



City of Austin

Recommendation for Action

File #: 25-1318, **Agenda Item #:** 132.

7/24/2025

Posting Language

Conduct a public hearing related to the proposed fiscal year 2025-2026 assessment for the Austin Tourism Public Improvement District and consider an ordinance approving the fiscal year 2025-2026 service plan for the Austin Tourism Public Improvement District, composed of hotels with one hundred or more rooms, levying the fiscal year 2025-2026 special assessment on the properties in the district, establishing the method of assessment to enhance services and undertake improvements, including activities related to marketing, business recruitment, and promotion for the district, and amending the Fiscal Year 2024-2025 Tourism Public Improvement District Fund Operating Budget (Ordinance No. 20240814-007) to appropriate \$7,764,175 in funds from Austin Tourism Public Improvement District assessments collected in fiscal year 2024-2025 to transfer to the Austin Tourism Public Improvement District Corporation for Austin Tourism Public Improvement District expenditures. Funding: For Fiscal Year 2024-2025 \$7,764,175 is projected to be available in the Austin Tourism Public Improvement Fund from district assessments to transfer to the Austin Tourism Public Improvement District Corporation for district expenditures. For Fiscal Year 2025-26, the Austin Tourism Public Improvement District is projected to allocate \$5.6 million in revenue the City would be eligible to receive under the Austin Tourism Public Improvement District Service Plan in exchange for providing benefits to the district. Actual revenue is dependent on the eligible activities that will occur under the service plan. Revenue is expected to increase in future years.

Lead Department

Austin Convention Center.

Fiscal Note

For Fiscal Year 2024-2025 \$7,764,175 is projected to be available in the Austin Tourism Public Improvement Fund from district assessments to transfer to the Austin Tourism Public Improvement District for district expenditures. For Fiscal Year 2025-2026, the Austin Tourism Public Improvement District (ATPID) is projected to allocate \$5.6 million in revenue the City would be eligible to receive under the ATPID Service Plan. Actual revenue is dependent on the eligible activities that will occur under the service plan. Revenue is expected to increase in future years.

Prior Council Action:

September 14 2023 - Council approved the draft Service Plan and petition language for the Austin Tourism Public Improvement District, on Council Member Qadri's motion, Council Member Fuentes' second on an 8-0 vote.

December 12, 2024 - Council approved Resolution No. 20241212-086 formally creating the ATPID, on Council Member Vela's motion, Council Member Fuentes' second on an 8-0 vote, Ordinance No. 20241212-087 approving the ten-year service plan, assessment roll, and budget, on Council Member Qadri's motion, Council Member Kelly's second on a 10-0 vote and Resolution No. 20241212-062 directing the City Manager to allocate to the House Our People Endowment (HOPE) Fund revenue received from the Austin Tourism Public Improvement District as a result of the City performing services or providing incentives for advertising, promotion, or business recruitment, directly related to hotel, on consent on Council Member Alison Alter's motion, Council Member Qadri's second on an 11-0 vote.

For More Information:

Katy Zamesnik, Acting Deputy Director, 512-404-4208.

Additional Backup Information:

This request for Council action is part of the annual requirements for the ATPID. Council will annually be requested to approve the service plan and assessment roll of the ATPID.

The purpose of the ATPID is to provide special supplemental services relating to increased marketing and sales initiatives, sales incentives to retain and secure meetings and conventions at the Austin Convention Center and the Palmer Event Center, sales incentives to retain and secure additional citywide, transient and group business at individual District hotels, and research to assess the impact of the ATPID marketing and sales initiatives, all with the purpose of increasing the demand for hotel activity within the District. The final 10-year service plan includes a two percent voluntary assessment of gross taxable room night rental revenue on hotels within the service plan. Hotel eligibility for the ATPID is limited to hotel properties, which need not be contiguous, with 100 or more rooms within the Austin city limits. The term of the ATPID is for 10 years, beginning January 1, 2025. The approved allocation of revenue is as follows:

- Minimum 20 percent for Convention Center Sales and Group Business Incentives;
- Minimum of 60 percent for Marketing and Sales;
- 10 percent for Hotel Activity Incentive Program; and
- 10 percent for research and ATPID administration.

The ATPID funding that is allocated under the Convention Center Sales and Group Business Incentives category of the ATPID service plan is the source of funding that will be used for Convention Center facility event incentives and is the source of funding that ultimately may be used for any lawful municipal purpose once the statutory requirements for use of these funds under Local Government Code 372 are satisfied. Those use requirements for an amount of ATPID incentive funding are satisfied once the event at the Convention Center facilities for which that funding is awarded has occurred.