

GOVERNOR GREG ABBOTT
ECONOMIC DEVELOPMENT & TOURISM

Major Events Reimbursement Program

Report on the 2021 Formula 1 United States Grand Prix

Date of Event: October 22 - 24, 2021

BACKGROUND

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 2021 Formula 1 United States Grand Prix.

SUMMARY OF EVENT

The 2021 Formula 1 United States Grand Prix (the "Event") was held October 22 - 24, 2021, at the Circuit of The Americas in Austin. The application was submitted by the Circuit Events Local Organizing Committee, or CELOC (the "Applicant"). 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.

The Applicant was required to have an average daily attendance of 129,987 during October 22 – 24, 2021. According to the attendance report provided to the OOG by the Applicant, the estimated average daily attendance was 136,841 fans. CELOC further estimated that 68 percent of the total attendees, or 93,296, were from out-of-state. This OOG report makes no assumptions about the accuracy of this reported estimate.

METHODOLOGY

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 2020 (the year prior to the event being held), or different events held in the market area during October 2021 (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 2021 Formula 1 United States Grand Prix utilizing existing resources.

APPLICABLE STATE TAXES

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

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 \$30,633,797. Based on this amount, the Applicant was required to submit a local share of \$4,901,408 according to the state-to-local share ratio of 6.25:1, resulting in a total trust fund of \$35,535,205 (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	\$ 154,690,264	\$ 9,281,415
Eating & Drinking Establishments	\$ 53,534,400	\$ 3,345,900
Alcoholic Beverages (Mixed & Title 5 ABC)	\$ 35,878,626	\$ 2,461,273
Event Expenses	\$ 23,834,045	\$ 1,489,627
Auto Rental	\$ 5,517,050	\$ 551,705
Shopping & Entertainment (Aggregated)	\$ 57,995,600	\$ 5,526,229
TOTAL	\$ 331,449,986	\$ 22,656,150
*NOTE: There was an estimated \$7,977,646 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 2021 since the event occurred in October and taxes are collected in the month following the event. All tax types in the market area except for title 5 ABC 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.

Sales Tax			
	2020 Q4	2021 Q4	Difference
Travis County	\$365,192,213	\$551,583,986	\$186,391,773
Williamson County	\$138,564,740	\$193,226,927	\$54,662,187
Hays County	\$50,725,594	\$73,420,331	\$22,694,737
Bastrop County	\$12,670,667	\$20,232,452	\$7,561,785
Caldwell County	\$3,610,590	\$5,298,124	\$1,687,534
Hotel Occupancy			
	November 2020	November 2021	Difference
Travis County	\$2,339,506	\$6,677,915	\$4,338,409
Williamson County	\$395,694	\$918,868	\$523,173
Hays County	\$247,544	\$488,267	\$240,723
Bastrop County	\$87,585	\$194,372	\$106,787
Caldwell County	\$12,654	\$19,394	\$6,739
Car Rental			
	November 2020	November 2021	Difference
State of Texas	\$27,630,139	\$37,325,919	\$9,695,779
Mixed Beverage - Gross Receipts & Mixed Beverage Sales Tax			
	November 2020	November 2021	Difference
Travis County	\$5,488,026	\$11,522,846	\$6,034,820
Williamson County	\$1,036,475	\$1,537,938	\$501,462
Hays County	\$536,504	\$731,886	\$195,382
Bastrop County	\$79,859	\$140,071	\$60,211
Caldwell County	\$11,611	\$14,180	\$2,569
Title 5 ABC			
	November 2020	November 2021	Difference
State of Texas	\$22,203,450	\$22,058,734	\$(144,716)

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): August 13, 2021
 - Deadline: September 7, 2021, or no later than 45 days prior to the event
- Event Support Contract Received: August 13, 2021
 - Deadline: October 21, 2021, or prior to the event
- Attendance Certification Received: December 7, 2021
 - Deadline: December 8, 2021, or no later than 45 days after the event
- Local Share Received: December 21, 2021
 - Deadline: January 22, 2022, or no later than 90 days after the event
- Disbursement Request Received: December 22, 2021
 - Deadline: April 22, 2022, or no later than 180 days after the event

CONCLUSION

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: 2021 Formula 1 United States Grand Prix

DATE(S) OF EVENT: October 22-24, 2021

EVENT LOCATION (CITY): Austin, TX

DATE APPLICATION SUBMITTED: TBD



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://gov.texas.gov/business/page/event-trust-funds-program>.

