

# Hotel Occupancy Tax Collections: Tourism Commission Request March 2022

## Review of Texas Tax Code Chapter 351 and allowable uses of Hotel Occupancy Taxes

Of the 17% HOT collected on room rentals, the City receives 11%. The remaining 6% goes to the State of Texas. The Chart on the next page illustrates the flow of funds from the Hotel Occupancy Tax Fund to the various recipient funds. The State of Texas authorizes hotel occupancy tax (HOT) assessments under Chapter 351 of the Texas Tax Code and under Chapter 334 of the [Texas Local Government Code](#).

Chapter 351 requires HOT assessed under this chapter must **first** meet the criteria of promoting tourism and convention and hotel industry, **and** fall into one of the authorized categories, not all of which are applicable to Austin. Those categories allowable in Austin include:

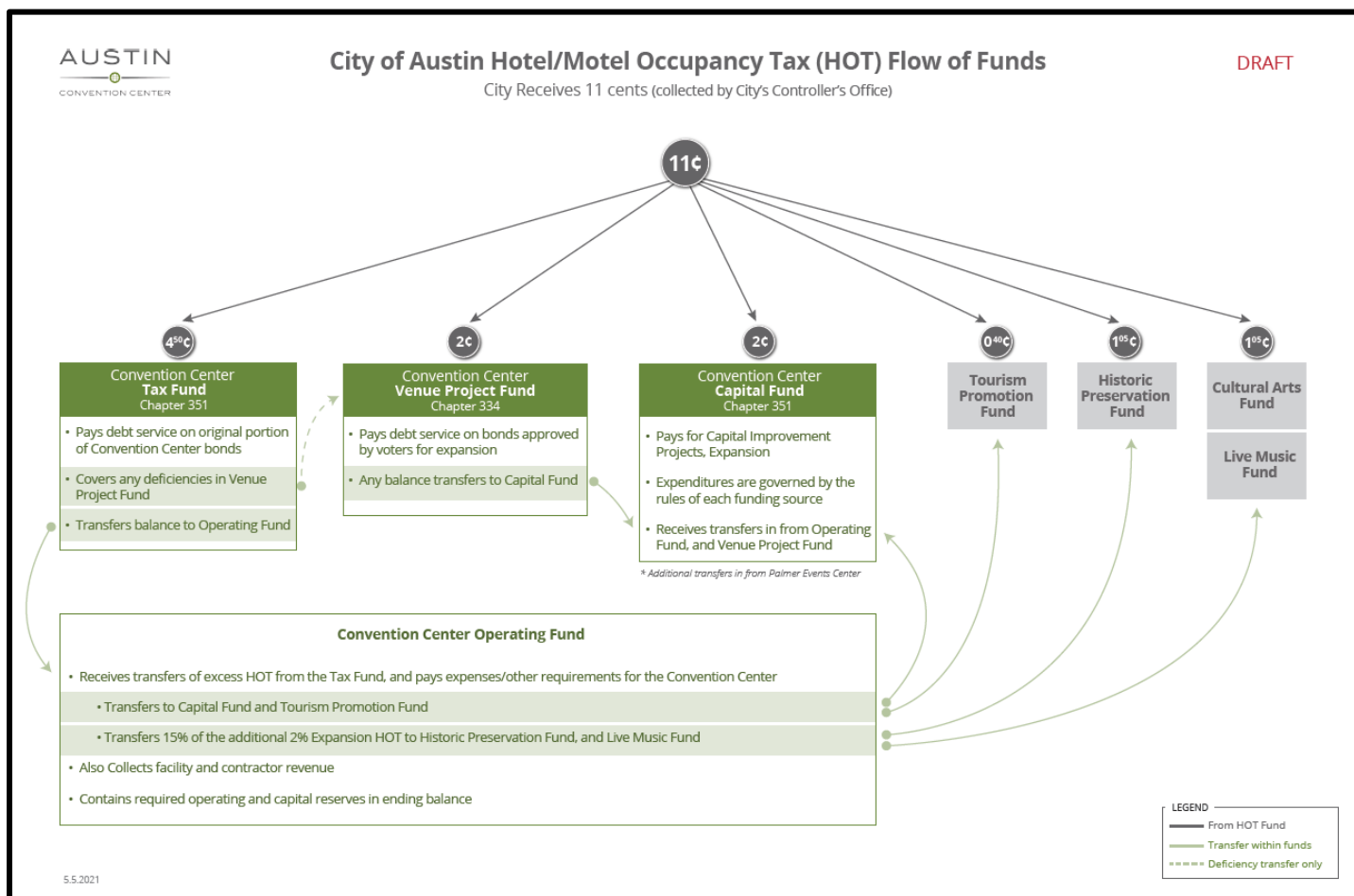
- the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both;
- the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;
- advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;
- the encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms;
- historical restoration and preservation projects or activities or advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums:
  - at or in the immediate vicinity of convention center facilities or visitor information centers; or
  - located elsewhere in the municipality or its vicinity that would be frequented by tourists and convention delegates;
- signage directing the public to sights and attractions that are visited frequently by hotel guests in the municipality;

