



VILLAGE OF SALADO

Use of Local Hotel Occupancy Tax Revenues:

There is a two-part test for every expenditure of local hotel occupancy tax.⁶⁵

Criteria #1: First, every local hotel occupancy tax revenue expenditure must DIRECTLY enhance and promote tourism AND the convention and hotel industry.⁶⁶

Under the Tax Code, every event, program, or facility funded with local hotel occupancy tax revenues must be likely to do two things: 1) directly promote tourism; and 2) directly promote the convention and hotel industry.⁶⁷ “Tourism” is defined under Texas state law as guiding or managing individuals who are traveling to a different city, county, state, or country for business, pleasure, recreation, education, or culture.⁶⁸ A “direct” promotion of the convention and hotel industry has been consistently interpreted by the Texas Attorney General as a program, event, or facility likely to cause increased hotel or convention activity.⁶⁹ This activity may result from hotel or convention guests who are already in town and choose to attend the hotel occupancy tax revenue funded facility or arts or historical event, or it may result from individuals who come from another city or county to stay in an area lodging property at least in part to attend the hotel occupancy tax revenue funded event or facility.

Criteria #2: Second, every expenditure of the hotel occupancy tax must clearly fit into one of nine statutorily provided categories for expenditure of local hotel occupancy tax revenues.⁷⁵

The nine categories for expenditure of the hotel occupancy tax are as follows:

- 1) Funding the establishment, improvement, or maintenance of a convention center or visitor information center.
- 2) Paying the administrative costs for facilitating convention registration.
- 3) Paying for advertising, solicitations, and promotions that attract tourists and convention delegates to the city or its vicinity.
- 4) Expenditures that promote the arts.
- 5) Funding historical restoration or preservation programs.

- 6) Funding certain expenses, including promotional expenses, directly related to a sporting event within counties with a population of under one million.
- 7) Funding the enhancement or upgrading of existing sports facilities or sports fields for certain municipalities.
- 8) Funding transportation of tourists from hotels to attractions
- 9) Signage directing tourists to sights and attractions that are visited frequently by hotel guests in the municipality.

If the hotel occupancy tax revenue funded event or facility is not reasonably likely to directly enhance tourism and the hotel and convention industry, local hotel occupancy tax revenues cannot legally fund it.⁷⁰

If you meet the criteria, please move forward with completing the application.

FUNDING APPLICATION FORM – HOTEL OCCUPANCY TAX (HOT) FUND

Organization Information

Name of Organization:

Contact Name:

Email:

Website Address:

Organization Type: ☐ Non-profit ☐ For-profit ☐ 501(c)(3) ☐ Other: _____

REQUIRED: Attach a copy of the most recent tax return or a current letter from the IRS verifying tax status.

Street Address:

Mailing Address (if different):

Phone Number:

Fax Number:

Purpose of Organization:

Current Programs:

What percentage of your clientele reside in Salado?

Funding Request

Total Amount of Funds Requested:

Detailed Description of Proposed Use of Funds:

Hotel Occupancy Tax Categories

Which category or categories below apply to the organization's funding request? Be sure to also provide the amount requested from each category and the percentage of total funding requested. Check at least one category.

- ☐ Convention or Visitor Information Centers
- ☐ Registration of Convention Attendees
- ☐ Advertising and Promotions to Attract Tourists & Conventions
- ☐ Promotion of the Arts
- ☐ Historic Preservation & Promotion
- ☐ Sporting Events with Majority Tourist Participants
- ☐ Signage to Direct Visitors to Local Attractions

From the Tax Code Chapter 351.101(a), "Revenue from the municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and that is limited to the following."

- ☐ The construction, improvement, maintenance, etc. of convention or visitor information centers.

Amount for category: _____ Percentage of total requested: _____

Attach design and location for City Council review.

