

Critics are now questioning how exactly Austin residents benefit from such big spending and whether the nonprofit is transparent enough. Visit Austin, which is currently pushing for a \$600 million expansion to the city's convention center, says wining, dining and showcasing the capital city pay off big when convention attendees drop millions of dollars into the local economy each year.

Julie Hart, chief financial officer of Visit Austin, said the charges KXAN uncovered on the American Express card receipts are paid with hotel occupancy tax, which is a tax on hotel bills. The organization received more than \$14 million in those tax dollars last year to market the city and lure conventions to the city.

"Our goal is to be very transparent," Hart said. "We have 10 straight years of audits that are flawless," and "we voluntarily put ourselves through a very rigorous accreditation process."

Hart said the amount of money brought to town by conventions far exceeds the nonprofit's operating costs, but critics say the organization is overspending.

"We started looking at [the receipts], we started seeing, you know, things that were rather offensive," said Bill Bunch, environmental activist and director of the Save Our Springs Alliance. "Incredible travel spending, spending on parties, and alcohol, and entertainment, and then just literally giving away money as gifts to, allegedly, people that might bring business to Austin."

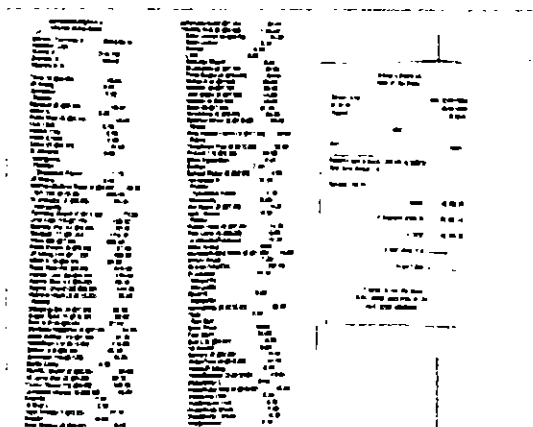
"We started seeing, you know, things that were rather offensive. Incredible travel spending, spending on parties, and alcohol, and entertainment, and then just literally giving away money as gifts."

On one March night last year, Visit Austin bought over 500 alcoholic drinks at Antone's night club for \$6,317. Last November the nonprofit picked up a bar tab at Pepita Cantina in Arlington, Virginia (https://lintvkxan.files.wordpress.com/2017/09/7260_pepitacantina_dec-nov16.pdf), that included \$3,400 for beverages.

Hart said the alcohol purchases were made with hotel tax dollars and that there is a reason behind every purchase. At the Antone's party, Visit Austin employees entertained over 100 clients and ultimately secured "100,000" room nights from networking at that event, she said.

Hart defended Visit Austin's overall use of hotel occupancy taxes, saying the organization abides by state statute, posts monthly business reports online and the undergoes a yearly independent audit.

"Our clients absolutely expect some sort of interesting event," Hart said. "They get pitched a lot because it is a very competitive business, and sometimes a dinner doesn't do it."



KXAN discovered numerous other instances of Visit Austin employees entertaining clients and running up restaurant and bar tabs of hundreds and sometimes thousands of dollars. In one visit to Flemings Steakhouse in November of 2016 (https://lintvkxan.files.wordpress.com/2017/09/flemings-774_dec-nov16.pdf), a Visit Austin employee bought two bottles of white wine exceeding \$100 each. Another trip to Flemings last January cost the nonprofit \$6,565 including a \$976 tip

(<http://kxan.com/?>

[attachment_id=551524\)](#)

Visit Austin's receipt for one night at Antone's night club on March 31, 2016.

https://lintvkxan.files.wordpress.com/2017/09/6565_flemings_febjan16.pdf.

Visit Austin purchased more than \$8,800 of Cooper's Bar-B-Que in the past two years alone, credit card records show.

On June 8, 2016, Visit Austin threw a farewell party for its outgoing CEO at ACL-Live. The party cost over \$16,700 including \$3,900 for alcohol

https://lintvkxan.files.wordpress.com/2017/09/acllive_17444_farewellparty_julyjune16.pdf. Three weeks later, Visit Austin marked the arrival of its new director, Tom Noonan, with another party at the Palmer Event Center https://lintvkxan.files.wordpress.com/2017/09/7975_levy_noonanwelcomeparty_julyjune16.pdf costing nearly \$8,000.

Those two parties were paid with hotel occupancy taxes. However "out of an abundance of caution," Visit Austin reimbursed the cost with money from its private enterprise coffer, Hart said.

KXAN found another similar instance in which Visit Austin paid \$888 for an employee "retirement happy hour" at Uncle Julio's https://lintvkxan.files.wordpress.com/2017/09/888_unclejulioirementparty_augjuly16_part2.pdf in downtown Austin on June 28, 2016, according to a receipt. The charge appears to have been made with tax dollars. Visit Austin said the employee was a 20-year veteran of the organization, the party was "modest," and the event included hotel partners who help bring business to the city.

But Visit Austin isn't just entertaining here in Austin. The nonprofit has spent hundreds of thousands of tax dollars in cities across the country, and abroad, to take flights and entertain clients.

Cross-country spending

City Council Member Ellen Troxclair, who has been scrutinizing how Visit Austin uses the hotel occupancy tax, told KXAN some of the alcohol expenditures give her "pause," and she wasn't clear on why the organization bought certain gift items and tickets to out-of-town concerts.

City Council approves Visit Austin's budget, as well as the Convention Center budget. Both are majority taxpayer funded. Hotel occupancy taxes have nearly doubled since 2014, from \$50 million to \$100 million, so oversight of how that money is used has increased as well, she said.

Overall, Visit Austin spent over \$18,000 on 75 tickets to Lady Gaga concerts https://lintvkxan.files.wordpress.com/2017/09/ladygaga_marchfeb2017_part2.pdf in San Francisco, Boston and Flushing, New York. The nonprofit also charged more than \$15,000 for tickets to performances by the Dixie Chicks

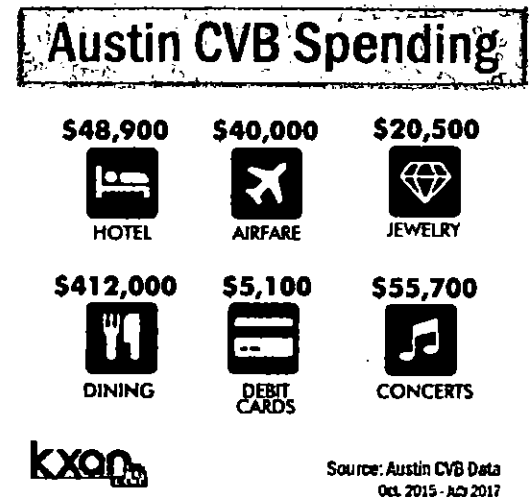
(https://lintvkxan.files.wordpress.com/2017/09/dixiechicks_junemay16.pdf) in Canada, Adele (https://lintvkxan.files.wordpress.com/2017/09/adele_marchfeb16.pdf) in Chicago, Beyonce (https://lintvkxan.files.wordpress.com/2017/09/beyonce_marchfeb161.pdf) in Tampa Bay, Elton John (https://lintvkxan.files.wordpress.com/2017/09/eltonjohn_septaug16.pdf) in Las Vegas, and Paul McCartney (https://lintvkxan.files.wordpress.com/2017/09/paulmccartney_junemay16.pdf) in Washington DC.

"These are not Austin musicians," Bunch said. "They're not even Austin shows."

Regarding the Lady Gaga concert, Hart said Visit Austin secured 3,700 room nights and got leads on 30,000 more room nights from that event.

KXAN also found Visit Austin bought more than \$5,000 in prepaid American Express and Visa debit cards, which are used essentially as cash, and \$10,000 in Kendra Scott gift cards.

"A Lady Gaga concert in San Francisco, and spending \$2,000 dollars on Amex gift cards don't make sense to me," Troxclair said in an interview with KXAN. "If the argument is that we need to entertain people to showcase Austin and show them what great local restaurants and business that we have, then I can understand that argument. But giving people the equivalent of \$2,000 worth of cash, you know, I'm not sure what that is accomplishing."



Hart said Visit Austin has to spend money to "take Austin on the road" to other cities. The organization wants to give clients the feel of the "Live Music Capital of the World" and will sometimes bring local bands along. But when Visit Austin can't bring a band, it sometimes takes clients to concerts, such as Lady Gaga, in other cities.

Hart said the American Express and Visa gift cards were used as door prizes at a holiday event and handed to clients visiting Austin so they could sample the offerings at a food trailer park.

Visit Austin has also spent nearly \$40,000 on airfare in the past two years to send employees across the country as well as to Canada, Australia, Germany and the Middle East.

In a letter sent to City Council following KXAN's reporting Tuesday, Visit Austin CEO Tom Noonan said the \$500,000 his organization put into meals, entertainment and gifts has generated "217,000 definite total hotel room nights with an overall economic impact of \$150 million."

"All the money invested in sales and marketing by Visit Austin are legitimate and legal uses of Hotel Occupancy Tax dollars. We follow standard practices of our industry," Noonan said in the letter.

- You can read Noonan's full three page letter to City Council [here](https://lintvkxan.files.wordpress.com/2017/09/9-27-17-letter-to-mayor-city-council-v2.pdf) (<https://lintvkxan.files.wordpress.com/2017/09/9-27-17-letter-to-mayor-city-council-v2.pdf>).
- You can also read the Austin Hotel & Lodging Association's letter regarding the spending [here](#)

Denise Eisman, president of the Austin Hotel & Lodging Association, said it is a “traditional and legally appropriate practice” for convention and visitors bureaus, such as Visit Austin, to use hotel occupancy tax for dinners, alcohol and entertainment.

“In fact, it is a traditional practice of every major convention center and visitors bureau in the state and across the country,” she said in a letter sent to KXAN and City Council.

Fighting for transparency

Bunch has been fighting for more access to Visit Austin’s accounting books and payroll. To that end, he sued Visit Austin in May. He is seeking salary information, financial reports for sales and promotion, records showing which conventions chose not to come to Austin and records backing up Visit Austin’s claim that 30 percent of all hotel room nights book in Austin are for people at conventions, according to the lawsuit filed in Travis County District Court.

Last year, Visit Austin took in about \$14.4 million in hotel occupancy taxes and more than \$2 million in private enterprise and donations, according to budget documents.

Visit Austin claimed Bunch is trying to secure a portion of hotel occupancy taxes to potentially buy land and help preserve Barton Springs.

Bunch says the records he seeks would shed light on how Austin actually benefits from the nonprofit’s work and whether taxpayer money is being spent wisely.

“Right now it’s smoke and mirrors on trying to figure out where is the revenue coming from. What are the real costs of operating the convention center we have, and what kind of commitment are we making if we try to expand it?” Bunch said. Visit Austin doesn’t delineate what it is spending to promote convention related business versus other types of tourism, and that is a fundamental split that should be clear, he added.

Visit Austin is advocating for a two-cent increase to Austin’s hotel tax, which would help buy land for the Convention Center expansion that would cost about \$500 million, according to city budget documents. Bunch argues the money could be better spent by individual city departments, which are more open to public inspection.

KXAN found Visit Austin’s spending on entertainment and meals does fall in line with other major Texas cities.

Visit Dallas’ Chief Operating Officer Matt Jones said his organization spends about \$1 million per year on meals and entertainment. The expenses are a “key tool for destination marketing organizations to attract visitors,” he said.

