

LOBBY WATCH



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Welfare Kings:

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Brake F1's Circuit of Taxpayer Dependency

It's time for Austin's state and local politicians to put an end to Formula One welfare as we know it.

Austin's Circuit of the America's F1 franchise entered a risky venture with [slippery F1 boss Bernie Ecclestone](#). Based on an unknown mystery party's alleged "[oral application](#)" to Ecclestone, the Texas Major Events Fund agreed to pay Circuit \$25 million a year since 2012, a number based on the hotel, car, alcohol and sales taxes that the Circuit claims F1 tourists generate. F1 cheerleader and Comptroller Susan Combs—who took [\\$99,000](#) in campaign cash from Circuit owners—made these state payouts to the Circuit before leaving office in January.

Amid concerns that the Major Events Fund had morphed into a Comptroller slush fund, state lawmakers transferred the program to the Governor's Office in September 2015 (just as a State Auditor [report](#) raised concerns about the Circuit [inflating claims](#) for state funds).

This October Austin's F1 turnout was "devastatingly" [dampened](#) by both flooding and a competing F1 race a week later in Mexico City. With an air of Montezuma's revenge, Mexico's race was organized by Tavo Hellmund, the architect of Austin's F1 race who claimed that Circuit of the Americas [cheated him](#) out of his fair share of the spoils.

Despite receiving more than \$280,000 from Circuit owners, Gov. Abbott is unimpressed with the Circuit's assessments of its own economic impact. Abbott wants to wean the state's F1 payout from \$25 million to \$19.6 million this year.¹ Circuit Chair Bobby Epstein told the [Statesman](#) "we're screwed" by this "breach of trust."



Fast Friends:
Bernie Ecclestone, Susan Combs and Tavo Hellmund.

Accused of *padding* economic models for state subsidy purposes, the Circuit *lowballs* the value of its sprawling track for property-tax purposes. The Circuit argues the Travis County Appraisal District's \$7.2 million annual tax bill should be slashed to \$2.8 million.

Austin Mayor Steve Adler recently filed a [lawsuit](#) alleging that the state's appraisal system subsidizes commercial property owners at the expense of homeowners. Yet Adler seems to like Circuit subsidies. Recently he [advocated](#) finding a way to keep the local F1 franchise alive. There doesn't appear to be a way to do that without boosting taxpayer subsidies. Nor is it clear how many more million public dollars are needed to keep this lemon roaring around that track.

The state already has paid out \$75 million for Austin's F1. Abbott's \$19.6 million would push that to \$95 million. That's almost enough to cover the \$100 million that Ecclestone agreed to pay a Munich court in 2014 to settle—with no admission of guilt—unrelated F1 criminal [bribery charges](#).

Achtung! ●

Note

¹ The Governor's Office initially proposed \$15.6 million but threw in another \$4 million after getting lobbied by Circuit of the Americas.