



## MUSIC COMMISSION RECOMMENDATION 20240401-13a

Date: April 1, 2024

Subject: Improved Collection of HOT and Fees from Short-Term Rentals

Motioned By: Vice Chair Patterson

Seconded By: Commissioner Gould

### **Recommendation**

The Music Commission recommends that City Council direct the City Manager and City staff support music and cultural funding by implementing mechanisms to:

1. improve and streamline STR licensure and compliance in order to increase HOT collection;
2. require that City's portion of Hotel Occupancy Taxes be collected automatically by STR platforms from the hosts, then remitted to the City;
3. and develop – in partnership with STR platforms – an opt-out cultural sustainability fee for each STR rental in the City of Austin, the proceeds from which would be used to establish a Cultural Sustainability Fund managed by a City partner for the support and preservation of music and cultural arts in Austin.

### **Description of Recommendation to Council**

The Live Music Fund, Cultural Arts grants, and Heritage grants are funded through Hotel Occupancy Taxes. However, a vast number of STRs operate illegally in Austin and do not collect or remit the City's portion of HOT, leading to an estimated loss of \$3M annually to music and cultural funding.

Improved processes for STR licensing and HOT collection can close this funding gap. In addition, the STR industry in Austin could be leveraged for additional cultural funding from visitors, through a small opt-out fee for each rental reservation.

### **Rationale:**

- Music, cultural arts, and preservation in Austin are supported through the collection of hotel occupancy taxes from lodgings including short term rentals
- Currently unlicensed STRs do not remit HOT to the city.
- In February of 2024, the Tourism Commission passed a recommendation to council regarding improved STR regulation and HOT collection, accompanied by a comprehensive report. The Music Commission supports the Tourism Commission recommendation and this Music Commission Recommendation 20240401-13a aligns with the intent set forth in Tourism Commission recommendation 20240214-005

### **Vote**

For: 9 (Chair Medicharla, Vice-chair Patterson, Commissioners Aguilar, Carvahlo, Davila, Gould, Quesada, Rosenthal, Strickland)

Against: 0 Abstain: 0 Absent: 2 (Commissioners Mahone and Blevins)

Attest: Shelbi Mitchell