event attendees.

## Title 5 ABC Tax

Tax rates vary depending on beverage type and alcohol content. The Texas Alcoholic Beverage Commission (TABC) Tax Division receives and processes monthly excise tax reports. Manufacturers of alcoholic beverages may only sell to wholesalers/distributors and the wholesalers/distributors may, in turn, sell only to the retailers. Alcoholic beverages become taxable when the beverages are sold at the retail level, and data for tax collection is only available at a state level. Additionally, the Title 5 ABC tax and the mixed beverage tax are likely to be affected by crowding out, resulting in an unmeasurable effect of the event on these taxes.

## TOTAL INCREMENTAL INCREASE IN STATE TAX RECEIPTS

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The Major Events Reimbursement Program statute requires the OOG to provide an estimate for the incremental increases in tax receipts expected to be generated by the event based on the five specified tax-types. For this event, the estimate was comprised of both Primary Direct Spending and Secondary Direct Spending (including indirect and induced). The total estimated incremental increase to the state was \$1,634,284. Based on this amount, the Applicant was required to submit a local share of \$261,486 according to the state-to-local share ratio of 6.25:1, resulting in a total trust fund of \$1,895,770 (See Appendix B).

The breakdown of the estimated incremental increase of state taxes from the Primary and Secondary Direct Spending are shown below:

Type of Expenditure	Primary - Direct	
	Spending	Taxes
Hotel & Motels	\$ 3,109,200	\$ 186,552
Eating & Drinking Establishments	\$ 2,736,096	\$ 171,006
Alcoholic Beverages (Mixed & Title 5 ABC)	\$ 3,979,776	\$ 241,771
Event Expenses	\$ 5,466,130	\$ 341,633
Auto Rental	\$ 248,736	\$ 24,874
Shopping & Entertainment (Aggregated)	\$ 3,556,925	\$ 222,308
<b>TOTAL</b>	<b>\$ 19,096,863</b>	<b>\$ 1,188,144</b>
*NOTE: There was an estimated \$446,141 in post event state tax revenue.		

Primary Spending was estimated by the OOG based on projected attendance and projected event spending. Estimated attendee spending was broken down by five (5) expenditure categories: Food and

Beverage (Sales & Use Tax); Entertainment and Shopping (Sales & Use Tax); Lodging (Hotel Occupancy Tax); Rental Car (Car Rental Tax); and Alcohol (Mixed Beverage and Title 5 ABC taxes). The estimated incremental increases in state and local taxes were then calculated for each spending category. The OOG defined the market area for the event as Travis County.

Secondary Spending estimates were derived by the OOG by using an economic model to determine tourism industry employment and statutorily eligible tax impacts associated with the event.

## STATE TAX RECEIPT IMPACTS FROM DIRECT SPENDING

The following table is based on the best information the OOG was able to gather on tax receipts for the five tax-types specified in the Events Reimbursement Fund statute. The chart shows amounts for July 2016 since the event occurred June and taxes are collected in the month following the event. All five tax types in the market area saw an increase in receipts when comparing tax receipts around the time period when the event was held with the same time period the year before. However, changes in tax receipts cannot reliably be attributed to any particular event.

<b>Sales Tax</b>			
	<b>2015 Q3</b>	<b>2016 Q3</b>	<b>Difference</b>
Travis County	\$317,899,878	\$336,484,066	\$18,584,187
<b>Hotel Occupancy</b>			
	<b>July 2015</b>	<b>July 2016</b>	<b>Difference</b>
Travis County	\$4,216,577	\$4,364,385	\$147,808
<b>Car Rental</b>			
	<b>July 2015</b>	<b>July 2016</b>	<b>Difference</b>
State of Texas	\$19,891,721	\$20,403,129	\$511,408
<b>Mixed Beverage - 1. Gross Receipts and 2. Mixed Beverage Sales Tax</b>			
	<b>July 2015</b>	<b>July 2016</b>	<b>Difference</b>
Travis County	\$8,498,522	\$8,932,361	\$433,839
<b>Title 5 ABC</b>			
	<b>July 2015</b>	<b>July 2016</b>	<b>Difference</b>
State of Texas	\$19,771,480	\$21,517,650	\$1,746,170

