

Memorandum



DATE February 21, 2025

CITY OF DALLAS

Honorable Members of the Government Performance and Financial Management
TO Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn,
Jesse Moreno, Jaime Resendez

SUBJECT **Hotel Occupancy Tax Distribution – Dallas City Code Chapter 44 – Section 44-35
– Proposed Amendments**

Convention and Event Services (CES), working collaboratively with the City Attorney's Office (CAO) and the City Controller's Office (CCO), is proposing an amendment to Chapter 44, "Taxation," of the Dallas City Code by amending Section 44-35 to update the authorized uses and distribution of revenue from the hotel occupancy tax (HOT).

The proposed amendments to Chapter 44 align with City Council recommendations and actions during the drafting and acceptance of the *VisitDallas Amended and Re-stated Contract* on November 13, 2019, and the current *VisitDallas Renewal Contract* (CCT-2020-0001-00013782) approved June 5, 2020. Both contracts, as approved, provided an annual step-down in the distribution percentage of local HOT for tourism promotion, branding and advertising, and a collateral increase in the HOT allocation to the Office of Arts and Culture (OAC).

The current City Council approved annual distribution changes in the current version of Chapter 44 are provided in the table below:

Fiscal Year	HOT Reduction	Visit Dallas	Other Allowable Uses	Convention and Event Services
2021	0.00%	29.10%	3.50%	67.4%
2022	1.50%	27.60%	5.00%	67.4%
2023	2.50%	25.10%	7.50%	67.4%
2024	2.50%	22.60%	10.00%	67.4%
2025	2.50%	20.10%	12.50%	67.4%

The proposed amendments to HOT allocations will finalize the City Council recommendation to increase the OAC distribution to the Texas tax code statutory limit of 15% and reduce Visit Dallas to 17.6%. The allocation to the convention center will remain at 67.4% to cover existing and future debt service and operations.

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PAGE **2 of 2**

Fiscal Year	HOT Reduction	Visit Dallas	Other Allowable Uses	Convention and Event Services
2026	2.50%	17.6%	15.0%	67.4%

The proposed amendments to Chapter 44, Section 44-35 do not impact the distribution of the additional 2% Brimer allocation which is dedicated strictly for the implementation of the Kay Bailey Hutchison Convention Center Master Plan and certain venue projects at Fair Park, distributed for these uses by resolution and voter referendum at 80 percent / 20 percent, respectively.

The proposed amendments will be presented to the committee for discussion. Following the committee briefing, CES will place the amendments on the City Council consent agenda for consideration on March 26. If approved by Council, the new allocation amounts will then be effective as of October 1, 2025. Additionally, should City Council approve the amendments on March 26, the updated percentages will become part of any further amendments/renewals of the Visit Dallas contract.

Should you have any questions or require additional information, please contact Rosa Fleming, Director, Convention and Event Services, at 214-939-2755 or by email at rosa.fleming@dallas.gov.

Service First, Now!



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c: