

CITY COUNCIL MEMORANDUM

AGENDA ITEM

**Approval of Interlocal Agreement Between
Bell County, Texas, and City of Killeen, Texas,
for Hotel/Motel County Tax Revenue**

ORIGINATING DEPARTMENT

Community Development

BACKGROUND INFORMATION

On February 24, 2015, the City Council authorized Bell County to collect and pay the City 2% of the net county tax receipts collected from hotels in the geographical boundaries of the city for management by the City in providing city programs. Net county tax receipts shall mean 2% of the eligible occupancy revenue collected from hotels within the geographical boundaries of the City.

DISCUSSION/CONCLUSION

The County has since collected that hotel tax and is presenting the Interlocal Cooperation Agreement for consideration. The duties and obligations of the city set out in the agreement are outlined as follows:

1. Spend the money only in a manner that directly enhances and promotes tourism and the convention and hotel industry in the city;
2. Present the annual budget to the Commissioners Court, inclusive of the budgeted expenditures of the County Tax revenues for approval prior to adoption. This first year, county would need to approve the budget after the fact. The County proposes in both instances to send us the portion of the budget that "promotes tourism and the convention and hotel industry" only.
3. Maintain records of expenditures and make those records available upon request and make a report no later than 30 days after the end of each quarter of the expenditures made; and
4. Maintain the money in a separate account and not commingle with other city revenues as required by Section 352.1015, Texas Tax Code.

Further, the City may expend these proceeds for the day-to-day operations, supplies, salaries, office rental, travel expenses, and other administrative costs only if those administrative costs are incurred directly in the promotion and servicing expenditures that directly enhance and promote tourism and the convention and hotel industry in the City.

The Agreement shall be effective upon signing and the term of this agreement shall be for a period ending on September 30, 2017 (the initial term). The Agreement will automatically renew for successive one (1) year terms unless either party provides notice to the other party at least thirty (30) days prior to the end of the initial term or any renewal term thereafter of the party's intention to terminate this agreement.

FISCAL IMPACT

The revenue or net proceeds from the hotel/motel tax collected by the County is \$82,497.68 for Fiscal Year 16-17.

RECOMMENDATION

According to the terms of the Interlocal Agreement, that the Killeen City Council approve this agreement acting through its City Council in accordance with the Texas Interlocal Cooperation Act, Chapter 791, Texas Government Code and authorize the City Manager to execute said agreement.