## EVENT DEADLINES RELATED TO PROGRAM

The following program deadlines were verified to have been completed as follows (see Appendix C for documentation):

- Application Received (including Site Selection letter): 4/15/2016
  - Deadline: 04/18/16, or no later than 45 days prior to the event
- Event Support Contract Received: 6/1/2016
  - Deadline: 6/2/2016, or prior to the event
- Attendance Certification Received: 7/15/2016
  - Deadline: 7/20/2016, or no later than 45 days after the event

- Local Share Received: 9/2/2016
  - Deadline: 9/3/2016, or no later than 90 days after the event
- Disbursement Request Received: 11/8/2016
  - Deadline: 12/2/2016, or no later than 180 days after the event

## CONCLUSION

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Given the available data and constrained to the use of existing resources, it is unlikely that the economic impact directly attributable to the preparation and presentation of the event is measurable with any reasonable degree of accuracy. Using available resources, the data is inconclusive in determining the actual economic impact of the event. Neither a positive nor negative impact is determinable since the tax information provided showed both increases and decreases in taxes collected. The available and reported tax data cannot reliably be attributed to any particular event, while some data cannot even be attributed to any particular market area. The economic variables and limited detail of tax and participant data make it impossible to isolate the incremental tax generated by one particular event to the Texas economy. The development of a reasonably accurate economic impact study requires data state government cannot feasibly capture, such as the actual number of out-of-state-visitors attributable to the event, the actual per-day spending by each event attendee for each of the five allowable tax types, and the length of stay of each attendee. The OOG will continue to examine the collection and reporting of information relating to these major events in an effort to identify options for improvement in data collection to ensure that the purposes of the statutory post-event reporting requirement can be achieved.

# APPENDIX A

# **EVENTS TRUST FUND**

## **Application**

Office of the Governor  
Economic Development and Tourism (EDT)

**APPLICANT NAME:** Circuit Events Local Organizing Committee

**APPLICANT MAILING ADDRESS:** 100 Congress Avenue, Suite 1300, Austin, Texas 78701

**EVENT NAME:** ESPN X Games Austin

**DATE(S) OF EVENT:** June 2 - 5, 2016

**EVENT LOCATION:** Circuit of The Americas, 9201 Circuit of The Americas Blvd., Austin, Texas 78617

**DATE APPLICATION SUBMITTED:** April 11, 2016



## Events Trust Fund Application

### Event Trust Fund (ETF), Major Events Reimbursement Program (MERP) or Motor Sports Racing Trust Fund (MSRTF)

Please review the Events Fund Process document and statute before submitting this application. Links can be found at <https://texaswideopenforbusiness.com/services/event-trust-funds>.

An application will not be complete until all documents are submitted, with the exception of the Events Support Contract. See checklist at the end of the application for required documents. Deadlines for submission are as follows:

MERP: 45 days prior to the event, but no more than 1 year before the event.

ETF & MSRTF: at least 120 days prior to the event.

*Please submit all documents to [eventsfund@gov.texas.gov](mailto:eventsfund@gov.texas.gov).*

#### SECTION 1: ENDORSING MUNICIPALITY OR COUNTY

Name of Endorsing Municipality or County:	City of Austin
Municipality or County Contact Name:	Leela Fireside
Contact Title:	Assistant City Attorney
Contact Email:	Leela.Fireside@austintexas.gov
Contact Phone Number:	(512) 974-2163

1. Has the endorsing municipality or county reviewed the event and found that it meets all eligibility requirements as listed in Vernon's Texas Civil Statutes (VTCS) Section 5190.14?  
Yes  No
2. Has the endorsing municipality or county determined that it will contribute local funding ("local match") to the Event Trust Fund, if established?  
Yes  No  \*Circuit Events Local Organizing Committee has contractually agreed to provide this funding.

