

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: August 30, 2018

Item Number: 008

Financial Services

Approve an ordinance amending the fiscal year 2017-2018 Financial Services Department Operating Budget, (Ordinance No. 20170913-001) to increase appropriations in the Historic Preservation Fund by \$2,491,937, to be funded by a transfer in from the Austin Convention Center Department Operating Budget to 15% of the revenue derived from the hotel occupancy tax in the fiscal year 2017-2018 Historic Preservation Fund.

Lead Department	Financial Services- Budget Office
Fiscal Note	Funding in the amount of \$2,491,937 is available in the FY 2017-2018 Austin Convention Center Department's Operating Budget. A fiscal note is attached.
Prior Council Action	<p>On August 31, 2017, Council approved Resolution 20170831-060 directing the City Manager to take necessary actions to allocate hotel occupancy taxes and other revenues to projects that promote tourism and the convention industry, in accordance with council directives, on Council Member Troxclair's motion, Council Member Houston's second on an 11-0 vote.</p> <p>On September 13, 2017, Council approved Ordinance 20170913-001 adopting the FY 2017-2018 Operating Budget, including an allocation of Hotel Occupancy Tax revenue of \$6,950,000 from the Hotel Occupancy Tax Fund, to the newly established Historic Preservation Fund.</p> <p>On December 14, 2017, Council approved Ordinance 20171214-005 amending Section 11-2-7 of the City Code to establish the allocation of Hotel Occupancy Tax for historic preservation as directed by Council during the City's budget adoption process, on Council Member Troxclair's motion and Council Member Kitchen's second on a vote of 11-0.</p>

For More Information	Diane Siler, Budget Office, 512- 974-2704; Carla Steffen, Convention Center, 512-404-4014

Additional Backup Information:

This budget amendment amends the FY 2017-2018 Budget for the Historic Preservation Fund to increase Transfers In by \$2,491,937, resulting in total transfers of \$9,441,937 for the current fiscal year. Funding for this action is provided by a Transfer from the Convention Center Operating Budget.

Section 351.101(a)(5) of the Texas Tax Code authorizes hotel occupancy taxes to be used to promote tourism and the convention industry for historic restoration and preservation projects or activities or advertising and conducting solicitations and promotional programs promoting the City to tourists and the convention industry.

During adoption of the FY 2017-2018 budget, Council created a Historic Preservation Fund (HPF) and allocated from the \$6,950,000 Hotel Motel Occupancy Tax (HOT) revenue to HPF. Other FY 2017-2018 budget actions in the amount of \$1,650,000 that affected HPF included:

- Reduce the transfer to HPF by \$1,200,000 and increase amount for Tourism and Promotion Fund by like amount, with direction to Visit Austin to expend non-HOT funding for public safety costs related to the spring festival season (\$1,200,000 to be reinstated in FY 2018-2019) and decrease the Police budget by \$1,200,000 for one year only, to reflect this reimbursement by Visit Austin.
- Reduce the transfer to HPF by \$250,000 and increase amount for Tourism and Promotion Fund by like amount, with direction to Visit Austin to expend funding for Heritage Grants.
- Reduce the transfer to HPF by \$200,000 and increase amount for Tourism and Promotion Fund by like amount, with direction to Visit Austin to expend funding for Local Business Marketing Grants.

The combined result of these actions was a total of \$8,600,000 of HOT that was allocated for historic preservation and other Council-directed allowable purposes in the FY 2017-2018 Approved Budget.

This budget amendment increase of \$2,491,937 for historic preservation brings the total HOT funding for this purpose to \$11,091,937, or 15% of the non-venue HOT tax (7%), the goal set by

Council in Ordinance 20171214-005. Venue HOT tax (2%) is pledged to debt repayment and may also be used for capital projects on the expansion portion of the existing Convention Center.