

Alternate Version – per work session discussion – LAW DEPT

ORDINANCE NO.

**AN ORDINANCE AMENDING SECTION 11-2-7 OF THE CITY CODE
RELATING TO THE ALLOCATION OF HOTEL OCCUPANCY TAXES FOR
AUTHORIZED USES.**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. Council finds that:

- (A) Use of Hotel Occupancy Tax for eligible historic projects and activities serves a municipal purpose and attracts tourists and convention delegates to Austin; and
- (B) Creation of a program administered by the City Manager, or her designee, will provide the controls necessary to ensure that these public funds are spent for a public purpose, that the public purpose is achieved, that the use of the funds is consistent with the limitations of applicable state law, and, to the extent the funds are used for facilities not owned by the City, the City will receive a benefit roughly equivalent to the expenditure of these public funds; and
- (C) To ensure compliance with the bond covenants associated with the outstanding bonds issued for the Austin Convention Center, maintain the Austin Convention Center's bond rating, and generate sufficient funds to achieve the maximum allowable allocation of Hotel Occupancy Tax for eligible historic projects and activities, the City must transition funding over time as recommended by the City's bond counsel and financial advisor.
- (D) Resolution No. 20170831 directed the City Manager to, among other things, allocate 15% of the Hotel Occupancy Taxes (7 cents) to fund operation and maintenance of City of Austin historic facilities and sites in accordance with Texas Tax Code Section 351.101(a)(5) and in a manner consistent with the City Bond requirements, then fund other allowable capital and acquisition costs for historical restoration and preservation projects and activities.

PART 2. Subsection B of City Code Section 11-2-7 (*Allocation and Use of Hotel Occupancy Tax Revenue*) is amended to read as follows:

- (B) The revenue derived from the tax authorized by this chapter may be used only as provided by Section 351.101 (*Use of Tax Revenue*) of the Texas Tax Code to promote tourism and the convention and hotel industry as follows:

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(1) 64 2/7 percent of the funds collected is allocated to the Convention Center Capital Improvement Project Fund and may be used for:

(a) the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities as defined in Section 351.001 (*Definitions*) of the Texas Tax Code; ~~and~~

(b) the City's provision of facilities, personnel, and materials for the registration of convention delegates or registrants; and

(c) marketing, selling, and servicing of convention services;

(2) 20 5/7 percent of the funds collected ~~is~~ are allocated to two separate funds based on hotel occupancy tax revenue in each fund in the adopted budget for each fiscal year:

(a) the Tourism/Promotion Fund ~~and~~ which may be used for advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the City or its vicinity; and

(b) the Historical Preservation Fund, up to 15% of the funds collected, which may be used for historical restoration and preservation projects or activities, or advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums located at or in the immediate vicinity of convention center facilities or elsewhere in the City or its vicinity~~;~~ and.

(3) 15 percent of the funds collected is allocated to the Cultural Arts Fund and may be used for the encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of a major art form.

PART 3. This ordinance takes effect on _____, 2017.

PASSED AND APPROVED

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_____, 2017

Steve Adler
Mayor

APPROVED: _____

ATTEST: _____

Anne L. Morgan
City Attorney

Jannette S. Goodall
City Clerk

Draft