



GOVERNOR GREG ABBOTT  
ECONOMIC DEVELOPMENT & TOURISM

## **Major Events Reimbursement Program**

Report on the 2017 Formula 1 United States Grand Prix

Date of Event: October 20-22, 2017

Report Publish Date: October 31, 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 2017 Formula 1 United States Grand Prix.

## SUMMARY OF EVENT

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The 2017 Formula 1 United States Grand Prix (the "event") was held October 20-22, 2017 at the Circuit of the Americas in Austin. Formula One Management Ltd. 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 93,943 fans. CELOC further estimated that 53 percent of the total attendees, or 49,426, 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 October 2016 (the year prior to the event being held), or different events held in the market area during October 2017 (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 2017 Formula 1 United States Grand Prix 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 \$23,416,272. Based on this amount, the Applicant was required to submit a local share of \$3,746,604 according to the state-to-local share ratio of 6.25:1, resulting in a total trust fund of \$27,162,876 (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	\$ 80,571,000	\$ 4,834,260
Eating & Drinking Establishments	\$ 39,483,000	\$ 2,467,688
Alcoholic Beverages (Mixed & Title 5 ABC)	\$ 43,335,000	\$ 2,972,781
Event Expenses	\$ 26,565,215	\$ 1,660,326
Auto Rental	\$ 6,018,750	\$ 601,875
Shopping & Entertainment (Aggregated)	\$ 51,327,900	\$ 4,908,548
<b>TOTAL</b>	<b>\$ 247,300,865</b>	<b>\$ 17,445,477</b>
*NOTE: There was an estimated \$5,970,796 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 the Austin Metroplex.

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 November 2017 since the event occurred in October and taxes are collected in the month following the event. All tax types in the market area except hotel occupancy 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>2016 Q4</b>	<b>2017 Q4</b>	<b>Difference</b>
Travis County	\$363,613,267	\$386,797,719	\$23,184,452
Williamson County	\$122,628,620	\$130,680,433	\$8,051,813
Hays County	\$50,960,611	\$65,992,950	\$15,032,340
Bastrop County	\$11,969,141	\$12,845,207	\$876,066
Caldwell County	\$3,643,256	\$3,776,342	\$133,086
<b>Hotel Occupancy</b>			
	<b>November 2016</b>	<b>November 2017</b>	<b>Difference</b>
Travis County	\$5,121,143	\$4,853,666	(\$267,477)
Williamson County	\$476,846	\$505,935	\$29,090
Hays County	\$305,644	\$325,898	\$20,254
Bastrop County	\$182,306	\$176,699	(\$5,607)
Caldwell County	\$14,951	\$14,514	(\$437)
<b>Car Rental</b>			
	<b>November 2016</b>	<b>November 2017</b>	<b>Difference</b>
State of Texas	\$18,178,395	\$19,546,725	\$1,368,329
<b>Mixed Beverage - 1. Gross Receipts and 2. Mixed Beverage Sales Tax</b>			
	<b>November 2016</b>	<b>November 2017</b>	<b>Difference</b>
Travis County	\$8,409,899	\$8,935,300	\$525,401
Williamson County	\$892,365	\$1,019,012	\$126,647
Hays County	\$487,996	\$529,679	\$41,683
Bastrop County	\$110,358	\$136,858	\$26,500
Caldwell County	\$6,972	\$13,654	\$6,682
<b>Title 5 ABC</b>			
	<b>November 2016</b>	<b>November 2017</b>	<b>Difference</b>
State of Texas	\$18,604,967	\$19,401,126	\$796,159

## EVENT DEADLINES RELATED TO PROGRAM

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

- Application Received (including Site Selection letter): 08/31/17
  - Deadline: 09/05/17, or no later than 45 days prior to the event
- Event Support Contract Received: 10/19/17
  - Deadline: 10/19/17, or prior to the event
- Attendance Certification Received: 12/06/17
  - Deadline: 12/06/17, or no later than 45 days after the event
- Local Share Received: 01/18/18
  - Deadline: 01/20/18, or no later than 90 days after the event
- Disbursement Request Received: 05/18/18
  - Deadline: 04/20/18, 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: 9201 Circuit of The Americas Blvd., Austin, TX  
78617**