#### SECTION 2: LOCAL ORGANIZING COMMITTEE

1. Has the municipality or county authorized a nonprofit Local Organizing Committee (LOC) to enter into an agreement with the Site Selection Organization to host the event on behalf of the municipality or county?  
Yes  No
2. If Question 1 is selected as "No," the municipality or county must directly enter into an Event Hosting Agreement with the site selection organization.

If "Yes," provide the following information for the LOC:

Complete Business Name of LOC:	Circuit Events Local Organizing Committee
LOC Contact Name:	Wayne S. Hollingsworth

LOC Contact Title:	Board Member, Secretary
Contact Email:	whollingsworth@abaustin.com
Contact Phone Number:	(512) 435-2306
LOC Tax Payer ID#:	45-2727397

Is the LOC designated in the official request letter submitted with the application?

Yes  No

### SECTION 3: SITE SELECTION ORGANIZATION

Full Name of Site Selection Organization:	ESPN, Inc.
Site Selection Contact Name:	Scott Guglielmino
Site Selection Contact Title:	Senior Vice President, Programming and X Games
Site Selection Contact Email:	Scott.Guglielmino@espn.com
Contact Phone Number:	(860) 766-2550

\*EDT reserves the right to contact the Site Selection Organization or any other organization directly related to this event.

### SECTION 4: FUND REQUEST AMOUNT

Total Fund Amount Requested:	\$3,412,213
State Share:	\$2,941,563
Local Share:	\$470,650

\*In accordance with statute, the state share must be no more than 6.25x the local share. To calculate the Local Share, divide the State Share by 6.25.

**For MERP Applications only:**

Estimated Direct Impact Total:	\$2,388,491
Estimated Indirect & Induced Impact Total:	\$227,875 (Indirect) + 325,197 (Induced) = \$553,072

\*The Direct Impact and the Indirect & induced impact will equal the Total Fund Amount Request. These amounts include the state and local estimates.

### SECTION 5: EVENT INFORMATION

Official Event Name:	X Games Austin
Event Fund/Program being applied for: (ETF, MERP, MSRTF)	MERP
Venue(s) of Event:	Circuit of The Americas
Event Website:	<a href="http://xgames.espn.go.com/xgames/austin">http://xgames.espn.go.com/xgames/austin</a>

Date(s) of the Primary Event:	June 2 - 5, 2016
Day set-up/load-in for the event will begin:	May 16, 2016
Day strike/load-out of the event will end:	June 10, 2016
Location of Event for the Previous 5 Years: (List most recent year first)	<ol style="list-style-type: none"> <li>1. 2012: Los Angeles, CA; Aspen, CO; Shanghai, China; Tignes, France</li> <li>2. 2012: 2013: Los Angeles, CA; Aspen, CO; Shanghai, China; Tignes, France</li> <li>3. 2013: Los Angeles, CA; Aspen, CO; Shanghai, China; Tignes, France, Barcelona, Spain; Munich, Germany; Foz do Iguacu, Brazil</li> <li>4. 2014: Austin, TX; Aspen, CO; Shanghai, China</li> <li>5. 2015: Austin, TX; Aspen, CO</li> </ol>
Source of Information for Previous Events:	Wikipedia
Other locations outside of Texas considered to host the event:	Aspen, Colorado and Oslo, Norway
Was the site selected as a part of a multi-year agreement? If yes, what years (past and future)?	Yes, 2014 through 2017 (the parties have cancelled the 2017 event)
Anticipated Total Attendance at Primary Event:	82,912
Anticipated Out of State Attendance at Primary Event:	33% or 27,477
Desired Market Area:	Travis and contiguous counties.
Additional Information:	Circuit of The Americas ("COTA") tracks tickets sold and distributed, media credentials and team and sponsor attendees and tabulates figures during each day of the event, including for the primary event day. COTA also conducts various surveys of attendees both during and after the event with the intent to determine an accurate calculation of out-of-state attendees for each day of the event.

