



Agenda Items Related to the HOT for financing the Ballpark

For City Council on
December 18, 2012



December 11, 2012 Agenda Items

- 9A. Ordinance to Levy additional 2% HOT*
- 9B. Ordinance to amend Title 3 Revenue and Finance – Chapter 3.12 Hotel Room Tax*
- 10A. Resolution to establish the “Ballpark Venue Project Fund

**Introduced on December 11, 2012*



9A. Ordinance to Levy Additional HOT

- An Ordinance amending Title 3 (Revenue and Finance) Chapter 3.12 (Hotel Room Tax) of the El Paso City Code by amending Section 3.12.010 (Definitions); Section 3.12.050 (Rules and Regulations – Record Inspection Authority) and Section 3.12.070 (Violation – Penalty) and adding new Section 3.12.021 (Additional Tax Imposed for Approved Venue Project – Rate); Section 3.12.031 (Collection of Additional Tax – Approved Venue Project); Section 3.12.041 (Additional Tax – Reports and Remittances); Section 3.12.62 (Use of Additional Tax Proceeds – Venue Projects Fund) for the purpose of effectuating the Baseball Stadium Venue Project approved by the voters on November 6, 2012. (All Districts) [Carmen Arrieta-Candelaria, Financial Services Department (915) 541-4011]

-Introduced on December 11, 2012



Proposed Changes to Hotel Tax

- Adds language to define the “Approved Venue Project” and “Venue Project Fund” in addition to clarifying other definitions in Chapter 3.12
- Imposes an *additional* 2% in Hotel Room Tax pursuant to the voter’s approval on 11/6/2012
- Additional tax will be imposed beginning January 1, 2013
- The additional 2% increase in the Hotel Room Tax will be discontinued when the bonds or other obligations for the Project are paid in full.





Proposed Changes to Hotel Tax

- The use of the proceeds from the 2% venue tax can be used for the following:
 - To reimburse or pay the costs of planning, acquiring, establishing, developing, constructing, and renovating the Project.
 - To pay costs relating to bond or other obligations issued to finance the Project or bonds issued to refund the obligations
 - To pay costs of operating or maintaining the Project





Proposed Changes to Hotel Tax

- Hotel bills subject to the provisions of this ordinance must contain the following statement:

“The City of El Paso requires an additional tax of two percent be imposed on each hotel charge for the purpose of financing a venue project”

- Quarterly payments, in January, April, July and October, are due in accordance with existing provisions of the Municipal Code.





9B. Ordinance to amend Title 3 Revenue and Finance – Chapter 3.12 Hotel Room Tax

- An Ordinance amending Title 3 (Revenue and Finance) Chapter 3.12 (Hotel Room Tax) of the El Paso City Code by amending Section 3.12.010 (Definitions) and adding criminal and other penalties for violations.



Proposed Changes to Chapter 3.12 Hotel Room Tax per this Ordinance

- Need for enforcement mechanism
 - Ex. Recent Hotel Claim, \$150K unpaid tax, fees, interest
- Update to definitions
 - “Hotel” includes bed & breakfast, excludes dormitory of institution of higher learning
 - “Occupancy” = space ordinarily used for sleeping
 - “Occupant” defined as person who uses or possesses hotel space, retains 30 day exemption



Proposed Changes to Chapter 3.12 Hotel Room Tax per this Ordinance - continued

- Audit provision added
 - City staff or contracted
 - 30 day notice required
 - Reporting requirement to State Comptroller if deficiency in State HOT discovered
- Penalty update
 - Misdemeanor status added - \$500/day max fine
 - Expand offense beyond failure to pay – now includes failure to collect tax, failure to follow State law, and filing a false report
 - Increase penalty fee from 5% to 10% after 30 days



Proposed Changes to Chapter 3.12 Hotel Room Tax per this Ordinance - continued

- New enforcement provision
 - City may bring suit for failure to report or pay, and may enjoin person from operating hotel until tax is paid or report filed
 - Person's liable for
 - City costs of attorney fees for enforcement
 - Audit fees if tax delinquent for 2 City fiscal quarters
 - 15% penalty of tax owed if tax is delinquent for at least one complete City fiscal quarter



10A. Resolution to Establish Venue Project Fund

- Discussion and action on a Resolution that establishes the Baseball Stadium Venue Project Fund (“*Fund*”), outlines the purposes for depositing monies into such Fund, establishes the use of the monies deposited into such Fund and establishes separate accounts within the Fund for the various revenue sources.



Resolution Parameters

- Establishes the Baseball Stadium Venue Project Fund in order to account for the venue project that was approved by voters on 11/6/12
- Allows the following monies to be deposited into the fund:
 - a. the proceeds of the Venue Project Hotel Occupancy Tax imposed by the City as authorized by the Act and the resolution;
 - b. all revenue from the sale of bonds or other obligations issued by the City as authorized under the Act and the resolution; and
 - c. any other money required by law to be deposited in the Fund.



Resolution Parameters - continued

- Allows the City to use the money for the following purposes:
 - a. reimburse or pay the costs of planning, acquiring, establishing, developing, constructing, or renovating the stadium in the City;
 - b. pay the principal of, interest on, and other costs relating to bonds or other obligations issued by the City or to refund bonds, notes, or other obligations; or
 - c. pay the costs of operating or maintaining the stadium.
- The City will ensure that there are separate accounts within the Fund in order to identify the various revenue sources that will be going into the Fund



Questions?

