



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

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

Austin, Texas

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The 2012 Formula One United States Grand Prix

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

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

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

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

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

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

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

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

Fan Attendance and Hotel Revenues

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

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

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

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

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

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

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

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

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

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

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

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

		----- Out of State Fans -----					----- Non- Local Texas Fans -----						
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		Ticketed Race Fans	Out of State Attendees	Effective OOS Attendees	Non-Race Attendees	Total OOS Attendees	Staying in Hotel	Attendees from Texas, not Local (OOA)	Effective OOA Attendees	Non-Race Attendees	Total OOA Texan Attendees	Staying in Hotel	Local Austin- Round Rock Fans
Tue	Nov. 13					-	8,060					176	
Wed	Nov. 14					-	20,149					703	
Thu	Nov. 15					-	36,634					2,810	
Fri	Nov. 16	65,360	37,255	43,320	2,473	45,793	40,775	14,052	16,532	2,085	18,617	9,069	14,052
Sat	Nov. 17	82,710	47,145	47,621	2,718	50,339	57,312	17,783	19,329	2,438	21,767	12,876	17,783
Sun	Nov. 18	117,429	66,935	66,935	3,821	70,755	46,141	25,247	25,247	3,184	28,432	10,366	25,247
Mon	Nov. 19					-	13,842					1,037	
						Avg Length of Stay in Hotels for OOS		3.9		Avg Length of Stay in Hotels for OOA		2.9	

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

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

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

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

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

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

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

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

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

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

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

Table 2
Fan Hotel Spending in Greater Austin at 2012 United States Grand Prix at Circuit of the Americas

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		% Austin Area Hotel Capacity used by Other than F1	Rooms Available for Fans in Greater Austin*	Total F1 Fan Hotel Demand	% F1 Fans in Greater Austin	Hotel Occupancy in Greater Austin	Total Hotel Person-Nights in Greater Austin by F1 Attendees*	Total Hotel Room-Nights in Greater Austin by F1 Attendees*	Cost per room in Greater Austin	Total F1 Attendee Hotel Expenditure in Greater Austin	Non-Fan Price Gain Effect in Greater Austin
Tue	Nov. 13	25%	20,595	4,821	100.0%	47.2%	8,235	4,821	108	\$518,429	\$157,166
Wed	Nov. 14	15%	21,639	12,206	85.0%	62.3%	17,724	10,375	269	\$2,789,385	\$817,812
Thu	Nov. 15	10%	22,493	23,089	81.0%	87.3%	31,950	18,702	283	\$5,292,932	\$587,518
Fri	Nov. 16	5%	23,988	29,175	75.0%	93.0%	37,383	21,881	300	\$6,573,908	\$319,810
Sat	Nov. 17	5%	23,988	41,082	54.3%	94.4%	38,112	22,308	300	\$6,702,115	\$319,810
Sun	Nov. 18	5%	23,988	33,075	51.0%	76.2%	28,819	16,868	266	\$4,489,612	\$231,366
Mon	Nov. 19	10%	24,163	8,709	95.0%	46.9%	14,135	8,274	106	\$880,868	\$59,633
										\$27,247,250	\$2,493,115
							Occupancy (persons/room)		1.71		
							Persons Per Group				
							Non- Texans		4.10		
							Texans outside Austin		4.70		
							Rooms per Group				
							Non- Texans		2.40		
							Texans outside Austin		2.75		

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

Table 3
Formula One Participant Personnel Attendance and Hotel Spending

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

Table 4

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

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

Table 5

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

		(1)	(2)	(3)	(4)	(5)
		Hotel Expenditures in Austin by OOS Fans	Hotel Expenditures in Austin by OOA Texans	Hotel Expenditures by Race Participants (teams, sponsors, etc.)	Non-Fan Price Gain Effect in Austin	Total Hotel Expenditure Gain to Austin From Hosting F1
Tue	Nov. 13	\$456,638	\$9,948	\$196,783	\$141,449	\$804,818
Wed	Nov. 14	\$2,425,890	\$84,557	\$1,015,281	\$736,031	\$4,261,758
Thu	Nov. 15	\$4,424,364	\$339,275	\$1,249,981	\$528,767	\$6,542,386
Fri	Nov. 16	\$4,840,391	\$1,076,126	\$1,326,943	\$287,829	\$7,531,290
Sat	Nov. 17	\$4,925,741	\$1,106,162	\$1,326,943	\$287,829	\$7,646,676
Sun	Nov. 18	\$3,299,655	\$740,996	\$1,175,540	\$208,230	\$5,424,421
Mon	Nov. 19	\$737,570	\$55,211	\$292,421	\$53,669	\$1,138,872
		\$21,110,250	\$3,412,275	\$6,583,892	\$2,243,804	\$33,350,221

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

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

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

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

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

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

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

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

Ticket Sales

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

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

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

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

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

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

Table 6
Ticket Revenues and State Sales Taxes

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

Car Rental Expenditures

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

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

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

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

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

Mixed Drink Expenditures and Alcohol Taxes

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

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

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

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

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

Table 8

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

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

Food and Non-Alcoholic Beverage Expenditures

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

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

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

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

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

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

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

Other Fan and Competitor Expenditures

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

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

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

Merchandise Expenditures at COTA

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

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

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

Table 10

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

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

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

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

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

Travel Expenditures in Attending the United State Grand Prix in 2012

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

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

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

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

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

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

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

Table 13

U.S. Grand Prix Event Presentation Expenses

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

* excludes FOM sanctioning fee

Direct Economic and Tax Gains from 2012 F1

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

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

Indirect and Induced Economic and Tax Gains from 2012 USGP

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

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

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

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

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

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

Table 14
State and Austin Direct Expenditure and Tax Gain From Hosting 2012 F1: Summary

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

Table 15

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

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

The U.S. Grand Prix in 2013

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 16

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

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

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

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

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

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

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

Table 17

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

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

Table 19

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

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

Other 2013 F1 Changes

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

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

Table 20
2013 F1 Ticket Revenues and State Sales Taxes

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

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

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

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

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

Table 22

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

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

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

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

Table 24

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 27

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

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

Table 28

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

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

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

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

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



Appendix A

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

² See City of Austin Report, page 7.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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