

#5

Late Backup

Troxclair Amendment

ORDINANCE NO.

AN ORDINANCE AMENDING SECTION 11-2-7 OF THE CITY CODE RELATING TO THE ALLOCATION OF HOTEL OCCUPANCY TAXES FOR AUTHORIZED USES.

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

PART 1. Council finds that:

- (A) Use of Hotel Occupancy Tax for eligible historic projects and activities serves a municipal purpose and attracts tourists and convention delegates to Austin; and
- (B) Creation of a program administered by the City Manager, or her designee, will provide the controls necessary to ensure that these public funds are spent for a public purpose, that the public purpose is achieved, that the use of the funds is consistent with the limitations of applicable state law, and, to the extent the funds are used for facilities not owned by the City, the City will receive a benefit roughly equivalent to the expenditure of these public funds; and
- (C) To ensure compliance with the bond covenants associated with the outstanding bonds issued for the Austin Convention Center, maintain the Austin Convention Center's bond rating, and generate sufficient funds to achieve the maximum allowable allocation of Hotel Occupancy Tax for eligible historic projects and activities, the City intends to phase in the full 15% allocation for historic preservation as soon as possible over time and in a way that is compliant with the bond covenants ~~must transition funding over time as recommended by the City's bond counsel and financial advisor.~~
- (D) 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.
- (E) In Fiscal Year 2017/18, the City Council approved \$6.95 million in funding for the Historic Preservation Fund.

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

(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:

1 (a) the construction, improvement, enlarging, equipping, repairing, operation, and
2 maintenance of convention center facilities as defined in Section 351.001 (*Definitions*)
3 of the Texas Tax Code; ~~and~~

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

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

6 (2) ~~205~~ 5/7 percent of the funds collected is allocated to the Tourism/Promotion
7 Fund ~~and the Historical Preservation Fund and these funds~~ may be used for advertising
8 and conducting solicitations and promotional programs to attract tourists and convention
9 delegates or registrants to the City or its vicinity; and

10 (3) ~~(b)~~ 15 percent of the funds collected is allocated to the Historic Preservation
11 Fund and may be used for historical restoration and preservation projects or activities,
12 or advertising and conducting solicitations and promotional programs to encourage
13 tourists and convention delegates to visit preserved historic sites or museums
14 located at or in the immediate vicinity of convention center facilities or elsewhere
15 in the City or its vicinity; and

17 ~~(3)~~(4) the City Council has the authority in adopting the City's annual budget to
18 change the allocation of the percentages of the hotel occupancy tax fund as set forth in
19 subsections (2) and (3) of this Section, and if the Council does so, it shall not be a
20 violation of this section.

21 ~~(3)~~(5) 15 percent of the funds collected is allocated to the Cultural Arts Fund and
22 may be used for the encouragement, promotion, improvement, and application of the arts,
23 including instrumental and vocal music, dance, drama, folk art, creative writing,
24 architecture, design and allied fields, painting, sculpture, photography, graphic and craft
25 arts, motion pictures, radio, television, tape and sound recording, and other arts related to
26 the presentation, performance, execution, and exhibition of a major art form.

27 **PART 3.** This ordinance takes effect on _____, 2017.

28 **PASSED AND APPROVED**

29 _____, 2017 § _____

Steve Adler
Mayor

Anne L. Morgan

Jannette S. Goodall