**EVENT NAME: 2017 Formula 1 United States Grand Prix**

**DATE(S) OF EVENT: October 20-22, 2017**

**EVENT LOCATION (CITY): Circuit of The Americas, 9201 Circuit of The Americas  
Blvd., Austin, TX 78617**

**DATE APPLICATION SUBMITTED: August 31, 2017**



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

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

An application is not complete until all required documents are submitted, with the exception of the Event Support Contract. See checklist in Section 6 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:	<b>City of Austin</b>
Municipality or County Contact Name:	<b>Leela Fireside</b>
Contact Title:	<b>Assistant City Attorney</b>
Contact Email:	<b>Leela.Fireside@austintexas.gov</b>
Contact Phone Number:	<b>(512) 974-2163</b>

- Has the endorsing municipality or county reviewed the event and found that it meets all eligibility requirements as listed in Vernon’s Texas Revised Civil Statutes (VTCS) Section 5190.14?  
 Yes  No
- Has the endorsing municipality or county determined that it will contribute local funding (“local match”) to the Event Trust Fund, if established?  
 Yes  No

**SECTION 2: LOCAL ORGANIZING COMMITTEE**

- 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
- 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:	<b>Circuit Events Local Organizing Committee</b>
LOC Contact Name:	<b>Anna Panossian</b>
LOC Contact Title:	<b>Board Member, Director</b>
Contact Email:	<b>anna@thecircuit.com</b>
Contact Phone Number:	<b>(512) 655-6280</b>

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:	<b>Formula One Management Ltd.</b>
Site Selection Contact Name:	<b>Chloe Targett-Adams</b>
Site Selection Contact Title:	<b>Legal Department</b>
Site Selection Contact Email:	<b>ctargett-adams@formltd.com</b>
Contact Phone Number:	<b>+44 (0) 20-758-46668</b>

\*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:	<b>31,824,737</b>
State Share:	<b>27,435,118</b>
Local Share:	<b>4,389,619</b>

\*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:	<b>22,264,238</b>
Estimated Secondary Impact Total:	<b>5,170,880</b>

\*The Direct Impact and the Secondary Impact will equal the Total Fund Amount Requested. These amounts include the state and local estimates.

### SECTION 5: EVENT INFORMATION

Official Event Name:	<b>2017 Formula 1 United States Grand Prix</b>
Event Fund/Program being applied for: (ETF, MERP, MSRTF)	<b>MERP</b>
Venue(s) of Event:	<b>Circuit of The Americas</b>

Event Website:	<b>http://www.formula1.com</b>
Date(s) of the Primary Event:	<b>October 20-22, 2017</b>
Day set-up/load-in for the event will begin:	<b>September 18, 2017</b>
Day strike/load-out of the event will end:	<b>November 3, 2017</b>
Location of Event for the Previous 5 Years: (List most recent year first)	<ol style="list-style-type: none"> <li>1. See Attached</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> </ol>
Source of Information for Previous Events:	<b>Wikipedia</b>
Other locations outside of Texas considered to host the event:	<b>Melbourne, Australia, Bahrain, Shanghai, China, Barcelona, Spain, England, Germany, Italy and several other locations</b>
Was the site selected as a part of a multi-year agreement? If yes, what years (past and future)?	<b>2012 through 2021</b>
Anticipated Total Attendance at Primary Event:	<b>107,990</b>
Anticipated Out of State Attendance at Primary Event:	<b>64,727</b>
Desired Market Area (Area that is affected by the economic impact of the event):	<b>Travis and contiguous counties</b>
Will there be a host fee, sanction fee, participation fee, bid fee or other similar expense for the event?	<b>Yes</b>
If yes, what is the total amount of the above referenced fee(s)?*	<b>30,000,000</b>
Additional Information:	<b>Circuit of The Americas ("COTA") tracks tickets distributed, media credentials and team &amp; sponsor attendees to tabulate figures during each day of the event. COTA also conducts various surveys both during and after the event with the intent to determine accurate calculation of out-of-state attendees.</b>

\*Reimbursement will not be made for such a fee in excess of the amount listed. See TAC Rule § 184.45(18).

In accordance with TAC Rule § 184.13(d), 184.23(d) and 184.30, no later than 45 days after the event, the total actual attendance and the estimated number of attendees that are not residents of Texas at the event must be provided to EDT. Supporting documentation must be submitted for verification. The following methods will be accepted: ticket sales count, turnstile count, ticket scan count, convention registration check-in count, or participant totals (must be accompanied by ticket or turnstile count for MERP & MSRTF). Other methods may be approved by the OOG in its sole discretion prior to the first day of the event.