An application is not complete until all required documents are submitted, with the exception of the Event Support Contract and the MERP required Human Trafficking Prevention Plan. See checklist in Section 7 of the application for required documents.

Deadlines for submission are as follows:

ETF & MSRTF: No later than 120 days prior to the first day of the event.

MERP: No later than 45 days prior to the first day of the event, but not earlier than 1 year before the event. Not later than the 30th day before the first day of the event, a site selection organization must submit a plan to prevent the trafficking of persons in connection with the event to the Office of the Attorney General and the Chief of the Texas Division of Emergency Management (see Guidelines document for trafficking plan submittal details).

Please submit all documents to 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

- Has the endorsing municipality or county reviewed the event and found that it meets all eligibility requirements as listed in Texas Government Code Chapter 478. Major Events Reimbursement Program, Chapter 479. Motor Sports Racing Trust Fund, or Chapter 480. Events Trust Fund?
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 ☐

2. If Question 1 is selected as "No," the municipality or county must directly enter into the Event Support Contract 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:	Anna Panossian
LOC Contact Title:	Board Member, Director
Contact Email:	anna@theceloc.com
Contact Phone Number:	512-655-6280

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:	Formula Management Ltd.
Site Selection Contact Name:	Chloe Targett-Adams
Site Selection Contact Title:	Director of Promoters and Business Relations
Site Selection Contact Email:	ctargett-adams@fomltd.com
Contact Phone Number:	+44 (0) 20-758-46668

*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:	\$40,955,902
State Share:	\$35,306,812
Local Share:	\$5,649,090

*In accordance with statute, the State Share must be no more than 6.25 times the Local Share. To calculate the Local Share, divide the State Share by 6.25. Total Fund = State Share + Local Share.

For MERP Applications only:

Estimated Direct Impact Total:	\$27,830,774
Estimated Secondary Impact Total:	\$7,476,038

*Direct Impact + Secondary Impact = State Share. Calculate the Total Fund, and then determine the Local Share and State Share.

SECTION 5: EVENT INFORMATION

Official Event Name:	2021 Formula 1 United States Grand Prix
Event Fund/Program being applied for: (ETF, MERP, MSRTF)	MERP
Venue(s) of Event:	Circuit of The Americas
Event Website:	http://www.formula1.com
Date(s) of the Primary Event:	October 22-24, 2021
Day set-up/load-in for the event will begin:	10/06/2021
Day take-down/load-out of the event will end:	10/29/2021
Location of Event for the previous 5 years: (List most recent year first)	<ol style="list-style-type: none"> 1. See Attached 2. 3. 4. 5.
Source of information for previous Events:	Wikipedia
Other locations outside of Texas considered to host the event:	England, Germany, Australia, Bahrain, Shanghai, China, Italy, Spain, Barcelona, and several other locations
Was the site selected as a part of a multi-year agreement? If yes, what years (past and future)?	Yes, 2012 through 2021
Will there be a fee charged by the Site Selection Organization, which must be paid as a condition to holding the event, including host fees, sanction fees, participation fees, or bid fees for the event?*	Yes
If yes, what is the total amount of the above referenced fee(s)?*	\$35,000,000
Additional information:	

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

SECTION 6: ECONOMIC IMPACT INFORMATION

Please provide the following information. The information provided should align with the information provided in the Economic Impact Statement.

Estimated Attendance Chart: Complete the chart in the supplemental excel document and include with the submission of the application. Instructions for completing the chart and an example are in the worksheet.

Estimated Attendance Data: The information provided below should align with the information provided in the Estimated Attendance Chart.

Desired Market Area (area that will be affected by the economic impact of the event. This is usually the county in which the event is held and may sometimes include adjacent counties):	Travis County
Primary event day(s) on which attendance counts will be collected and used for reporting attendance after the event:	October 22-24, 2021
Anticipated Daily Average Attendance at Primary Event (average of the total estimated attendance from the day(s) listed above):	130,000
Anticipated Out-of-State Attendance at Primary Event:	84,500
Anticipated percentage of all attendees that will be from Out-of-State:	65%
Anticipated percentage of total attendance from Texas, but who are visiting from outside of the market area:	29%

Spending Rates and Percentages: Provide the estimated daily average spending in the following categories for all attendees below. Include only taxable expense(s) (e.g. most food purchased at a grocery store is not taxed and would not be included, but food purchased at a restaurant is taxed and may be included.)