- ☐ **The furnishing of facilities, personnel, and materials for the registration of convention attendees.**

Amount for category: _____ Percentage of total requested: _____

Type of convention/meeting:

How many years has this convention/meeting been held?

How many are expected to attend? _____ How many days is the event? _____

Is a room block reserved at Salado hotels and B&Bs for the event? ☐ No ☐ Yes

If yes, how many and at what hotel(s)? _____

If no, is the information about the Salado hotels included? ☐ No ☐ Yes

Is there a charge for registration or admission? ☐ No ☐ Yes

If yes, what is the anticipated net profit? _____

If there is a net profit, how will it be used? _____

How will the Village of Salado be impacted? _____

☐ **Advertising and promotions to attract tourists & conventions attendees.**

Amount for category: _____ Percentage of total requested: _____

What outlets do you utilize? ☐ Newspaper ☐ Social Media ☐ TV ☐ Mailings ☐ Other

What areas are you reaching?

Any new marketing initiatives?

If yes, describe briefly.

☐ **The encouragement, promotion, improvement, and application of the arts in all forms.**

Amount for category: _____ Percentage of total requested: _____

Type of promotion:

How many years has this art promotion been held? _____

How many are expected to attend? _____ How many days is the event? _____

Is a room block reserved at the Salado hotels and B&Bs for the event? ☐ No ☐ Yes

If yes, how many and at what hotel(s)? _____

If no, is the information about Salado hotels and B&Bs included? ☐ No ☐ Yes

Is there a charge for registration or admission? ☐ No ☐ Yes Parking fee

If yes, what is the anticipated net profit? _____

If there is a net profit, how will it be used? _____

☐ **The historical restoration and preservation project or activity/advertising and conducting solicitations and promotions programs to encourage tourists and convention attendees to visit preserved historic sites or museums.**

Amount for category: _____ Percentage of total requested: _____

Is this in the immediate vicinity of a convention center or visitor center? ☐ No ☐ Yes

Is this located within the Village of Salado city limits? ☐ No ☐ Yes

If yes was marked above, please provide the address.

☐ **The expenses, including promotional expenses, are directly related to a sporting event at which the majority of participants are tourists.**

Amount for category: _____ Percentage of total requested: _____

What event is going to be held? _____

How many individuals are expected to participate? _____

How many are expected to stay overnight? _____ How many days is the event?

Is a room block reserved at Salado hotels and B&Bs for the event? ☐ No ☐ Yes

If yes, how many and at what hotel(s)? _____

If no, is information about Salado hotels and B&Bs included? ☐ No ☐ Yes

Is there a charge for registration or admission? ☐ No ☐ Yes

If yes, what is the anticipated net profit? _____

If there is a net profit, how will it be used? _____

☐ **Signage directing the public to sights and attractions that are visited frequently by hotel guests.**

Amount for category: _____ Percentage of total requested: _____

Attach design and location for City Council review.

Economic Impact

Has your organization received HOT Funds in the past? _____

How will your organization use other Salado businesses while conducting the funded project? _____

Will the proposed use of funds require additional workers (paid or volunteers)? _____
Please describe: _____

How will you measure the impact of the funded activity on Salado hotel stays? Describe method and timeline: _____

Impact if City funding is denied or reduced: _____

Organization's Current Financial Support

List where current financial support is received by the organization for the same projects for which funding is requested. For example, in-kind contributions, donations, or federal, state, and local grants, etc. _____

Completed By: _____

Printed Name: _____

Date: _____

⁶⁵ §§ 351.101(a), (b).

⁶⁶ §§ 351.101(b).

⁶⁷ *Id.*

⁶⁸ § 351.001(6).

⁶⁹ *See* Op. Tex. Att'y Gen. Nos. GA-0124 (2003), JM-690 (1987).

⁷⁰ *Id.*

⁷¹ *See generally* Tex. Tax Code §§ 351.101(a), (b).

⁷⁵ Tex. Tax Code § 351.101(a).