



Are cities, taxpayers really benefiting from event trust funds?

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DALLAS - From big events like the Super Bowl to small ones like the Kiteboard Racing World Championship, the state of Texas antes up millions of dollars under the assumption that convention and tourism is stimulated.

The seed money, the theory goes, is made up in taxes. Everybody wins. But, the state never checks to see if the events live up to consultant's predictions on how many people will actually attend.

Take the Rock and Roll Marathon in San Antonio, it's a running event conducted by a for-profit company in California in nine cities across the country. In 2008 and 2009, the event got more than \$1.6 million from the Texas Events Trust Fund based on a consultant's prediction that 86 percent of the event's runners would come from out of the city. It also predicted the runners would spend tens of millions of dollars and bring tens of thousands of people with them. Based on race registration, however, the estimate was way high. Only 60 percent of the runners came from out of the city.

In all, the state spent \$21 million on the Events Trust Fund in the last three years. The Major Events Trust fund is scheduled to dole out \$73 million over its history, taking into account next year's Super Bowl. The money is supposed to be an advance on tax receipts collected at the sporting event or convention in question. But, the state does not verify if the advance is actually recouped by taxes collected at the event.

Justin Keener, of the Texas Public Policy Foundation, said the program needs to be reviewed, if not eliminated.

"There is not legislation that has an interview after the fact that says this was in fact the level of economic impact where we can go back and examine it," Keener said.

The National Reined Cow Horse Association got \$168,000 for its Celebration of Champions in San Angelo this year. The Association for Supervision and Curriculum Development got \$562,000 for its Annual Conference in San Antonio.

"It's routine to see government programs grow and grow over time," Keener said.

What started as one trust fund more than a decade ago is now four funds. To obtain state money, all a city needs to do is submit an estimate of how many out-of-towners are coming and how much they'll spend to the state comptroller's office. If the state agrees with the numbers, it signs off on the prediction. The comptroller has the option of reducing the request.

Phillip Jones, of the Dallas Convention and Visitors Bureau, said the trust fund helps Texas cities fight in a very competitive interstate convention market.

"The competition is incredibly intense, so any competitive advantage that we can offer makes it more compelling for us to bring business to the city of Dallas," Jones said.

The question is whether the state gets back its advances in the short term, and whether the subsidies generate business in the long term.

Four years ago, promoter Kenny Hansmire started the Texas Vs. The Nation Football All Star Game in El Paso. The game pits Texas College All-Stars against All-Stars from the rest of the country. Hansmire said El Paso was the perfect match for his concept. The city liked the idea of winter hotel traffic in February.

The event got \$1.1 million from the Events Trust Fund. Then, last year, the game only drew 28,000 fans, in part because UTEP's hometown basketball team had a game the same night as the football contest.

Now, Hansmire has a new line.

"We believe it was the right time to leave to come to San Antonio," he said while announcing the game's move to the Alamodome.

The Texas Public Policy Foundation said the best way to stimulate growth in the state is not economic incentives.

"If you want to create jobs, you have to have low taxes and a fair and predictable regulatory environment," Keener said.

With a potential state budget shortfall of \$24 billion, he said the state needs to maintain its focus on low taxes.

“Those are the priorities we need to focus on, not handing out taxpayer money,” he said.

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