Spending Rate for Food & Non-Alcoholic Beverages:	\$165
Spending Rate for Shopping & Entertainment:	\$121
Spending Rate for Alcoholic Beverages:	\$159
What percentage of all attendees will consume alcoholic beverages?	63%
Spending Rate for Hotel:	\$275
What percentage of all attendees will stay in hotels?	77%
On average, how many people per hotel room?	1.8
Spending Rate for Car Rental:	\$77
What percentage of all attendees will rent cars?	46%
On average, how many people per rental car?	2.36

SECTION 7: ATTENDANCE REQUIREMENT

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:	Circuit of The Americas ("COTA") tracks tickets distributed, media credentials and team & 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.
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SECTION 8: CHECKLIST

EDT must receive the following documents (except the Event Support Contract and Human Trafficking Prevention Plan) by the application deadline 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.
- ☒ **Estimated Attendance Chart** completed with information that aligns with the Economic Impact Study. Submitted in pdf format.
- ☒ **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.
- ☒ **Human Trafficking Prevention Plan (MERP Only)** No later than the 30th day before the first day of the event, the Site Selection Organization must submit a plan to the trafficking of persons in connection with the event to the office of the attorney general and the chief of the Texas Division of Emergency Management. Plans shall be submitted to the following contacts:

Captain James T. (Tim) Ferguson – Office of the Attorney General james.ferguson@oag.texas.gov

Suzannah Jones – Texas Division of Emergency Management suzannah.jones@dps.texas.gov

- ☐ **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
Title

7/28/2021
Date



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

I, Matt Patton, 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: 2021 Formula 1 United States Grand Prix on these dates: October 22-24, 2021 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.



OFFICE OF THE GOVERNOR
ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT
GOVERNOR

Affiant Signature

MATTHEW T. PATTON

Printed Name

SENIOR PROJECT MANAGER, ANGELOU ECONOMICS

Title and Name of Organization

AUGUST 2, 2021

Date

The State of Texas

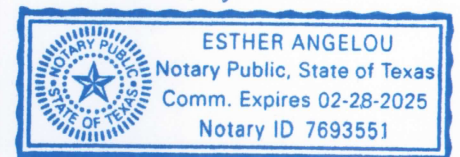
County of Travis

Before me, a Notary Public, on this day personally appeared Matthew T. Patton, 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 2nd day of August, 2021

Notary Public, State of Texas

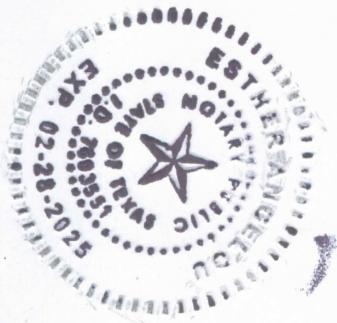
(PERSONALIZED SEAL)



Esther Angelou

(Print name of Notary Public here)

My commission expires the 28th day of February, 2025





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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, Spencer Cronk, an authorized representative of the 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 the Circuit Events Local Organizing Committee is receiving funding under the Act for the purposes of facilitating this event: 2021 Formula 1 United States Grand Prix on these dates: October 22-24, 2021. I understand, based on CELOC's affidavit, that they 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




OFFICE OF THE GOVERNOR
ECONOMIC DEVELOPMENT & TOURISM

GREG ABBOTT
GOVERNOR

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.



Affiant Signature

Spencer Cronk

Printed Name

City Manager, City of Austin

Title and Name of Organization

8/6/2021

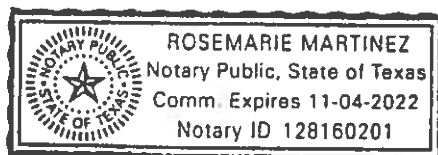
Date

The State of Texas

County of Travis

Before me, a Notary Public, on this day personally appeared Spencer Cronk, 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 6 day of August, 20 21



(PERSONALIZED SEAL)



Notary Public, State of Texas

Rose Marie Martinez

(Print name of Notary Public here)

My commission expires the 4 day of November, 20 22



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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, 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: 2021 Formula 1 United States Grand Prix on these dates: October 22-24, 2021. 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.