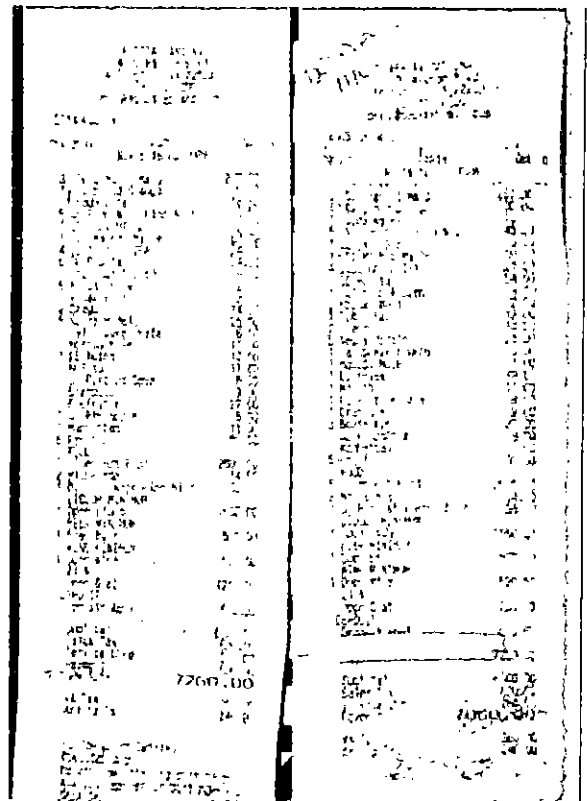
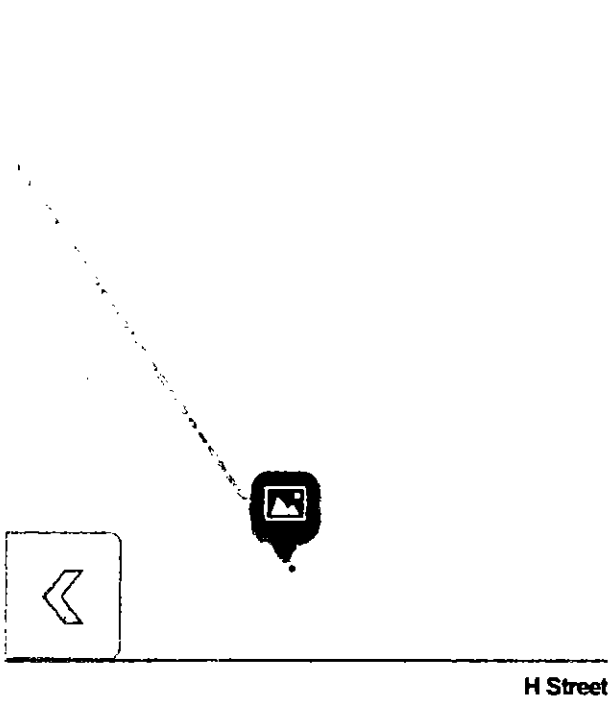
Mike Waterman, president of Visit Houston, said Visit Austin’s entertainment, food and drinks expenditures appear to be “absolutely in order relative to typical CVB spending.” And a spokesman for Visit San Antonio said his organization spends approximately \$500,000 annually on entertainment, and those expenditures are “critically important.”

According to media reports, numerous other cities across the country also buy alcohol and meals as a part of their sales mission. A recent [Las Vegas Review-Journal](https://www.reviewjournal.com/local/local-las-vegas/lvcva-spends-millions-to-wine-and-dine-but-some-question-spending/) investigation (<https://www.reviewjournal.com/local/local-las-vegas/lvcva-spends-millions-to-wine-and-dine-but-some-question-spending/>) found that city's visitor bureau, which is the largest in the nation, spent over \$697,000 on alcohol in one year.

City Council is scheduled to vote on Visit Austin's budget at its Thursday meeting.

KXAN found two nights in November of 2016 when Visit Austin spent big on food, alcohol and parties. You can walk through each purchase in the interactive story map below.

Map Overview Back To Beginning ↺



PEPITA CANTINA 11/15/16

Visit Austin charges \$7,800 for a party at Pepita Cantina Arlington, Virginia. The bill includes \$5,500 for alcohol; a separate charge of \$525 for sound equipment rentals.