Upon conclusion of the event, verifiable attendance figures must be provided to EDT. The following methods will be accepted: ticket sales count, turnstile count, ticket scan count, convention attendee count, or participant totals (must be accompanied by ticket or turnstile count for MERP & MSRTF). Other methods may be accepted upon approval by EDT. Please explain which of these methods or another method, subject to approval, that will be used:

## SECTION 5: CHECKLIST

***EDT must receive the following documents before it can issue an estimate of incremental taxes.***

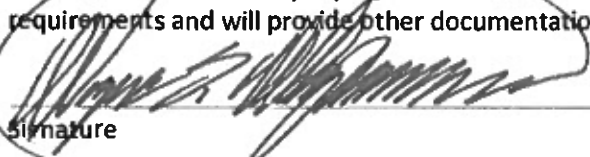
Per statute, EDT is required to make a determination within 30 days after receiving a complete application. If an application is incomplete, the requestor will be asked to withdraw the application until a complete application can be submitted.

✓ **Events Trust Fund Application completed and signed.**

- ✓ **Selection Letter** *clearly* indicating a highly competitive selection process, and that the selection was based on an application by the endorsing municipality, county or LOC. This selection letter must clearly indicate the selected LOC, the selected municipality and the event date. The event date indicated in the letter must match the requested event date. The selection letter must be signed by the site selection organization.
- ✓ **Request Letter** *clearly* indicating the municipality or county's endorsement of the event and states the LOC (if applicable) along with the municipality or county's contact. The information in the letter should coincide with the Selection Letter.
- ✓ **Economic Impact Analysis** or data sufficient for EDT to determine the incremental increase in tax revenue associated with hosting the event. The data must include an estimate of the number of attendees from out-of-state, details on the direct expenditures and direct impact data for the endorsing municipality or county hosting the event for the requested market area, and the source of the information included. For MERP's only, indirect and induced, or secondary impacts should be included, and the stated separately from the direct impact.
- Event Support Contract** executed between a LOC, an endorsing municipality, or an endorsing county and a site selection organization that outlines the responsibilities of each party, and signed by each party. *Due no later than the date of the event; early submission will provide EDT with the opportunity to review the contract and address any issues prior to the event.*
- ✓ **Affidavit of Endorsing Entity** signed by each endorsing municipality, county and/or LOC.
- ✓ **Affidavit for Economic Impact** signed by party(ies) providing economic impact analysis to support the request.

**Note: Disclosure of Information under the Public Information Act.** All documents submitted to the Office of the Governor (OOG) are subject to disclosure under the Texas Public Information Act, Chapter 552 of the Texas Government Code ("the Act"), including, but not limited to, the application, event support contract, economic impact analysis, and all disbursement documentation submitted after the event, whether created or produced by the applicant or by any third-party. If it is necessary to include proprietary or otherwise confidential information in the documents submitted, that particular information should be clearly identified as such. **Merely making a blanket claim that the all documents are protected from disclosure because they may contain some proprietary or confidential information is not acceptable, and will not render the information confidential.** Any information that is not clearly identified as proprietary or confidential will be released in accordance with the Act.

I, the authorized representative of the applicant, certify that the representations made, the facts stated in this application and all supplemental documents are true and correct, and that no relevant facts have been intentionally omitted, as evidenced by my signature below. I hereby agree, on behalf of the applicant, to comply with the reporting requirements and will provide other documentation as requested.

  
 \_\_\_\_\_  
 Signature

Director of Circuit Events Local Organizing Committee  
 \_\_\_\_\_

Title

April 11, 2016  
 \_\_\_\_\_

Date



OFFICE OF THE GOVERNOR  
ECONOMIC DEVELOPMENT & TOURISM

GRAC ABBOTT  
GOVERNOR

**AFFIDAVIT**  
**for Economic Impact Documentation**

**Affidavit to be completed, including signed and notarized, by any and all party(ies) providing economic data to support a request for an Event Trust Fund, Major Events Reimbursement Program or Motor Sports Racing Trust Fund.**

I, William Melton, am providing information to be used by a City, County or Local Organizing Committee for the purpose of receiving funding through the Event Trust Fund, Major Events Reimbursement Program, or Motor Sports Racing 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 Economic Development and Tourism 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: 2016 X Games Austin on these dates: June 2 through 5, 2016 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.

