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ORDINANCE NO.

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**AN ORDINANCE AMENDING CITY CODE SECTION 11-2 RELATING TO
ALLOCATION AND USE OF HOTEL OCCUPANCY TAX REVENUE**

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

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PART 1. Findings:

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- (A) Council passed Resolution 20190523-029 (*Palm District Master Plan*), which stated the Council's desire to re-envision the Convention Center as an active, community-oriented, civic building that enhances the culturally rich fabric of the Palm District, and Council desires to begin the process to expand the Austin Convention Center.
 - (B) Resolution 20190523-029 also directed the City Manager to prepare a financing plan that should reflect maintenance of the annual funding of both the Historic Preservation Fund and the Cultural Arts Fund at the full 15% of the Hotel Occupancy Tax revenue allowed under Chapter 351 of the Tax Code for each allocation.
 - (C) Council passed Ordinance 20190808-148 to approve a Capital Improvement Plan for the expansion of the Neal Kocurek Memorial Convention Center, as is required by Section 351.1065 of Chapter 351 of the Tax Code entitled "Municipal Hotel Occupancy Taxes", to increase the Hotel Occupancy Tax.
 - (D) Council Ordinance 20190808-148 increased the City of Austin Hotel Occupancy Tax authorized to be assessed under Chapter 351 of the Texas Tax Code from 7% to 9%, effective August 8, 2019, with the revenues from the increase dedicated towards the expansion of an existing convention center facility and committed to cultural arts and historic preservation funding to the maximum 15% allowable under Chapter 351 of the Tax Code.

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

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- (A) This section does not apply to taxes collected under Article 2 (*Venue Projects*) or Section 11-2-8 (*Additional 2 Percent Hotel Occupancy Tax for Convention Center Expansion*).
 - (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:
 - (1) 64 2/7 percent of the funds collected is allocated to the Convention Center Capital Improvement Project Fund and may be used for:

- 42 (a) the construction, improvement, enlarging, equipping, repairing, operation, and
43 maintenance of convention center facilities as defined in Section 351.001
44 (*Definitions*) of the Texas Tax Code;
- 45 (b) the City's provision of facilities, personnel, and materials for the registration of
46 convention delegates or registrants; ~~and~~
- 47 (c) marketing, selling, and servicing of convention services; and
- 48 (d) as long as assessment under Section 11-2-8 (*Additional 2 Percent Hotel*
49 *Occupancy Tax for Convention Center Expansion*) exists, and as outlined in
50 Ordinance 20190808-148, and in accordance with related bond covenants, a
51 portion of this tax not collected under Article 2 (*Venue Projects*) or under
52 Section 11-2-8 (*Additional 2 Percent Hotel Occupancy Tax for Convention*
53 *Center Expansion*) that is allocated to the Convention Center use is available
54 for additional allocation as follows:
- 55 (i) an amount equal to 15% of the two percent assessment allocated to the
56 uses set forth below in Subsection 11-2-7(B)(5) with a specific focus on
57 local music that is marketed to tourists and convention delegates; and
- 58 (ii) an amount equal to 15% of the two percent assessment allocated to the
59 uses set forth below in Subsection 11-2-7(B)(3); and
- 60 (2) 5 5/7 percent of the funds collected is allocated to the Tourism/Promotion Fund
61 and may be used for advertising and conducting solicitations and promotional
62 programs to attract tourists and convention delegates or registrants to the City or its
63 vicinity; and
- 64 (3) 15% of the funds collected is allocated to the Historic Preservation Fund and may
65 be used for historical restoration and preservation projects or activities, or
66 advertising and conducting solicitations and promotional programs to encourage
67 tourists and convention delegates to visit preserved historic sites or museums
68 located at or in the immediate vicinity of convention center facilities or elsewhere
69 in the City or its vicinity; and
- 70 (4) the City Council has the authority in adopting the City's annual budget to change
71 the allocation of the percentages of the hotel occupancy tax fund as set forth in
72 subsections (2) and (3) of this Section, and if the Council does so, it shall not be a
73 violation of this Section; and
- 74 (5) 15 percent of the funds collected is allocated to the Cultural Arts Fund and may be
75 used for the encouragement, promotion, improvement, and application of the arts,
76 including instrumental and vocal music, dance, drama, folk art, creative writing,
77 architecture, design and allied fields, painting, sculpture, photography, graphic and
78 craft arts, motion pictures, radio, television, tape and sound recording, and other
79 arts related to the presentation, performance, execution, and exhibition of a major
80 art form.
- 81 (C) Revenue derived from the tax shall only be expended to directly enhance and promote
82 tourism and the City's convention and hotel industry. Tax revenue may not be used as
83 general revenue for general governmental operations of the City.
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