Top News

Canadian dreamers bring new perspective to DACA fears



northwest

H Street Northwest

◆ **StoryMapJS** | Leaflet | Map tiles by Stamen Design, under CC BY 3.0. Data by OpenStreetMap, under CC BY SA.

FOOD	
50 Open Hot Food	2500.00
2 Michelada	14.00
1 BL Pino Nior Pino Nior	35.00
LIQOR MINIMUM	
1 Open Liquor	1550.00
BEER MINIMUM	
1 Open Beer	540.00
WINE MINIMUM	
1 Open Wine	520.00
21 &	
Open Grot	1250.00
DEPOSIT	
Deposit App	600.00
Subtotal	
Sales Tax	800.00
Service Chrg	600.00
Payment	1250.00
673PM Total	600.00
	7260.00
VA Tax	
Artling Tax	350.00
	240.00

Follow us on Twitter
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We are now offering gift cards.
Ask your server or bartender for
details.

1 Manhattan	11.00
5 Pacifico	30.00
FOOD	
40 Queso Hot Food	750.00
2 Michelada	14.00
1 Bl Pine Nigr Pine Nigr	36.00
LIQUOR MINIMUM	
1 Open Liquor	1550.00
BEER MINIMUM	
1 Open Beer	500.00
WINE MINIMUM	
1 Open Wine	520.50
21 %	
Open Grat	1250.00
DEPOSIT	
Dennis 12.00	619.00
	<hr/> 5750.00
Subtotal	5000.00
Sales Tax	600.00
Service Charge	1260.00
Payment	7860.00
VA Tax	360.00
Arline Tax	240.00

12005 Check Closed
- Nov 16 '16 07:42PM -

PEPITA CANTINA 11/15/16

Visit Austin charges \$7,860 for a party at Pepita Cantina in Arlington, Virginia. The bill includes \$5,500 for alcohol and a separate charge of \$525

Suzanne's
Retirement Happy Hour

SOZBOK K-571

UNCLE JULIO'S
FINE MEXICAN FOOD

Uncle Julio's-Austin
301 Brazos St
Austin, TX 78701
512-815-2100
www.unclejulios.com

PO Pending

Per Amy

Server: RICHARD 07/28/2016
Table 20/1 6:36 PM
Guests: 20 70005
Reprint #:

Luck Horseshoe (27 @9.99)	269.73
LuckyHorse Herradura Rep	
Frozen (3 @5.00)	15.00
Rita	
Mango Passion Rita	9.99
1800 Reposado	
Wine (3 @10.99)	32.97
Kendall-Jackson Chard GL	
Sangria Rocks (2 @5.00)	10.00
Wine	4.00
Cabernet Sauvignon	
CUSTOM 4PC BUFFET	325.00
Beer	3.00
Coors Light	
Beer	3.00
Bud Light	
Tequila	9.99
Shot - 1800 Reposado	
Milk	2.99
Wine (2 @4.00)	8.00
Cabernet Sauvignon	
NO Cabernet Sauvignon	
Beer	4.79
Coors Light	
Frozen	8.99
Rita	
Patron Skinny Rita (2 @10.59)	21.18
Patron Silver	

Subtotal	726.63
Tax Exempt 5124745171	0.00
Tax	0.00

Total	726.63
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Amex	726.63
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Be

988.93

5

Austin, TX 78701
512-457-1500

0017a TABLE 22 #Party 4
DANIEL C SvrCk: 2 6:13p 11/14/16

1 -Bottle-CS Ladera St Bl	110.00
1 Lagunitas IPA	7.50
1 Sweet Chile Calamari	16.95
1 Crab Cakes	19.95
1 SP Seared Ahi Tuna Ent	21.50
1 The New Wedge	11.50
2 Modern Caesar Salad	23.00
3 Petite HFilet	134.85
1 Creamed Spinach	10.95
1 Macaroni & Cheese	10.95
1 Sauteed Mushrooms	11.95
-Bottle-CS Ladera Howell-	170.00
Shoestring French Fries	9.95
Coffee	7.50
Hot Tea	3.50
Cheesecake	12.95
Carrot Cake	11.95
Sorbet	10.50

