

- SUBJECT:** Including the National Hot Rod Association Fall Nationals under MERP
- COMMITTEE:** Culture, Recreation and Tourism — favorable, without amendment
- VOTE:** 8 ayes — K. King, Gervin-Hawkins, Burns, Clardy, Frullo, Israel, Martinez, C. Morales
- 0 nays
- 1 absent — Krause
- WITNESSES:** For — Christen Johnson, Texas Motorplex; (*Registered, but did not testify*: TJ Patterson, City of Fort Worth; Justin Bragiel, Texas Hotel and Lodging Association; Ron Hinkle, Texas Travel Alliance)
- Against — None
- On — (*Registered, but did not testify*: Adriana Cruz, Texas Economic Development and Tourism, Office of the Governor)
- BACKGROUND:** Government Code ch. 478 establishes the Major Events Reimbursement Program (MERP), which helps Texas communities offset the cost of hosting major events that generate large amounts of tax revenue for the state. Events eligible for reimbursement under MERP include the Super Bowl, presidential debates, professional all-star games, and certain auto races, among others. To be eligible, an event must generate an estimated incremental tax revenue of at least \$1 million. Local governments are required to contribute to the fund and the state matches each dollar contributed by a local government with \$6.25. If attendance is lower than estimated, the amount for reimbursement may be reduced in proportion to the actual attendance.
- DIGEST:** HB 2132 would include the National Hot Rod Association Fall Nationals at the Texas Motorplex among the events that were eligible for reimbursement funding under the Major Events Reimbursement Program.

The bill would take effect September 1, 2021.

**SUPPORTERS
SAY:**

HB 2132 would include the National Hot Rod Association (NHRA) Fall Nationals at the Texas Motorplex among the events eligible for state funding under the Major Events Reimbursement Program (MERP), which would help support this event and community and continue the proven success of MERP.

The NHRA Fall Nationals consistently draws large crowds to the Texas Motorplex in Ennis, Texas, and including the event under MERP would help to ensure that the event continues to provide benefits to the state and region. The venue's large capacity and the national prominence of the event, as well as the proven success of the event in Texas, make it a prime candidate for inclusion in the program.

Providing the incentive to have the NHRA Fall Nationals remain in Texas would be a more effective method of ensuring benefits to the state than cutting support for MERP. Bidding for major events is competitive, and many other states have some form of incentive funding for major events. Including the NHRA Fall Nationals under MERP would ensure that the event remains in Texas by leveling the playing field between Texas and other potential host states. For events to succeed in the free market, Texas must provide municipal organizers with the same tools that other states routinely grant.

**CRITICS
SAY:**

HB 1472 would add another type of event to MERP without any guarantee that doing so would create revenue for the state. Reducing the taxes used to fund MERP could be an equally effective way to create an economic benefit. In addition, carving out a special class of events is not the most effective way to ensure a benefit for the state. Rather, the state should reduce associated regulations and let market forces decide if Texas is a suitable host for an event.

NOTES:

According to the Legislative Budget Board, the fiscal impact of the bill would depend on the number and size of events covered under the bill.