Please explain which of these methods or another method, subject to approval, that will be used:  
**See additional information box**

## SECTION 6: CHECKLIST

### ***EDT must receive the following documents (except the Event Support Contract) before it can issue an estimate of incremental taxes.***


EDT is statutorily required to make a determination within 30 days after receiving a complete application. If an application is incomplete, it will not be processed until all required information is submitted. Early submission is encouraged.

- Events Trust Fund Application** completed and signed by someone the applying entity has determined is eligible to bind the applying entity.
- Endorsement Documentation** from the endorsing municipality or endorsing county requesting participation in the trust fund program and signed by a person authorized to bind the municipality or county. The documentation should clearly indicate the municipality or county's endorsement of the event and the name of the LOC, if applicable. The information in the document should coincide with the Selection Letter.
- Selection Letter** A signed letter from the Site Selection Organization selecting the site in Texas that clearly indicates and describes a highly competitive selection process by which site selection occurred, 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 or county, and the event date. The event date indicated in the letter must match the requested event date.
- Economic Impact Study** or other data sufficient for EDT to make the determination of the estimated incremental increase in tax revenue directly attributable to the preparation or presentation of the event, including data for any related activities. The Study should contain detailed information on the direct expenditures for the event in the requested market area relating to the economic activity of attendees and other persons associated with the event. The study may also include information on event expenditures if available. For MERP's only, secondary impacts must be included, and stated separately from the direct impact in order for these impacts to be considered in development of the EDT estimate.
- Affidavit for Economic Impact** signed by the person(s) who prepared the Study for the application.
- Affidavit of Endorsing Entity** signed by each endorsing municipality, county and/or LOC.
- Event Support Contract** is a contract by and between a Site Selection Organization and a local organizing committee, an endorsing municipality, or an endorsing county setting out the representations and assurances of the parties with respect to the selection of a site in this state for the location of an event, and the requirements and costs necessary for the preparation or presentation of an event. Due before the first day of the event, early submission will provide EDT with the opportunity to review the contract and address any issues prior to the event.

**Note: Disclosure of Information under the Public Information Act.** All documents submitted to the Office of the Governor (OOG) may be 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

*Anna Panossian*  
\_\_\_\_\_  
Name (Printed)

*Director, CELOC*  
\_\_\_\_\_  
Title

*7/24/17*  
\_\_\_\_\_  
Date





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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 an application for an Event Trust Fund, Major Events Reimbursement Program or Motor Sports Racing Trust Fund.**

I, William Mellor, 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: 2017 Formula 1 United States Grand Prix on these dates: October 20-22, 2017 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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GREG ABBOTT  
GOVERNOR

[Handwritten Signature]

Affiant Signature

William Mellor

Printed Name

Vice President, Angelou Economics

Title and Name of Organization

8/14/17

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 14<sup>th</sup> day of August, 2017

Esther Angelou  
Notary Public, State of Texas

(PERSONALIZED SEAL)



Esther Angelou

(Print name of Notary Public here)

My commission expires the 28 day of February, 2021





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## 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, Elaine Hart, 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:

- (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: 2017 Formula 1 United States Grand Prix on these dates: October 20-22, 2017. 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







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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.

Elaine Hart

Affiant Signature

Elaine Hart

Printed Name

Interim City Manager, City of Austin

Title and Name of Organization

8/21/2017

Date

The State of Texas

County of Travis

Before me, a Notary Public, on this day personally appeared Elaine Hart, 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 21 day of August, 20 17

[Signature]  
Notary Public, State of Texas



PERSONALIZED SEAL)

Rosemarie Martinez

(Print name of Notary Public here)

My commission expires the 14 day of Nov., 20 18





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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, Anna Panossian, 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:

- (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: 2017 Formula 1 United States Grand Prix on these dates: October 20-22, 2017. 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.





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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.

[Signature]  
Affiant Signature

Anna Panossian  
Printed Name

Director, CELOC  
Title and Name of Organization

8/14/2017  
Date

The State of Texas

County of Travis

Before me, a Notary Public, on this day personally appeared ANNA PANOSSIAN, 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<sup>TH</sup> day of AUGUST, 2017



(PERSONALIZED SEAL)

[Signature]  
Notary Public, State of Texas

Melinda P. Jinks  
(Print name of Notary Public here)

My commission expires the 24<sup>TH</sup> day of November, 2018  
**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

*Elaine Hart, Interim City Manager*  
[Elaine.hart@austintexas.gov](mailto:Elaine.hart@austintexas.gov)

August 21, 2017

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

Dear Director:

The City of Austin requests participation in the Major Events Reimbursement Program (MERP) 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 10 TAC, Part 5, Section 184.12(a)(2) 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 October 20 through October 22, 2017. The correspondence from FOML satisfies the requirements found at 10 TAC Section 184.12(a)(3).

