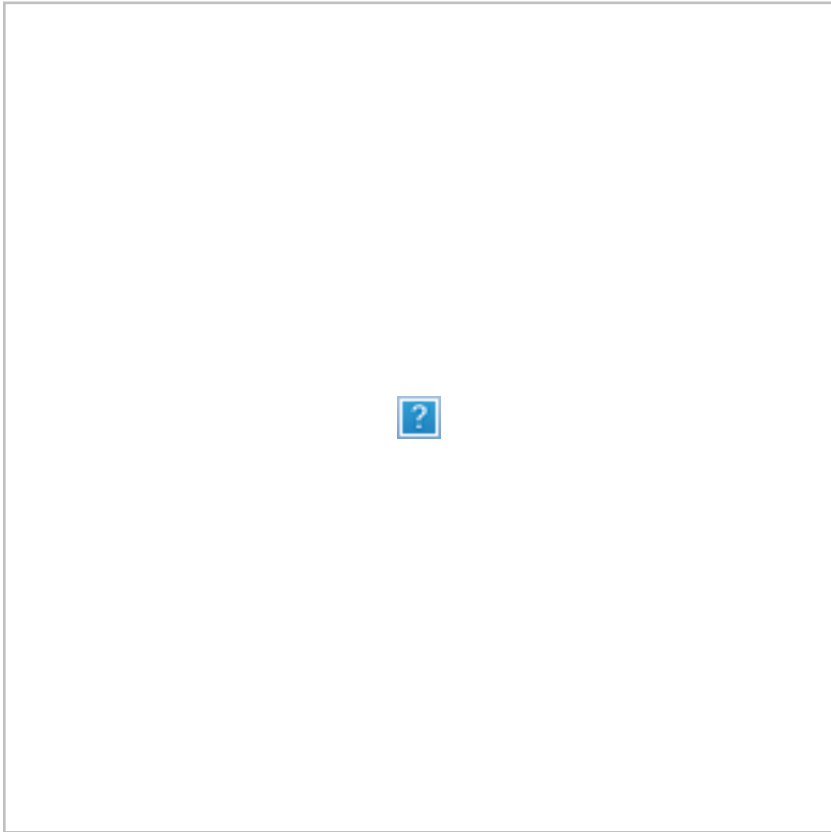



## Audit: Scant Proof of Event Fund's Tax Impact

by Eleanor Dearman | Sept. 10, 2015 | [13 Comments](#)



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Texas State Auditor, John Keel gives testimony regarding CPRIT to Senate finance committee hearing on February 5th, 2013

For more than a decade, Texas has dangled tens of millions of dollars in incentives to entice events like Formula 1 racing, cutting horse competitions, the Super Bowl and Final Four college basketball to the state.

But money from the Major Events Trust Fund —

long run by the state comptroller but recently moved to Gov. [Greg Abbott](#)'s office — has been spent on things it probably shouldn't, and no one's done a great job of testing whether the state gets a good return on its investment, a new audit has found.

The audit released Thursday by State Auditor John Keel, examined performance of the Major Events Trust Fund from its inception in fiscal 2010 through January 2015. The fund uses incremental tax receipts — the extra sales, beverage and hotel occupancy taxes presumably generated when people flock to Texas for an event — to pay some of the expenses of putting on a car race, basketball game or whatever the event might be.

Keel's audit examined seven major events picked from among the

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biggest, most expensive or highest profile hosted by the state. The events include the 2011 Super Bowl XLV, the 2011-2012 and 2012-2013 National Cutting Horse Association Triple Crown, the 2012, 2013 and 2014 Formula One United States Grand Prix and the 2013 NBA All Star Game.

In general, the audit found, the comptroller's office followed the rules when deciding which events were eligible for funds, and in parceling out the money. But the report found weaknesses in the process including:

- The comptroller accepted local estimates of out-of-state attendance — the presumed fount of incremental tax revenue — without scrutinizing how the numbers were derived and therefore "lacks assurance that the attendance information is valid."
- The comptroller can't tell if events produce as much extra tax revenue as estimated because it is "difficult to isolate the economic effect of a particular major event."
- The comptroller's office's used software that counted taxes it wasn't supposed to when tallying up tax receipt estimates, resulting in "major events receiving significantly more funds than they should receive."
- The comptroller's loose definition of how to spend the funds led to questionable purchases, such as interest expenses, sanctioning fees that often do not stay in Texas' economy, plasma and high definition televisions, monitors and scoreboards and events that were peripheral to the main events, like a celebrity bowling tournament and the Super Bowl party Taste of the NFL.

In a statement, Deputy Comptroller Mike Reissig said the comptroller and governor's offices will work together to address the audit's concerns.

"On Feb. 5, 2015, Comptroller Hegar and Governor Abbott announced their joint proposal to move the METEF from the comptroller's office to the governor's office," Reissig said in a statement in the audit. "At the same time, both offices called for meaningful reforms, some of which are detailed in the State Auditor's report."

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