

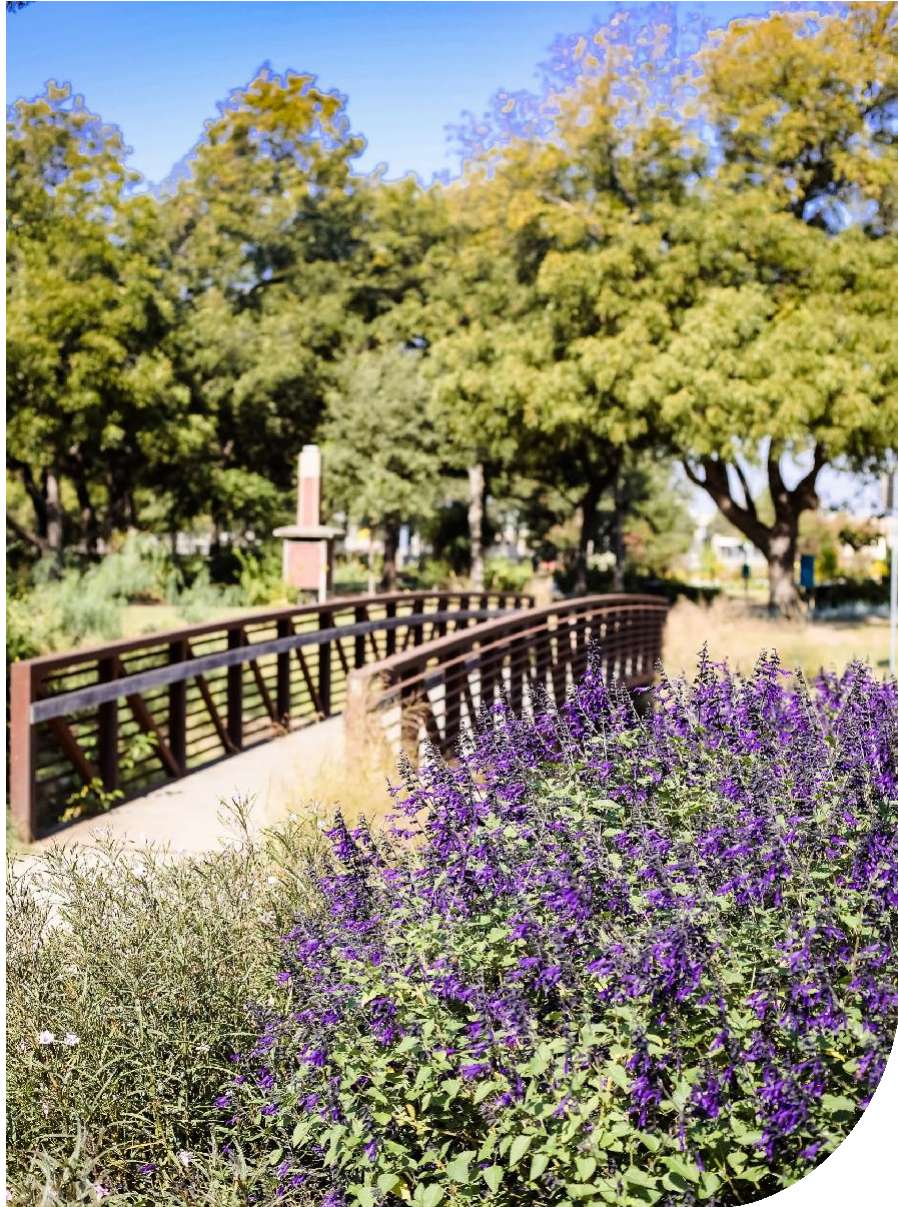


# Discussion and Update On Southwest Airlines Incentive Agreement

City Council Meeting | September 2, 2025

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Requested By: Economic Development Department



## Economic Development Incentive

# Background

1

### Hotel Occupancy Tax:

- Applies to **lodging costing more than \$15/day** (local tax starts at \$2/day).
- **Exemptions:** Guests staying **over 30 days** are exempt after the first 30 days.

### Tax Breakdown:

- **State tax:** 6% on total room receipts (includes taxable receipts).
- **City tax:** 7% on room receipts **only** (excludes food/beverages).
- **Goal:** Encourage business/tourism in Farmers Branch via hotel stays.

2

### Southwest Airlines Agreement:

Reserved:

- **7,444 hotel room nights in 2024.**
- **20,000 hotel room nights in 2025.**

Purpose: Support Southwest's training program.



# BACKGROUND

- 3** Agreement changes:
- **Article II (Term)** of the original agreement is repealed and replaced.
  - New term effective through **December 31, 2025**.
  - Agreement **continues beyond 2025** until either party gives a **60-day written termination notice**.





# Questions



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