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 10 TAC Section 184.11.

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 in the MERP under the Act, to submit the MERP economic impact analysis, to fund the City's local contribution to the MERP, and to receive reimbursement of trust funds for eligible expenses from the MERP for the race that is occurring October 20 through October 22, 2017.

Sincerely,

By: *Elaine Hart*  
Elaine Hart, Interim City Manager



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 FIA 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**

# APPENDIX B





GOVERNOR GREG ABBOTT  
ECONOMIC DEVELOPMENT & TOURISM

September 29, 2017

Ms. Anna Panossian  
Director  
Circuit Events Local Organizing Committee  
100 Congress Avenue, Suite 1300  
Austin, Texas 78701

Dear Ms. Panossian:

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 an Event Trust Fund under Section 5A relating to the 2017 Formula 1 United States Grand Prix (the "event"). 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:	2017 Formula 1 United States Grand Prix
Project Code:	181003
Location:	Austin, TX
Market Area:	Austin Metroplex
Venue:	Circuit of The Americas
Dates:	October 20-22, 2017

The estimated incremental increase in tax revenue to the State of Texas is \$23,416,272.00 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:	\$3,746,604.00
Total contribution to the Event Trust Fund established for this event:	\$27,162,876.00

Attendance metric used to estimate the incremental increase in tax revenue: 107,000 attendance on race day (10/22/17)



Page Two  
Anna Panossian  
September 29, 2017

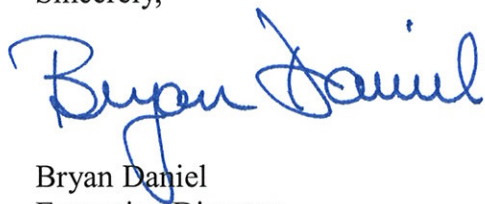
Following the event, you will need to complete and submit the Attendance Certification Form, which is enclosed for your convenience. The Attendance Certification Form and supporting documentation must be submitted no later than 45 calendar days after the conclusion of the event.

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.

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 Governor Abbott's Office of Economic Development & Tourism at [eventsfund@gov.texas.gov](mailto:eventsfund@gov.texas.gov) or (512) 936-0100.

Sincerely,



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

BD: gc

# APPENDIX C



OFFICE OF THE GOVERNOR  
ECONOMIC DEVELOPMENT & TOURISM

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GOVERNOR

### ATTENDANCE CERTIFICATION

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

Submit this completed form and [all supporting documentation to eventsfund@gov.texas.gov](#).  
An Attendance Certification submitted without supporting documentation may be rejected, and the event ineligible for disbursement.

**Event Name: 2017 Formula 1 United States Grand Prix**

**Event Dates: 10/20/17 – 10/22/17**

**Event Location: Austin**

**Applicant: Circuit Events Local Organizing Committee**

Event application submittal date:	August 31, 2017
Economic Development and Tourism (EDT) event application approval date:	September 29, 2017
<b>Attendance Certification due date:</b>	<b>December 6, 2017</b>
The attendance metric* identified by EDT to evaluate the estimated number of event attendees as part of the calculations for the incremental tax impact:	107,000 attendance on race day (10/22/17)
Estimated percentage of attendees NOT residents of Texas for the PRIMARY EVENT:	62%

\*If Applicant has questions or concerns regarding how this metric was developed, please contact EDT within 10 days of receiving the fund approval letter.

**To be completed by the Applicant:**

The TOTAL attendance at each PRIMARY EVENT DAY:      10/22/17      93,943

The estimated total attendees not residents of Texas for the primary event (all days) was: 49,426

The estimated percentage of attendees not residents of Texas for the primary event (all days) was: 53%

The following attendance methodologies will be accepted: ticket sales count, turnstile count, ticket scan count, convention registration check-in count, or participant totals (must be accompanied by ticket or turnstile



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count for MERP & MSRTF). If you are submitting another method, it should have previously been approved by EDT.

**What is the source and methodology used to obtain attendance totals?**

Ticket Master tickets distributed, media credentials, team & sponsor attendees to tabulate figures during each day of the event.

- 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.

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

  
\_\_\_\_\_  
Signature

*Anna Panossian*  
\_\_\_\_\_  
Printed Name

*Secretary, CEFLOC*  
\_\_\_\_\_  
Title and Name of Organization

*12/6/17*  
\_\_\_\_\_  
Date