

- SUBJECT:** Making the PBR World Finals eligible for MERP funding
- COMMITTEE:** Culture, Recreation and Tourism — favorable, without amendment
- VOTE:** 9 ayes — K. King, Gervin-Hawkins, Burns, Clardy, Frullo, Israel, Krause, Martinez, C. Morales
- 0 nays
- WITNESSES:** For — (*Registered, but did not testify:* TJ Patterson, City of Fort Worth; Justin Bragiel, Texas Hotel & Lodging Association)
- Against — None
- On — (*Registered, but did not testify:* Adriana Cruz, Texas Economic Development & Tourism, Office of the Governor)
- BACKGROUND:** Government Code ch. 478 establishes the Major Events Reimbursement Program (MERP). MERP is designed to help 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 must contribute to the fund, and the state matches each dollar contributed with \$6.25. If the attendance is lower than estimated, the amount for reimbursement could be reduced in proportion to the actual attendance.
- DIGEST:** HB 3023 would include the Professional Bull Riders World Finals among the events that are eligible for reimbursement funding under the Major Events Reimbursement Program.
- The bill would take effect September 1, 2021.

SUPPORTERS
SAY:

HB 3023 would continue the proven success of the Major Events Reimbursement Program (MERP) by including the Professional Bull Riders World Finals among the events eligible for the program. The PBR World Finals have typically been held in Las Vegas, but COVID-19 restrictions led organizers to relocate the most recent version of this annual final to Arlington, Texas. While the event happened too recently to gather data on revenue generated for the state, it had a clear benefit to the city. Including the PBR World Finals among events eligible for MERP funding would increase the likelihood of Texas becoming the event's permanent home.

MERP serves to reassure municipalities who are uncertain about the upfront cost of making a competitive bid for an event. Bids to host events like the PBR World Finals are highly competitive, and many other states offer incentive funding for major events. Including an event under MERP levels the playing field between Texas and other potential host states.

Giving Texas the best possible chance at hosting future PBR World Finals is a more effective method of creating an economic benefit for the state than cutting taxes used to fund MERP and reducing regulation in an attempt to make the state a competitive host. The eligibility requirements for MERP funding and the possibility of funds being returned if the requirements are not met ensure that Texas is providing reimbursement funding only for events that result in a net benefit to the state. This would provide a more certain benefit than reducing taxes or removing regulation.

CRITICS
SAY:

HB 3023 would add another type of event to MERP without a guarantee it would create revenue for the state. Data about out-of-state visitors is especially hard to verify, and economic benefit analyses often fail to account for the fact that major events tend to have a crowding-out effect that depresses spending in other areas near the event. Carving out a special class of events is not the most effective way to ensure a benefit for the state. Reducing the taxes used to fund MERP could be equally effective. 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.