

The Austin Convention Center is to expand, based on proposed scenario 2B. Under this proposed expansion, Austin City Council would implement a 2% increase in HOT based on State Chapter 351. The total HOT tax collected from applicable revenues for Austin properties would be 17% (\$0.17) of which the following allocations are identified:

- \$0.06 State of Texas
- \$0.02 Existing Chpt.334 Venue Tax – Convention Center Expansion Debt Service
- \$0.0105 Cultural Arts
- \$0.0145 ACVB
- \$.045 Austin Convention Center
- **\$0.02 New CHPT 351 funding to Austin Convention Center debt service**

ACCD's financial model has identified available funds through excesses built into their forecasted budget needs stated to be \$6.4MM in available funds.

Austin's music economy and entertainment districts have numerous shortfalls as outlined in the music census and the resultant omnibus resolution. The value of the music industry in Austin, specifically live music, to tourism cannot be overstated. If the Convention Center is to expand, and Hotel Occupancy Taxes are to increase there must be consideration for the Music Industry made within applicable uses.

From this follows:

- A recommendation to allocate sustainable funding from annual excesses, as identified in the ACCD Financing model, towards the identified needs of Music Infrastructure and Historical Preservation. Funds would be split between Music Infrastructure and Historic Preservation not to fall below 80% of the ending CIP & Annual end balance as identified in funding model 2B.
- A recommendation that a body of governmental and non-governmental representatives, to be identified, be formed in order to establish criteria and vet proposals relating to the dispersal of these funds for allowable uses.
- A recommendation to form or identify a non-profit body or bodies to manage these funds, separate from the ACVB, Cultural Arts or the Austin Convention Center.
- A recommendation to transfer the management of the existing Heritage Grant program and funding to the new management body.

These recommendations aim to create a sustainable funding model to support the needs of Austin's cultural and community assets as well as to create an accessible, needs-based approach to allocating funds for these assets moving forward. Music Infrastructure funding in these recommendations is separate from Music Marketing (which should still be part of the ACVB directive) or Cultural Arts funding for music programming.