

## Legislation Text

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File #: 18-639, Version: 1

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Presenter/Contact

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**SUBJECT:**

Approval of the first 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:**

The City contracts with the Greater New Braunfels Chamber of Commerce for the provision of marketing, tourism support and convention activities. As part of this agreement, the Chamber receives 50 percent of the City's hotel/motel tax revenue (HOT) to support these activities. At the October 22<sup>nd</sup> regular meeting, City Council approved an amendment to the contract that incorporated a process in which the Chamber could exceed the 50 percent threshold via City Council approval. If the City Council chose not to approve an increase in the 50 percent threshold in any given year, the Chamber would have to reduce the following year budget by an amount to ensure that the cap is not exceeded cumulatively over the two-year period. Prior to that amendment being executed, the ordinance must be amended with similar language that allows for City Council approval of an allocation of occupancy taxes to the Chamber that could exceed 50 percent of annual collections. As the attached ordinance indicates, the additional allocation can only be approved when there are sufficient reserves available in the Hotel/Motel Tax fund.

For FY 2017-18 and FY 2018-19, there are sufficient reserves available to support the full implementation of the Convention and Tourism Fund budget(s).

**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 support the convention and tourism fund budget(s) for FY 2017-18 and FY 2018-19.

**COMMITTEE RECOMMENDATION:**

N/A

**STAFF RECOMMENDATION:**

Staff recommends approval of the ordinance.