

MEMORANDUM

To: Mayor Don Keil and Seguin City Council
Steve Parker, Seguin City Manager

From: Kyle Kramm, Main Street & CVB Director

Through: Rick Cortes, Seguin Assistant City Manager

Subject: Hotel Occupancy Tax Rebate and Deferral

Date: April 29, 2020

The hospitality and tourism industry have been one of the hardest hit industries impacted by the COVID-19 pandemic. Seguin's hotels normally operate at a 60 to 80% occupancy during the months of March and April and the occupancy rate has fallen to just 25%. With no softball tournaments, weddings, corporate meetings, TLU sports, and community festivals canceled, all room blocks from mid-March through June have been canceled and with no indication of when these events will be able to occur again, the future for the hotels is uncertain.

Several Seguin hotels penned a letter to the Mayor seeking assistance to help them survive the downturn so that they can continue to provide this essential service to Seguin, pay their employees and make their mortgage payments.

Following their request, CVB and Finance have developed a proposal to assist the hotels with a rebate of hotel occupancy tax and a payment deferral.

HOT Rebate

Using the City's power to execute Chapter 380 agreements to assist in economic recovery, staff is proposing to enter into 380 agreements to rebate hotel occupancy tax to all hotels with at least five separate rentable rooms.

The rebate would come from the CVB Building Fund, a fund created to eventually purchase a standalone visitor center. As no monies have been contributed to the fund in several years and a new visitor center is a low priority, staff is proposing to use \$40,000 from this fund.

The rebate amount would be based on the amount of hotel occupancy tax collected in FY2019. The tiers of rebates would be as follows:

- More than \$100,000 - \$5,000 rebate
- Between \$50,000 and \$100,000 - \$3,500 rebate
- Between \$25,000 and \$50,000 - \$2,500 rebate
- Between \$10,000 and \$25,000 - \$1,500 rebate
- Between \$1,000 and \$10,000 - \$1,000 rebate

Each hotel will sign a 380 agreement in order to receive their rebate. The 380 agreement will require the hotels to remain in good financial standing with the City of Seguin.

HOT Payment Deferral

In addition to the rebate program, CVB and Finance staff are proposing a deferral in paying of the Hotel Occupancy Tax from the 1st quarter of calendar year 2020. The payment was due on April 30. The hotels will need to enter into a payment plan with the City of Seguin with 25% due by May 31, and three equal installment payments through the end of August.

A hotel that has not paid their HOT funds and has not entered into a payment plan with the City of Seguin will be ineligible for the HOT rebate.

Staff respectfully requests Council's approval of the economic recovery package for the Seguin area hotels and accommodations. Following approval of this package, a budget amendment will occur later this evening.