Sub Total: 605.45
TAX : 26.23
MIX BEV TAX : 23.72

11/14 8:04p TOTAL: 655.40

www.FlemingsSteakhouse.coa

0017

Server: DANIEL C Rec: 1
11/14/16 20:13, Shipped T: 2? Term:

Fleming's
320 E. 2nd
Austin, TX 78701
(512)457-1500
MERCHANT #:

CARD TYPE ACCOUNT NUMBER
AMERICAN EXPRE
NO TRANSACTION APPROVED
AUTHORIZATION #: 547299
Reference: 1114010000017
TRANS TYPE: Credit Card SALE

CHECK: 655.40

TIP: 120.00

TOTAL: 775.40

L2

CARDHOLDER WILL PAY CARD ISSUER ABOVE
AMOUNT PURSUANT TO CARDHOLDER AGREEMENT

White Lodging
White Lodging

Dinner
Dave Silky

1 CARAFE SUMMER SANGRIA	32.00
4 DOS XX	20.00
3 FIREMAN'S 4	15.00
1 ABW PEARLENAF	5.00
4 MOJITO	40.00
3 HOUSE GIN	18.00
5 LA CLASICA MARGARITA	50.00
2 CORONA	10.00
1 GRILLED CORN	6.00
20 Chef \$55 MENU	1100.00

