

RESOLUTION NO. 20170831-060

WHEREAS, the City of Austin has become an internationally recognized destination for live music, special events, parks, culture, food, and history; and

WHEREAS, according to the Austin Convention & Visitor's Bureau, in 2013 more than 21.5 million people from around the globe visited Austin; and

WHEREAS, according to the Austin Convention Center Master Plan, total Convention attendees for 2013 were 449,464, or 2% of the visitors who came to Austin; and

WHEREAS, the City has a municipal hotel occupancy tax of 9% charged to visitors, which brought in more than \$90 million in fiscal year 2017; and

WHEREAS, the tax is authorized by state law, and expenditures of the fund are limited to those that support tourism in Austin; and

WHEREAS, currently, the City uses the revenues from the Hotel Occupancy Tax for the Austin Convention Center, Visit Austin (Austin Convention and Visitor's Bureau), and the Cultural Arts Program; and

WHEREAS, in addition to those departments and programs, other events, activities, districts, and facilities support the tourism industry, are visited by tourists and bring visitors to Austin; and

WHEREAS, a 2015 Texas Tourism Region and MSA Visitor Profile for the Austin MSA found that the primary reason people visit Austin is to see a friend or relative (25.6%),

for weekend getaways or overnight stays (15.7%), or for special events (weddings, birthdays, etc.) (11.1%)); and

WHEREAS, the same study found that people who visit Austin cited the following as their primary activity: experiencing Austin’s culinary and dining (25.6%), shopping (23.2%), visiting parks (11.4%), experiencing Austin’s nightlife (11.2%), attending a concert, theater, or dance performance (9.3%), or visiting historic sites (8.6%); and

WHEREAS, Austin is known as the “Live Music Capital of the World,” but the music economy and entertainment districts face numerous challenges as were outlined by the Music Census and Creative omnibus resolution; and

WHEREAS, Austin has multiple historic and parks attractions and amenities that are popular among tourists, including Barton Springs, Zilker Park, Zilker Botanical Gardens, Umlauf Sculpture Garden and Museum, Lions Municipal Golf Course, O Henry and the Elisabet Ney Museum and others that have been neglected but that could be attractive to tourists, including, for example, the historic Victory Grill, the Montopolis Negro School, historic swimming pools, and Walter E. Long Metropolitan Park; and

WHEREAS, a 2015 Economic Impact of Historic Preservation Report found that “more than 10.5% of all travel in Texas is heritage-related”; and

WHEREAS, last year Council allocated \$300,000 of the Tourism and Promotion Fund to expand Heritage Tourism and Marketing grants and to include educational programs and tours with a strong emphasis on historic civic buildings and spaces; and

WHEREAS, last year Council allocated approximately \$2,000,000 of hotel occupancy tax funds for other allowable City expenditures; and

WHEREAS, state law allows Austin to spend considerably more than it has been spending on several categories of potential activities, including but not limited to historic preservation, tourism and promotion, and transportation that supports tourists and travel between hotel areas and tourist destination areas; and

WHEREAS, community groups and individuals from music, the arts, historic preservation, and local business have expressed interest in obtaining tourism promotion funding to promote their own activities to tourists and potential tourists directly; and

WHEREAS, the City of El Paso uses local hotel occupancy taxes to fund the Department of Museums and Cultural Affairs as well as funding large scale, annual special events; and

WHEREAS, the City of San Antonio appropriates 15% of hotel occupancy tax revenues, after debt payment, as a credit to the General Fund for operations and maintenance costs associated with the “tourist zone”; and

WHEREAS, the City Council, through Council Resolution #20160818-075, created a citizen task force to make recommendations on how to best utilize all hotel occupancy tax revenues; and

WHEREAS, the first item in the Task Force scope of work reads: “Study the impact of tourism on City infrastructure, services, and facilities, and investigate opportunities to

offset those impacts using hotel occupancy tax revenues”; and

WHEREAS, the Task Force submitted its final report to City Council on June 2, 2017, and it included a number of recommendations regarding new programs that can legally be funded with hotel occupancy taxes; and

WHEREAS, according to the Visitor Impact Task Force Final Report, a preliminary review of Austin’s general fund costs most related to tourism identified approximately \$20 million in costs; and

WHEREAS, the Visitor Impact Task Force brought to light some components of the Austin tourism culture that have long been underfunded; and

WHEREAS, the Visitor Impact Task Force made many important and thoughtful recommendations, many of which will be brought to City Council for consideration as separate actions; and

WHEREAS, approval of this item does not preclude the opportunity to implement other Visitor Impact Task Force recommendations or to expand the Convention Center at a future time; **NOW, THEREFORE,**

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

The City Manager is directed to prepare and present to Council any budget documents necessary for Fiscal Year 2017-2018 budget considerations as well as any ordinance, city code changes, budget documents, and contracts necessary to allocate hotel occupancy taxes and other revenues as outlined in Exhibit A by September 28, 2017.

