

## SPECIAL CALLED MEETING

July 14<sup>th</sup>, 2:00 p.m.

### CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, CITY COUNCIL CHAMBERS OF CITY HALL

The City Council of the City of Abilene, Texas, met in a Special Called Meeting on July 14<sup>th</sup> 2017 at 2:00 p.m. Mayor Anthony Williams was present and presiding with Councilmen Shane Price, Bruce Kreidler, Weldon Hurt, Kyle McAlister, Steve Savage and Councilwoman Donna Albus. Also present were City Manager Robert Hanna, City Attorney Stanley Smith, City Secretary Danette Dunlap, and various other members of staff.

Councilman Shane Price gave the invocation.

Mayor Williams led the Pledge of Allegiance to the Flags of the United States of America and the State of Texas.

### SPECIAL CONSIDERATION

**3.1 Presentation & Discussion:** Overview of how hotel occupancy taxes may be spent in Texas, and how HB 2445 changes that for the city.

Scott Joslove with Texas Lodging briefed the council on the public purpose of the hotel occupancy taxes and how they may be spent.

#### **State Tax Rebates:**

Eligible central municipalities are entitled to receive a rebate of state hotel occupancy taxes and state sales taxes from the eligible project for the first 10 years after the project opens for occupancy.<sup>1</sup>

The hotel project must be owned by or located on land owned by the municipality or, in an eligible central municipality, by a nonprofit corporation acting on behalf of an eligible central municipality, and that is located within 1,000 feet of a convention center facility owned by the municipality.

The rebates are for the “payment of bonds or other obligations issued or incurred to acquire, lease, construct, and equip the hotel and any facilities ancillary to the hotel, including convention center entertainment-related facilities, meeting spaces, restaurants, shops, street and water and sewer infrastructure necessary for the operation of the hotel or ancillary facilities, and parking facilities within 1,000 feet of the hotel or convention center facility.” (See § 351.102(b)).

Only the revenue collected from that particular hotel project, for a period of up to ten years, may be pledged.<sup>2</sup> Additionally, for up to ten years, an eligible central municipality, a county, or other political subdivision may agree to rebate, refund, or pay eligible tax proceeds to the owner of the hotel project. Eligible tax proceeds include hotel occupancy taxes, ad valorem taxes, sales and use taxes, and local mixed beverage taxes.<sup>3</sup>

---

<sup>1</sup> §§ 351.102(c), 151.429(h); Gov't Code § 2303.5055.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

Unlike other eligible cities, the cities of Abilene, Cedar Hill, Laredo, League City, Lewisville, Lubbock, Katy, Kemah, Port Aransas, Prosper, Roanoke, Rowlett, and Sugar Land **must** pledge the local hotel tax revenue from the convention center hotel in order to receive all eligible state tax rebates.<sup>4</sup> This was an additional requirement added by the Texas Legislature in the 2017 session.

Cities that undertake funding a convention center hotel with hotel occupancy tax revenues must allocate a minimum threshold of funding for advertising and promotion of tourism and hotel activity under § 351.101(a)(3).<sup>5</sup> Specifically, these cities may not allocate hotel tax funding under § 351.101(a)(3) to a percentage that is less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using hotel tax revenues for the hotel project.<sup>6</sup>

Criteria #1 Every expenditure must directly enhance and promote tourism and the convention and hotel industry

Criteria #2 Every expenditure of the hotel occupancy tax must clearly fit into one of 9 statutorily provided categories for expenditure of local hotel occupancy tax revenues.

- 1) Funding the establishment, improvement, or maintenance of a convention center or visitor information center
- 2) Paying the administrative costs for facilitating convention registration
- 3) Paying for advertising, solicitations, and promotions that attract tourists and convention delegates to the city or its vicinity
- 4) Expenditures that promote the arts
- 5) Funding historical restoration or preservation programs
- 6) Funding certain expenses including promotional expenses, directly related to a sporting event within counties with a population of under 1 million
- 7) Funding the enhancement or upgrading of existing sports facilities or sports fields for certain municipalities
- 8) Funding transportation systems for tourists
- 9) Signage directing tourists to sights and attractions that are visited frequently by hotel guests in the municipality

**3.2 Discussion:** Regarding the FY18 Budget. Mayor Williams announced the times of the Budget workshop meetings – Tuesday July 25 at 1:30, Wednesday July 26 at 8:30 and it could carry over to the Regular Meeting on July 27<sup>th</sup>.

City Manager Robert Hanna gave an update on the standing of the budget and where it stands regarding self-insurance fund and the other funds.

Council discussion included: 1) no increase in property taxes to offset self-insurance fund; trim the budget amounts from across the board, police and fire academies will begin April – concerns regarding retirements affecting staffing, working on analysis of costs and how hiring and retirements directly affect overtime with civil service; 2) Road maintenance fee, salary increases, property values are up, - Proposal 2% decrease across the board for General Fund side with exception of Street division; 3) sell of property as “Lincoln Middle School” 4) possible tax increase, .03 tax increase that would raise \$1.5million to the budget; 5)

---

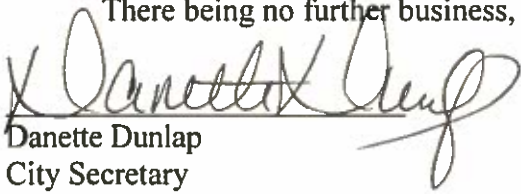
<sup>4</sup> § 351.102(c).

<sup>5</sup> § 351.102(d).

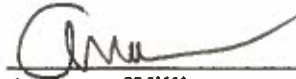
<sup>6</sup> *Id.*

meet and confer agreement 2 ½ police and 1 ½ fire, what would 1 ½ % for non-civil service employees look like, the paramedic training and scheduling and how that impacts the fire personnel.

There being no further business, the meeting was adjourned at 3:30 p.m.



Danette Dunlap  
City Secretary



Anthony Williams  
Mayor