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ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT  
GOVERNOR

[Signature]  
Affiant Signature

William Mellor  
Printed Name

Vice President & General Manager, Angelo Economics  
Title and Name of Organization

3/22/16  
Date

The State of Texas

County of Travis

Before me, a Notary Public, on this day personally appeared William Mellor, known to me to be the person whose name is subscribed to the forgoing instrument and acknowledged to me that he/she executed the same for the purpose and consideration therein expressed.

Given under my hand and seal of office this 22nd day of March, 2016

[Signature]  
Notary Public, State of Texas

(PERSONALIZED SEAL)

Patricia J. Brooks  
(Print name of Notary Public here)

My commission expires the 11th day of February, 2017



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OFFICE OF THE GOVERNOR  
ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT  
GOVERNOR

**AFFIDAVIT**  
**for Economic Impact Documentation**

**Affidavit to be completed, including signed and notarized, by any and all party(ies) providing economic data to support a request for an Event Trust Fund, Major Events Reimbursement Program or Motor Sports Racing Trust Fund.**

I, Wayne S. Hollingsworth, am providing information to be used by a City, County or Local Organizing Committee for the purpose of receiving funding through the Event Trust Fund, Major Events Reimbursement Program, or Motor Sports Racing 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 Economic Development and Tourism 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.

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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.

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**TEXAS** WIDE OPEN  
OF BUSINESS



OFFICE OF THE GOVERNOR  
ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT  
GOVERNOR

Wayne S. Hollingsworth  
Affiant Signature

Wayne S. Hollingsworth  
Printed Name

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

Apr. 11, 2016  
Date

The State of Texas

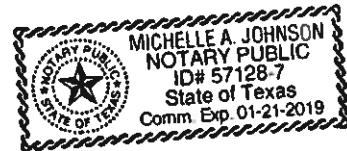
County of Travis

Before me, a Notary Public, on this day personally appeared Wayne S. Hollingsworth, known to me to be the person whose name is subscribed to the forgoing instrument and acknowledged to me that he/she executed the same for the purpose and consideration therein expressed.

Given under my hand and seal of office this 11<sup>th</sup> day of April, 20 16

Michelle A. Johnson  
Notary Public, State of Texas

(PERSONALIZED SEAL)



\_\_\_\_\_  
(Print name of Notary Public here)

My commission expires the \_\_\_\_\_ day of \_\_\_\_\_, 20 16







OFFICE OF THE GOVERNOR  
ECONOMIC DEVELOPMENT & TOURISM

GRUG ABBOTT  
GOVERNOR

**AFFIDAVIT**  
**of Endorsing Entity**

**Affidavit to be completed, including signed and notarized, by any and all Municipalities, Counties, and/or LOCs endorsing an Event Trust Fund, Major Events Reimbursement Program or Motor Sports Racing Trust Fund.**

I, Wayne S. Hollingsworth, an authorized representative of: Circuit Events Local Organizing Committee a [Local Organizing Committee (nonprofit corporation), endorsing municipality or endorsing county] (circle one) ("Requestor") that is receiving funding through the Event Trust Fund, Major Events Reimbursement Program or Motor Sports Racing Trust Fund ("the Act"), hereby swear and affirm that, to the best of my knowledge, the Requestor has designed and implemented internal controls, processes and procedures to help the Requestor ensure that the Requestor and its use of these funds complies with all applicable laws, rules, and written guidance from the Economic Development and Tourism Office. I further swear and affirm that I, or my duly authorized employee, representative, or agent, have reviewed the information, and that all of the statements made and information provided therein, including statements made and information provided in any attachments are true, complete, and correct to the best of my knowledge. All other information submitted as part of this request for participation is being represented by me as true and correct, and I am unaware of any information contained therein that is false, misleading, or fraudulent. Information provided includes but is not limited to:

to the best of my knowledge

- (1) A letter from the municipality or county requesting participation in the Events 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 Economic Development and Tourism 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) An application for an Events Trust Fund program 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: \_\_\_\_\_  
2016 X Games Austin on these dates: June 2 through 5, 2016

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.