BE IT FURTHER RESOLVED:

The City Manager is directed to allocate 15% of the hotel occupancy taxes (7 cents) to fund operations/maintenance of City of Austin historic facilities and sites in accordance with Texas Tax Code Section 351.101(a)(5) and in a manner consistent with City bond requirements, then fund other allowable capital and acquisition costs for historical restoration and preservation projects and activities. These projects may be City of Austin facilities and sites funded through direct allocations as well as non-City facilities and sites, which could also be supported through heritage grants. Examples of such project could include, but not be limited to the following:

City Facilities:

Oakwood Cemetery and Annex, Barton Springs Bathhouse, Seaholm Intake Building, Downs Field, Fiesta Gardens, Umlauf Sculpture Gardens, Zilker Botanical Gardens, and Barton Springs Pool.

Non-City Resources:

Montopolis Negro School, Palm School, Mexic-Arte, Red River Cultural District*, Austin's Tejano Walking Trail* and Lions Municipal Golf Course.

BE IT FURTHER RESOLVED:

The City Manager is directed to present an analysis of this allocation and other options to achieve HOT allocations for historical preservation, considering relevant factors, including, but not limited to, budgetary, legal, and project impacts, prior to the adoption of the 2017-

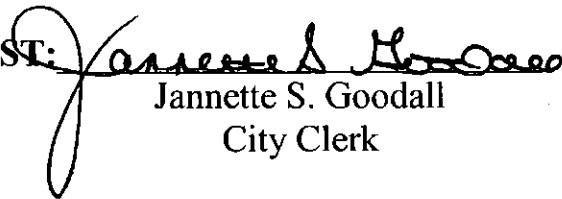
2018 budget, so that Council will have this information before making final budget decisions.

BE IT FURTHER RESOLVED:

The City Manager is directed to collaborate with Travis County to explore and evaluate opportunities to include the Travis County Exposition Center as a venue funded with hotel occupancy tax revenues or other revenues and include a report in the documents provided to Council by September 28th.

ADOPTED: August 31, 2017

ATTEST:



Jannette S. Goodall
City Clerk

Hotel Occupancy Tax Allocation Proposal

	Venue Tax (2 cents)	Allocation of City Hotel Tax (7 cents)				Project Funding - Subsets of Allocation Buckets				TPID	
	Previous Expansion	Convention Center Budget	Visit Austin Budget	Cultural Arts Program	Historical & Preservation	Heritage Grant Funding	Music	Spring Festival Security Costs	Local Business Marketing & Programming	Convention Center/Visit Austin	General Fund
Current Allocation Fiscal Year 2016/17	Debt Payment	64.29%	20.71%	15.0%		Visit Austin Budget	-	-	-	-	-
	\$20,107,925	\$45,247,356	\$14,578,698	\$10,560,733	\$993,841	\$500,000	\$0	\$0	\$0	\$0	\$0
Manager's Proposed Budget Fiscal Year 2017/18	Debt Payment	64.29%	20.71%	15.0%		Visit Austin Budget	-	-	-	-	-
	\$21,127,499	\$47,536,872	\$15,317,437	\$11,091,937	\$0	\$200,000	\$0	\$0	\$0	\$0	\$0
Proposal for Fiscal Year 2017/18 Budget	Debt Payment	56.00%	14.0%	15.0%	15.0%	H&P	Other Revenue	Convention Center	Visit Austin Budget	-	-
	\$21,127,499	\$41,409,898	\$10,352,474	\$11,091,937	\$11,091,937	\$500,000	\$3,200,000	\$1,500,000	\$500,000	\$0	\$0
Proposal for Fiscal Year 2017/18 Budget (with a TPID)	Debt Payment	56.00%	14.0%	15.0%	15.0%	H&P Budget	Other Revenue	Convention Center	Visit Austin Budget	60%	40%
	\$21,127,499	\$44,579,023	\$13,521,599	\$11,091,937	\$11,091,937	\$500,000	\$3,200,000	\$1,500,000	\$500,000	\$6,338,250	\$4,225,500

*Heritage Grants, Music, Spring Festival Security & Local Business funding fall under either the Convention Center, Visit Austin, Historic & Preservation, or other revenues budgets as identified above.

Funding for Parks, Preservation, Music, and Small Business = \$16,291,937
 Potential General Fund Offset = \$12,591,937

Funding for Parks, Preservation, Music, and Small Business (w TPID) = \$20,517,437
 Potential General Fund Offset (w TPID) = \$16,817,437

*Estimated total hotel tax revenue is \$95,073,745 based on City Manager's Proposed Budget

*Total hotel tax revenue could increase if the City can collect unremitted taxes from short-term rentals

*Historical & Preservation funding will be for historical restoration and preservation projects or activities

*The Cultural Arts Program will maintain its existing 15% allocation

*Music funding will come from other revenues

*TPID is meant to be illustrative only, revenue projections are based \$0.01 TPID assessment