



Key Facts on Austin's Hotel Occupancy Tax (HOT) and the Proposed Convention Center Expansion

*Austin's hotel occupancy tax (HOT) is estimated to bring in \$92 million this year and estimated to increase by 3% per year for the next few years. State law requires the HOT tax be used to benefit and promote tourism to the Austin area.

*The HOT tax has been increasing rapidly because tourists are flocking to Austin for live music; arts and cultural festivals; unique Austin restaurants, businesses, and cultural facilities; UT sports; Barton Springs, the Highland Lakes, and Lady Bird Lake; the State Capitol; family and business trips and the overall beauty of Austin.

***The success of the HOT tax has almost nothing to do with the convention center. Less than 2% of Austin visitors come here for conventions at the convention center.**

***While less than 2% of Austin visitors come for the convention center (CC), the current convention center is consuming over 80% of our HOT tax revenues.**

***If the Austin CC is expanded, this gross mismatch between spending and benefits will be locked in for decades. Our music and arts communities, our parks and waterways, our historic, natural and cultural resources, and our iconic Austin businesses will continue to suffer and disappear because of the escalating costs of living and doing business in Austin.**

***The Austin CC suffered a \$24.3 million net operating loss for FY 2016** (p. 112, CoA, 2016 Comprehensive Annual Financial Report). This fact was hidden by City Convention Center and Austin Convention and Visitor Bureau staff.

*The national convention center business is flat, while convention centers have been expanding across the nation. As a result, there is a glut of supply of CC space chasing a limited demand. This means the Austin CC is forced to give away the space for free or almost free (hence, the \$24.3 million 2016 loss). When voters approved bonds in 1998 to expand the convention center they were never told the center would lose millions of dollars every year.

*Almost one-third of claimed "convention center attendance" flows from one single event: SXSW, yet the vast majority of SXSW visitors spend little or no time in the center.

*The ACVB and Convention Center Department are hiding critical information on alleged "lost business," making it impossible to check inflated claims of demand for center space. If the center was successful, it would not have lost more than \$24 million last year.

Austin's water watchdog since 1992

*If three (3) additional blocks of prime downtown property are taken off of the tax rolls for the proposed expansion, the City's analysis estimates over \$50 million per year in lost tax revenue in 2031 and beyond for taxing entities (City, AISD, Travis County, ACC, Central Health).

*We say we love live music, the arts, our parks and local business: it's time to support what we say we love and which we are losing every day.

FAQs: So if the Convention Center is such a failure, why do some arts and music groups and the mayor say they support the proposed expansion?

ACVB and the Convention Center Dept. misled everyone, insisting the CC was wildly successful and that expanding it would throw off more dollars for everyone. They argue the 15% set aside for arts and culture grants would grow along with the expanded center, and thus everyone would benefit. The truth about the **eye-popping losses** of the convention center was covered up by the skyrocketing collection of HOT tax and hiding the true financials. City staff has still never presented a complete financial picture of either the current CC or the proposed expansion. The estimated \$600 million cost of the proposed expansion excludes land purchases, lost property taxes, and year-after-year operating losses.

Doesn't state law limit grants for arts and culture to no more than 15% of the total HOT tax collection?

Yes, there is a limit of 15% of collected HOT tax that may be directed to arts and culture grants – but this limit applies to only one category of HOT funding. Other categories of allowed HOT tax spending may benefit live music, the arts, culture, historic preservation, and parks, separate from and in addition to the arts and culture grants category. For example, funds spent on preservation of historic music and theatre venues may come from the historic preservation category. Funds to promote Austin live music, arts, and historic, nature, and local business tourism can all be funded from the “tourism promotion” category. Funding opportunities for performance and rehearsal halls, sports facilities, including swimming pools, the Red River Cultural District, and other options will all be lost if the convention center expansion ties up 80% or more of our HOT funding for the next 15 to 20 years.

What happens next and what can we do?

The City Council will be figuring out the FY 2018 budget in August and consider convention center related actions starting in September. We need to tell the council now to direct more of this year's money to the things that both tourists and residents love about Austin and which we are losing – and direct money away from the wasteful and secretive ACVB (aka “Visit Austin”).

We also need to tell the council “No Convention Center Expansion Without An Election”

HOT tax revenues needs to be spread around the community, equitably, not poured into one giant hole downtown. By spreading the money around, to all parts of the community, we can save and benefit local artists, musicians, business owners and the natural and cultural treasures that make Austin an exciting place to visit and to live in.

It's time to stop – not expand – wasteful spending on the convention center dinosaur.