**TEXAS** WIDE OPEN  
BUSINESS



OFFICE OF THE GOVERNOR  
ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT  
GOVERNOR

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  
Printed Name

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

April 11, 2016  
Date

The State of Texas

County of Travis

Before me, a Notary Public, on this day personally appeared Wayne S. Hollingsworth, known to me to be the person whose name is subscribed to the forgoing instrument and acknowledged to me that he/she executed the same for the purpose and consideration therein expressed.

Given under my hand and seal of office this 11<sup>th</sup> day of April, 20 16

*Michelle A. Johnson*  
Notary Public, State of Texas

(PERSONALIZED SEAL)



(Print name of Notary Public here)

My commission expires the \_\_\_\_\_ day of \_\_\_\_\_, 20 16





OFFICE OF THE GOVERNOR  
ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT  
GOVERNOR

**AFFIDAVIT**  
**of Endorsing Entity**

**Affidavit to be completed, including signed and notarized, by any and all Municipalities, Counties, and/or LOCs endorsing an Event Trust Fund, Major Events Reimbursement Program or Motor Sports Racing Trust Fund.**

I, Marc Ott, an authorized representative of: City of Austin

a [Local Organizing Committee (nonprofit corporation), endorsing municipality or endorsing county] (circle one) ("Requestor") that is receiving funding through the Event Trust Fund, Major Events Reimbursement Program or Motor Sports Racing Trust Fund ("the Act"), hereby swear and affirm that, to the best of my knowledge, the Requestor has designed and implemented internal controls, processes and procedures to help the Requestor ensure that the Requestor and its use of these funds complies with all applicable laws, rules, and written guidance from the Economic Development and Tourism Office. I further swear and affirm that I, or my duly authorized employee, representative, or agent, have reviewed the information, and that all of the statements made and information provided therein, including statements made and information provided in any attachments are true, complete, and correct to the best of my knowledge. All other information submitted as part of this request for participation is being represented by me as true and correct, and I am unaware of any information contained therein that is false, misleading, or fraudulent. Information provided includes but is not limited to:

to the best of my knowledge

- (1) A letter from the municipality or county requesting participation in the Events 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 Economic Development and Tourism 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) An application for an Events Trust Fund program 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: \_\_\_\_\_  
2016 X Games Austin on these dates: June 2 through 5, 2016.

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.





OFFICE OF THE GOVERNOR  
ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT  
GOVERNOR

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[Handwritten Signature]  
Affiant Signature

Marc Ott  
Printed Name

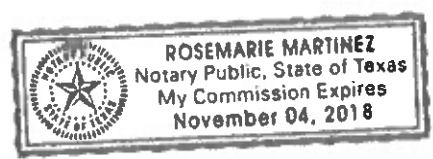
Manager, City of Austin  
Title and Name of Organization

April 14, 2016  
Date

The State of Texas  
County of Travis

Before me, a Notary Public, on this day personally appeared Marc A. Ott, known to me to be the person whose name is subscribed to the forgoing instrument and acknowledged to me that he/she executed the same for the purpose and consideration therein expressed.

Given under my hand and seal of office this 14 day of April, 20 16



[Handwritten Signature]  
Notary Public, State of Texas

(PERSONALIZED SEAL)  
Rose Marie Martinez  
(Print name of Notary Public here)

My commission expires the 4 day of Nov, 20 18  
**TEXAS WIDE OPEN BUSINESS**



# 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@city.austin.tx.us*

April 14, 2016

Office of the Governor  
Texas Economic Development Bank  
Economic Development & Tourism  
Post Office Box 12428  
Austin, Texas 78711

Attention: Director

Dear Director:

The City of Austin requests participation in the Major Events Reimbursement Program (MERP) program pursuant to TEX. REV. CIV. STAT. ART. 5190.14 Section 5A (Act) as authorized by Austin City Council action on December 10, 2015 in support of X Games Austin for 2014 through 2016, inclusive, and for the June 2 through 5, 2016 event marketed as the "2016 X Games Austin" (the "Event"). This action satisfies the requirements of 10 TAC, Part 5, Section 184.102(a)(1) and documents that Austin is the endorsing municipality in accordance with the Act.