### ***Chapter 351 prohibits HOT use for general government activities.***

Chapter 334 requires HOT assessed under this chapter be spent only on venues that are approved by voters. Authorized venues applicable to Austin include convention center, arena, coliseum, stadium, and potentially a tourism development along an inland waterway.

In August 2019, the Austin City Council [authorized](#) an increase in the municipal hotel occupancy tax rate (HOT) from 9% to 11% in support of a redevelopment and expansion of the Austin Convention Center.

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## Hotel Occupancy Tax Collections

	FY19*	FY20	FY21	FY22 YTD
<b>Q1</b>	\$22.4 M	\$25.9 M	\$8.9 M	\$24.9 M
<b>Q2</b>	\$25.7 M	\$32.3 M	\$9.8 M	\$31.5 M
<b>Total thru 2 quarters</b>	<b>\$48.0 M</b>	<b>\$58.2 M</b>	<b>\$18.7 M</b>	<b>\$56.4 M</b>
<b>Q3</b>	\$29.9 M	\$24.5 M	\$12.9 M	N/A
<b>Q4</b>	\$30.3 M	\$6.0 M	\$22.8 M	N/A
<b>Total</b>	<b>\$108.3 M</b>	<b>\$88.8 M</b>	<b>\$54.4 M</b>	<b>\$56.4 M</b>

Note: Hotel Occupancy Tax collections lag a quarter. So Q1 collections (October -December) are for stays that occurred from July-September

\* In August 2019, the Austin City Council authorized an increase in the municipal hotel occupancy tax rate (HOT) from 9% to 11% in support of a redevelopment and expansion of the Austin Convention Center

Hotel Occupancy Tax Fund  
Month Ended February 28, 2022

	Amended Budget	Year-to-date w/Encumb
<b>BEGINNING BALANCE</b>	<u>0</u>	<u>0</u>
<b>REVENUE</b>		
H/MOT Penalties & Interest	265,200	86,623
Hotel/Motel Occupancy Tax	<u>69,508,208</u>	<u>56,322,974</u>
<b>Total Revenue</b>	<b><u>69,773,408</u></b>	<b><u>56,409,597</u></b>
<b>TOTAL AVAILABLE FUNDS</b>	<b><u>69,773,408</u></b>	<b><u>56,409,597</u></b>
<b>TRANSFERS OUT</b>		
Tfr to Conv Ctr Capital Fund	12,686,074	10,254,252
Tfr to Conv Ctr Tax Fund	<u>28,543,667</u>	<u>23,069,702</u>
Tfr to Conv Ctr Venue Fund	12,686,074	10,254,454
Tfr to Cultural Arts Fund	<u>6,660,189</u>	<u>5,386,691</u>
Tfr to Historical Preservation Fund	6,660,189	5,386,691
Tfr to Tourism & Promotion Fund	<u>2,537,215</u>	<u>2,053,147</u>
<b>Total Transfers Out</b>	<b><u>69,773,408</u></b>	<b><u>56,404,936</u></b>
<b>TOTAL REQUIREMENTS</b>	<b><u>69,773,408</u></b>	<b><u>56,404,936</u></b>
<b>EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS</b>	<u>0</u>	<u>4,661</u>
<b>ENDING BALANCE</b>	<u><u>0</u></u>	