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ORDINANCE NO.

AN ORDINANCE AMENDING CITY CODE SECTION 11-2-7 AND ADDING A NEW CITY CODE SECTION 11-2-8 RELATING TO ALLOCATION AND USE OF HOTEL OCCUPANCY TAX REVENUE TO ALOCATE ADDITIONAL FUNDS FOR LOCAL MUSIC AND HISTORIC PRESERVATION.

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

PART 1. Findings:

- (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.
- (E) Council adopted Resolution No. 201960303-019, the Music and Creative Ecosystem Omnibus Resolution, which states that enabling the creation and evolution of commercial music businesses that will sustain future market sector growth and stability is a priority Austin Music Policy and Issue.

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

- (A) This section applies to the City's seven percent hotel occupancy tax as authorized by Subsection (A) of Section 11-2-2 (*Tax Levied; Exceptions*) [~~does not apply to taxes collected under Article 2 (*Venue Projects*)~~].

44
45 (B) The revenue derived from the tax authorized by this chapter may be used only as
46 provided by Section 351.101 (*Use of Tax Revenue*) of the Texas Tax Code to promote
47 tourism and the convention and hotel industry as follows:
48

49 (1) 64 2/7 percent of the funds collected is allocated to the Convention Center Capital
50 Improvement Project Fund and may be used for:

51
52 (a) the construction, improvement, enlarging, equipping, repairing, operation, and
53 maintenance of convention center facilities as defined in Section 351.001
54 (*Definitions*) of the Texas Tax Code;

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

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

58 (d) as specified in Part 4 of Ordinance No. 20190808-148, the uses identified in
59 Subsection (C) of Section 11-2-8 (*Additional 2 Percent Hotel Occupancy Tax*
60 *For Convention Center Expansion*); and
61

62 (2) 5 5/7 percent of the funds collected is allocated to the Tourism/Promotion Fund
63 and may be used for advertising and conducting solicitations and promotional
64 programs to attract tourists and convention delegates or registrants to the City or its
65 vicinity; and
66

67 (2) 15% of the funds collected is allocated to the Historic Preservation Fund and may
68 be used for historical restoration and preservation projects or activities, or
69 advertising and conducting solicitations and promotional programs to encourage
70 tourists and convention delegates to visit preserved historic sites or museums
71 located at or in the immediate vicinity of convention center facilities or elsewhere
72 in the City or its vicinity; and
73

74 ~~[(4) the City Council has the authority in adopting the City's annual budget to~~
75 ~~change the allocation of the percentages of the hotel occupancy tax fund as set~~
76 ~~forth in subsections (2) and (3) of this Section, and if the Council does so, it shall~~
77 ~~not be a violation of this Section; and]~~
78

79 ~~(54)~~ 15 percent of the funds collected is allocated to the Cultural Arts Fund and may
80 be used for the encouragement, promotion, improvement, and application of the
81 arts, including instrumental and vocal music, dance, drama, folk art, creative
82 writing, architecture, design and allied fields, painting, sculpture, photography,
83 graphic and craft arts, motion pictures, radio, television, tape and sound recording,
84 and other arts related to the presentation, performance, execution, and exhibition of
85 a major art form.
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(C) Revenue derived from the tax shall only be expended to directly enhance and promote tourism and the City's convention and hotel industry. Tax revenue may not be used as general revenue for general governmental operations of the City.

PART 3. City Code Section 11-2 (*Hotel Occupancy Tax*) is amended to add a new Section 11-2-8 to read as follows:

§ 11-2-8 ADDITIONAL 2 PERCENT HOTEL OCCUPANCY TAX FOR CONVENTION CENTER EXPANSION

- (A) In addition to the tax levied under Section 11-2-2 (*Tax Levied, Exceptions*) and Section 11-2-11 (*Venue Projects*), a tax in the amount of two percent of the consideration paid for a hotel room is levied.
- (B) This tax supports the construction of an expansion of the existing Austin Convention Center facility, as authorized by Section 351.1065 (*Allocation of Revenue, Eligible Central Municipality*) of the Texas Tax Code.
- (C) This additional two percent hotel occupancy tax authorizes the City to allocate additional funds from the tax set forth in Subsection (B)(1) of Section 11-2-7 (*Allocation and Use of Hotel Occupancy Tax Revenue*) to the following uses:
 - (i) an amount equal to 15% of the two percent assessment is allocated to the Live Music Fund for local music that meets the requirements of Texas Tax Code Section 351.101(b)(5) and that is not funded through the Cultural Arts Fund; and
 - (ii) an amount equal to 15% of the two percent assessment for projects that meet the requirements of Texas Tax Code Section 351.101(b)(4) and that are funded through the Historic Preservation Fund.
- (D) Articles 1 (*General Provisions*) and 3 (*Violations*) of this chapter apply to this article except to the extent of a conflict.

114 **PART 4.** This ordinance takes effect on _____, 2019.

115 **PASSED AND APPROVED**

116 _____ §
117 _____ §
118 _____, 2019 § _____

119 Steve Adler
120 Mayor

121 **APPROVED:** _____ **ATTEST:** _____
122 Anne L. Morgan Jannette S. Goodall
123 City Attorney City Clerk
124

DRAFT