Enclosed is correspondence from ESPN, Inc. (ESPN) confirming the selection of Austin, Texas as the location for this event in June of 2016. The correspondence from ESPN satisfies the requirements found at 10 TAC Section 184.102(a)(2).

The correspondence from ESPN states that the selection of Austin as the location for the Event was completed after substantial competition in their process of reviewing a number of venues interested in hosting their series. Further, ESPN does not anticipate holding any other similar Event in Texas or its contiguous states during any year that the Event 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 10 TAC Section 184.101.

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 Office of the Governor, Texas Economic Development Bank, for participation of the X Games Austin Event in the MERP under the Act, to submit the MERP economic analysis, to fund the City's contribution to the MERP, and to apply for and receive funds for eligible expenses from the MERP.

Sincerely,

Marc A. Ott, City Manager  
City of Austin, Texas



ESPN, Inc.

ESPN Plaza, Bristol, CT 06010-7454

April 8, 2015

Circuit Events Local Organizing Committee  
Attention: Mr. Wayne S. Hollingsworth  
100 Congress Avenue, Suite 1300  
Austin, Texas 78701

*via email: whollingsworth@abaustin.com*

Dear Mr. Hollingsworth:

We appreciate the confirmation of the application by Circuit Events Local Organizing Committee ("CELOC"), dated April 8, 2015, submitted as designee on behalf of the City of Austin, to host an event of the X Games in Austin for 2015 through 2017 at the raceway facilities in Austin, Texas, USA, known as Circuit of the Americas. We understand that your application is submitted in confirmation of and supplemental to your application to us dated June 11, 2013, and in anticipation of the X Games Austin qualifying for the Texas Major Event Trust Fund Act (the "Act") based on legislation pending in the Texas Legislature.

As we emphasized in our previous letter to you and City officials, there has been and remains substantial competition in our process of reviewing a number of venues interested in hosting our events. Please consider this letter as confirmation of our selection of Austin, Texas, and the Circuit of the Americas to host the X Games Austin event each year of the upcoming series from 2014 through 2017.

As noted in your June 11, 2013 letter, we do not anticipate sanctioning or holding any other similar X Games Event in Texas or its contiguous states during 2015 or any other year that the X Games Austin at the Circuit of the Americas is held in Austin.

The ESPN X Games is a unique event that appeals to a young, enthusiastic demographic, featuring multiple competitive action sports events. The 2015 X Games will be conducted in Austin, Texas along with our winter event in Aspen, Colorado. ESPN will televise X Games Austin worldwide, with over twenty (20) hours of dedicated programming distributed to more than 450 million homes in over 175 countries around the world. X Games Austin will be the only site in North America for our summer event, so we anticipate strong interest and significant economic benefit to the community and region.

We look forward to working with you to finalize an Amended and Restated Event Support Contract for application under the Act related to the local and State support available through CELOC and the Circuit of the Americas if, as and when the pending legislation qualifying X Games Austin for participation under the Act is passed and effective.

Yours sincerely,

Scott Guglielmino  
Senior Vice President  
Programming & X Games

{W0651550.2}

Our passion to sports fans is wherever sports are watched, listened to, discussed, debated, read about, or played

# APPENDIX B



OFFICE OF THE GOVERNOR  
ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT  
GOVERNOR

May 5, 2016

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

Dear Mr. Hollingsworth:

The Office of the Governor has completed its review of the application and economic information submitted by the Circuit Events Local Organizing Committee for the establishment of the Major Event Reimbursement Program under Section 5A relating to ESPN X Games Austin. Based on the representations and the information submitted and certified in the application, the event meets the eligibility requirements set by the Texas Legislature in article 5190.14 of the Texas Revised Civil Statutes. Establishment of an Event Trust Fund is therefore required by law, and upon receipt of the local share, a fund will be established as follows:

Event:	ESPN X Games Austin 2016
Project Code:	161002
Location:	Austin, TX
Market Area:	Travis County
Venue:	Circuit of the Americas
Date(s):	June 2-5, 2016

The estimated incremental increase in tax revenue to the State of Texas is \$1,634,284 or 6.25 times the amount of local revenue retained or remitted to the Texas Comptroller of Public Accounts as local funds from eligible endorsing municipalities.