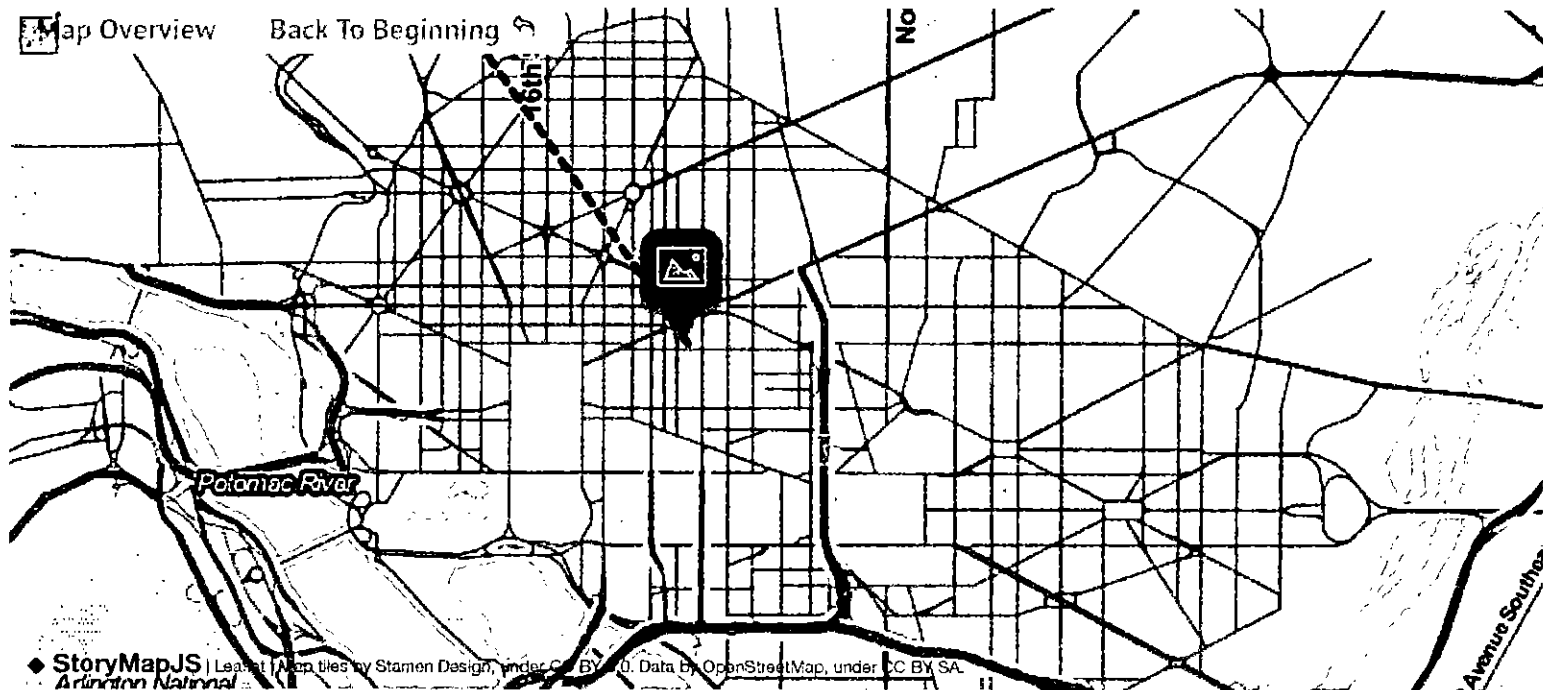
Sub Total: 1308.50

Tax : 107.95

Sub Total: 1416.45

20% GRATUIT 261.70

11/15 9:32p **TOTAL: 1678.15**



StoryMapJS | Leaflet | Map tiles by Stamen Design, under CC BY SA, Data by OpenStreetMap, under CC BY SA.

Client Name: Visit Austin
Visit Austin

Revised On: 11/16/2016
Tuesday, November 15, 2016

Contact: Au Carlson
Job Title: Events Manager
Address: 151 Congress, Suite 700
Austin, TX
Phone No: (512) 581-7256
Fax No: (512) 581-7256
Email: a Carlson@visit-austin.org

70 Guests

11:00 am - 12:00 pm Reception (Main Dining Room)
12:00 pm - 1:00 pm Lunch (Main Dining Room)

On-Site Contact: Au Carlson
Job Title: Events Manager
Phone: (512) 581-7256
Email: a Carlson@visit-austin.org

Visit Austin
FINAL BILL

FOOD

Reception

Fattened Mini Donuts - One Hour

70 25.00 1,750.00

Lunch

Three Course Menu

70 42.00 2,940.00

Total Food

4,690.00

BEVERAGES

Lunch

Water Service

70 6.00 420.00

Soda

28 3.50 98.00

Coffee

22 4.00 88.00

Hot Tea

4 5.00 20.00

Pasture Perfect, Le Grand Caillou, Loire Valley, France

7 43.00 301.00

DOMAINE POU, SCACCARELLU, Ile de Beauté, Corsica, 2015

9 56.00 504.00

Au Bon (Pinot), Pinot Noir, Santa Barbara County

2 55.00 110.00

Iced Tea

7 3.50 24.50

Del Espresso

4 5.50 22.00

Total Beverages

1,603.00

SUBTOTAL Food & Beverage (Minimum: \$6,000.00)