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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, CELUC
Title and Name of Organization

8/2/2021
Date

The State of Texas

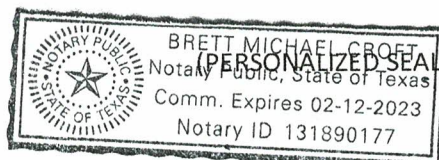
County of Travis

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 2nd day of August, 2021

[Signature]

Notary Public, State of Texas



Brett Michael Croft
(Print name of Notary Public here)

My commission expires the 12 day of 02, 2023



City of Austin

City Manager's Office
P.O. Box 1088, Austin, TX 78767
(512) 974-2200, Fax (512) 974-2833

Spencer Cronk, City Manager
Spencer.cronk@austintexas.gov

August 6, 2021

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 Fund (MERP) pursuant to TEXAS GOVERNMENT CODE CHAPTER 478 (Act) as authorized by Austin City Council action contained in 20110629-002 dated June 29, 2011 in support of the Formula 1 United States Grand Prix event to be held October 22-24, 2021. The event is marketed as the F1 at Circuit of the Americas in Austin. 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. confirming the selection of Austin, Texas as the location for the event in October 2021. The correspondence from Formula One Management Ltd. satisfies the requirements found at 10 TAC, Part 5, Chapter 184, Subchapter B, Section 184.12(a)(3).

The correspondence from Formula One Management Ltd. 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, Formula One Management Ltd. does not anticipate holding any other similar event in Texas or in any of its contiguous states during any year that the event is held at 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(2) and (3).

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 event 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 apply for and receive reimbursement of trust funds for eligible expenses from the MERP.

Sincerely,

A handwritten signature in black ink, appearing to read 'Spencer Cronk', with a stylized flourish extending to the right.

Spencer Cronk
City Manager
City of Austin, Texas



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 9, 2021

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

Dear Ms. Panossian:

Thank you for your interest in the establishment of an Event Trust Fund. 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 Texas Government Code Chapter 478. Major Events Reimbursement Program relating to the 2021 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. 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:	2021 Formula 1 United States Grand Prix
Project Code:	221003
Location:	Austin, TX
Market Area:	Austin Metroplex
Venue:	Circuit of The Americas
Dates:	October 22 - 24, 2021

The estimated incremental increase in tax revenue to the State of Texas is \$30,633,797.00 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:	\$4,901,408.00
Total contribution to the Event Trust Fund established for this event:	\$35,535,205.00

Attendance metric used to estimate the incremental increase in tax revenue: 129,987 daily average of all attendees (October 22 – 24, 2021)

Page Two
Ms. Panossian
September 9, 2021

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 Chapter 478. Major Events Reimbursement Program, 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.

This letter addresses only the establishment of an Event Trust Fund under Chapter 478. Major Events Reimbursement Program and does not constitute approval of the event for any other purpose or supersede any applicable laws, including executive orders.

If you have any questions or need further assistance, please contact Gene Cervenka at gene.cervenka@gov.texas.gov or (512) 936-0534. If you'd like to reach another member of the program staff, they can be reached at eventsfund@gov.texas.gov or (512) 936-0100.

Thank you for all that your organization does to support the Texas economy.

Sincerely,



Adriana Cruz
Executive Director
Economic Development & Tourism

AC: gc

APPENDIX C



GOVERNOR GREG ABBOTT
ECONOMIC DEVELOPMENT & TOURISM

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](mailto:eventsfund@gov.texas.gov).
An Attendance Certification submitted without supporting documentation may be rejected, and the event ineligible for disbursement.

Event Name: 2021 Formula 1 United States Grand Prix

Event Dates: 10/22/21 – 10/24/21

Event Location: Austin

Applicant: Circuit Events Local Organizing Committee

Event application submittal date:	August 13, 2021
Economic Development and Tourism (EDT) event application approval date:	September 9, 2021
Attendance Certification due date:	December 8, 2021
The attendance metric* identified by EDT to evaluate the estimated number of event attendees as part of the calculations for the incremental tax impact:	129,987 daily average of all attendees (10/22/21 – 10/24/21)
Estimated percentage of attendees NOT residents of Texas for the PRIMARY EVENT:	65%

*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:	10/22/21	135,841
	10/23/21	140,208
	10/24/21	134,476

The estimated total attendees not residents of Texas for the primary event (all days) was: 279,890

The estimated percentage of attendees not residents of Texas for the primary event (all days) was: 68%

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 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, survey, 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

Director, CELOC

Title and Name of Organization

Dec. 7, 2021

Date