Local funds required:	\$261,486
Total contribution to the Event Trust Fund established for this event:	\$1,895,770

Attendance metric used to estimate the incremental increase in tax revenue: 82,912 total of all attendees for event days





Page Two  
Mr. Hollingsworth  
May 5, 2016

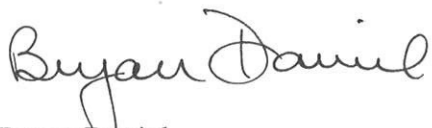
Following the event, you will need to complete and submit the Attendance Certification Form, which is enclosed for your convenience. The Attendance Certification Form and supporting documentation must be submitted no later than 45 calendar days after the conclusion of the event.

The local funds must be submitted no later than 90 calendar days after the conclusion of the event. If the funds for the local share amount are not submitted by the 90-day deadline, the Event Trust Fund will not be available for disbursement. The deposit instructions for the local funds are enclosed.

To initiate a disbursement from an Event Trust Fund, a Disbursement Request Form, Disbursement Request Worksheet and all supporting documentation must be submitted no later than 180 calendar days after the conclusion of the event. The establishment of an Event Trust Fund does not entitle or guarantee that disbursements from the fund will be available for the reimbursement of any particular expenditure relating to the event. All disbursements will be subject to the requirements of article 5190.14 of the Texas Revised Civil Statutes, the Event Fund Program Administrative Rules under Title 10, Chapter 184 of the Texas Administrative Code, and the policies and guidelines of the Office of Economic Development & Tourism within the Office of the Governor, including timely submittal of the Event Support Contract, Attendance Certification Form, local funds, Disbursement Request Form, and other documentation as required.

If you have further questions, please contact the Office of the Governor, Economic Development & Tourism Division at [eventsfund@gov.texas.gov](mailto:eventsfund@gov.texas.gov) or (512) 936-0100.

Sincerely,

A handwritten signature in black ink that reads "Bryan Daniel". The signature is written in a cursive style with a large, prominent initial "B".

Bryan Daniel  
Executive Director  
Economic Development & Tourism Division  
Office of the Governor

BD: wsn

Attachments

# APPENDIX C



OFFICE OF THE GOVERNOR  
ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT  
GOVERNOR

**ATTENDANCE CERTIFICATION**

**(Must be submitted no later than 45 days after conclusion of the event):**

Event application submittal date:	April 15, 2016
Economic Development and Tourism (EDT) event application approval date:	May 5, 2016
Attendance Certification to be submitted to EDT no later than forty-five (45) days after the event date:	July 17, 2016
The attendance metric* identified by EDT to evaluate the estimated number of event attendees as part of the calculations for the incremental tax impact:	82,912 total of all attendees for event days

\* If Applicant has questions or concerns about how this metric was developed, please contact us within 10 days of fund approval letter

**To be completed by the Applicant:**

Event Name: ESPN X Games Austin 2016

The TOTAL attendance at the PRIMARY EVENT was: 89,973

The estimated attendees NOT residents of Texas for the PRIMARY EVENT was: 31,147

Source(s) and methodology used to obtain attendance totals. The following methods will be accepted: ticket sales count, turnstile count, ticket scan count, convention attendee count, or participant totals (must be accompanied by ticket or turnstile count for MERP & MSRTF). If you are submitting another method, it should have previously been approved by EDT.

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OFFICE OF THE GOVERNOR  
ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT  
GOVERNOR

Authorized Official (must be signed by event application signatory or successor):

Geoff Moore  
Signature

GEOFF MOORE  
Printed Name

CEO CoTA  
Title and Name of Organization

7/14/16  
Date

Submit the signed Attendance Certification to the Office of the Governor, Economic Development and Tourism at [eventsfund@gov.texas.gov](mailto:eventsfund@gov.texas.gov)