

## Legislation Text

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Presenter/Contact

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**SUBJECT:**

Approval of the second and final reading of an ordinance amending the City of New Braunfels Code of Ordinances, Chapter 122-Taxation, Article II - Hotel Occupancy Tax, Section 122-36-Use of Proceeds, to allow use of hotel tax revenues to meet the Convention and Tourism Fund reserve balance of the Greater New Braunfels Chamber of Commerce.

**BACKGROUND / RATIONALE:**

At the FY 2018-19 City Council Budget Workshop, the Convention and Tourism Fund Budget was presented by Judy Young, Vice President-Convention & Visitors Bureau, of the Greater New Braunfels Chamber of Commerce ("Chamber"). A component of that presentation was a request to amend the current contract between the City and the Chamber to allow for a larger reserve balance within the Convention and Tourism Fund. The need for the larger reserve is to provide the Chamber with the funds necessary to manage its cash flow effectively throughout the fiscal year.

The collection of hotel occupancy tax revenue is seasonal. Moreover, the Chamber and advertising business continues to shift a larger portion of their cash outlay in the earlier months of the fiscal year. In addition, growth in hotel occupancy tax revenues continues to level off in comparison to prior fiscal years. As a result, the CVB does not have the sufficient funds to pay its payables during the latter part of the fiscal year.

The Finance Department, City Attorney's Office, and Chamber of Commerce leadership have worked together on an amendment to the ordinance, the current contract as well as a budget amendment in the FY 2017-18 Hotel/Motel Tax Fund that would allow for the establishment of the \$700,000 cash flow reserve for the Chamber's Convention and Tourism Fund. The following timeline summarizes required City Council approval to establish the ordinance, contractual and budgetary modifications:

- September 4<sup>th</sup> First reading amending the hotel occupancy tax ordinance
- September 24<sup>th</sup> Second reading amending the hotel occupancy tax ordinance
- September 24<sup>th</sup> Contract amendment between City and Chamber
- September 24<sup>th</sup> Budget Amendment for FY 2017-18 Hotel/Motel Tax Fund

**ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:**

N/A

**FISCAL IMPACT:**

While there is no direct fiscal impact from the amendment to the ordinance, the Hotel/Motel Tax Fund does have sufficient reserves available to establish the \$700,000 cash flow reserve for the

Convention and Tourism Fund described above.

**COMMITTEE RECOMMENDATION:**

N/A

**STAFF RECOMMENDATION:**

Staff recommends approval of the ordinance.