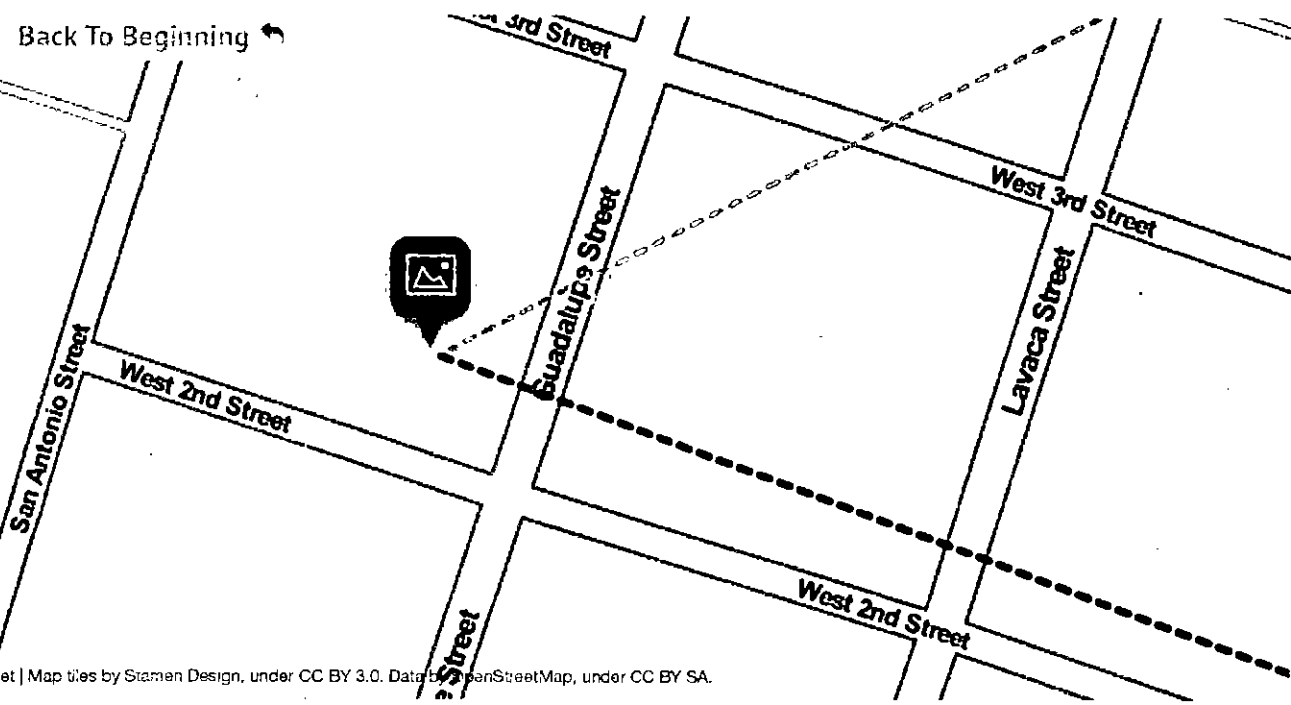
6,228.00

Administrative Fee - 5% of Food & Beverage (5% on Food and Beverage Minimum/Spend)

311.40

* Not purposed to be a gratuity and will not be distributed as gratuity to the employees who provided service to the

DRCD KITCHEN AND BAR



LA CONDESA

0133c Table 46
 DANIEL M. Serv: 7 8:11p 11/15/16

9 SODA	12.50
1 CARAFE SUMMER SANGRIA	32.00
4 DOS XX	20.00
3 FIREMAN'S 4	15.00
1 PEPP. PEARLENE	5.00
4 MOUTO	40.00
3 HOUSE GIN	18.00
5 LA FAVORITA MARGARITA	50.00
2 CORDON	10.00
1 GRILLED CORN	6.00
20 DWT \$55 MENU	1100.00
Sub Total: 1306.50	
Tax	107.95
Sub Total: 1416.45	
20% GRATUITE	283.29
11/15 9:32p TOTAL: 1639.74	

 400 West 2nd Street
 Austin, TX 78701
 Thank you for joining us!

0133
 Server: DANIEL M (#355) Rec: 131
 11/15/16 21:39, Swiped 1: 45 Term: 5
 LA CONDESA
 400-A West 2nd St
 Austin, TX 78701
 (512)499-0300
 MERCHANT #:

CARD TYPE: AMERICAN EXPRESS
 NO TRANSACTION APPROVED
 AUTHORIZATION #: 547659
 Reference: 1115010000133
 TRANS TYPE: Credit Card SALE

CHECK: 1416.45
 TIP: 261.70
 ADDL. TIP: 20.00
 TOTAL: 1698.15

x *[Signature]*
 Duplicate Copy

CARDHOLDER WILL PAY CARD ISSUANCE ABOVE
 AMOUNT PURSUANT TO CARDHOLDER AGREEMENT
 100 COPY -> CUSTOMER