

**The City of Corpus Christi
HOT Review & Recommendation Committee**

GUIDELINES

**HOT Tax Application
For New Applicants
Year 2018**



**HOT Review & Recommendation Committee
City Hall
1201 Leopard Street.
Corpus Christi, TX 78401**

The City of Corpus Christi promotes participation regardless of race, color, national origin, sex, age, religion, disability or political belief. Reasonable accommodations are provided upon request and in accordance with the

INTRODUCTION

Since the 1960's, hotel occupancy taxes have been an important tool for promoting growth in communities' tourism and hotel industries. Today, over 500 Texas cities levy a local hotel occupancy tax.

Unlike property tax and sales tax revenues which cities can use for most public purposes, local hotel occupancy tax revenues fall under a more structured statutory mandate. Municipal hotel occupancy taxes are primarily governed by Chapter 351 of the Texas Tax Code. This guide assists local governments, hotel tax revenue grant applicants, and lodging operators in all aspects of the municipal hotel tax process, including the rules on allowable expenditures of these funds by cities that fall within certain population and geographic brackets.

CRITERIA

CRITERIA # 1

First, every expenditure must **DIRECTLY** enhance and promote tourism **AND** the convention and hotel industry. Under the Tax Code, every event, program, or facility funded with hotel occupancy tax revenues must be likely to do two things:

1. Directly promote tourism
2. Directly promote the convention and hotel industry

“Tourism” is defined under Texas law as guiding or managing individuals who are traveling to a different city, county, state or country. 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. This activity may result from hotel or convention guests that are already in town and choose to attend the hotel tax 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 tax funded event or facility.

If the 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. However, it is important to note that events and facilities that do not qualify for hotel occupancy tax funding are often still legally eligible for city funding from most of the other funding sources available to the city (general property tax revenues, general sales tax revenues, franchise fee revenues, etc.). State law is stricter in terms of how the local hotel occupancy tax revenues can be spent.

CRITERIA # 2

Every expenditure of the hotel occupancy tax must clearly fit into one of the nine statutorily provided categories for expenditure of local hotel occupancy tax revenues.

- A. Please select from the categories below that meet your organizations request.
- 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 1 million.
 - 7. Funding the enhancement or upgrading of existing sports facilities or sports fields for certain municipalities.
 - 8. Funding transportation systems for tourists.
 - 9. Signage directing tourists to sights and attractions that are visited frequently by hotel guests in the municipality.
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Please submit no later than April 1st to:

Submit to: HOT Review & Recommendation Committee
Office of the City Manager Telephone: 361-826-3220
Corpus Christi City Hall
1201 Leopard Street
Corpus Christi, TX 78401

The HOT Review & Recommendation Committee will meet no later than May 31st of each year to review all applications submitted. Approval of applications will be voted on by 2/3 of the committee.

Applications received after April 1st will not be considered.

Americans with Disabilities Act. For assistance or to request a reasonable accommodation, please call 361-881-1877 at least 48 hours in advance. Upon request, this information can be available in large print or digital file.

HOTEL OCCUPANCY TAX USE GUIDELINES UNDER TEXAS STATE LAW FUNDING APPLICATION FORM

State Law: By law of the State of Texas, the City of Corpus Christi collects a Hotel Occupancy Tax (HOT) from hotels, bed & breakfasts, and other lodging facilities. Under state law, the revenue from the HOT may be used only to directly promote tourism and the hotel and convention industry. **Chapter 351 of the Tax Code states that the use of HOT funds is limited to:**

- a) **Convention Centers and Visitor Information Centers:** the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing operation and maintenance of convention center facilities or visitor information centers, or both;
- b) **Registration of Convention Delegates:** the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;
- c) **Advertising, Solicitations and Promotions that Directly Promote Tourism and the Hotel and Convention Industry:** advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;
- d) **Promotions of the Arts that Directly Promote Tourism and the Hotel and Convention Industry:** the encouragement, promotion, improvement, and application of the arts that can be shown to have some direct impact on tourism and the hotel/convention industry. The impact may be that the art facility or event can show hotel nights that are booked due to their events or that guests at hotels attend the arts event. Eligible forms of art include instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture photography, graphic and craft arts, motion picture, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms.
- e) **Historical Restoration and Preservation Activities that Directly Promote Tourism and the Hotel and Convention Industry:** historical restoration and preservation projects or activities or advertising and conducting solicitation and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums.
- f) **Sporting Event Expenses that Substantially Increase Economic Activity at Hotels:** Expenses including promotional expenses, directly related to a sporting event in which the majority of participants are tourists. The event must substantially increase economic activity at hotels within the city or its vicinity.
- g) **Funding transportation systems for transporting tourists from hotels to and near the city to any of the following destinations:**
 - 1. the commercial center of the city;
 - 2. a convention center in the city;
 - 3. other hotels in or near the city; or
 - 4. tourist attractions in or near the city.

The law specifically prohibits the use of the local hotel tax to cover the costs for general city transit costs to transport the general public.

- h) **Signage directing tourists to sights and attractions that are visited frequently by hotel guests in the municipality.**

City Policy: The HOT Review and Recommendation Committee (*Assistant City Manager & or Assistant to the City Manager, President/CEO of Texas Hotel & Lodging Association, and the city's Business Liaison*) will accept applications from groups and businesses whose program fits into one or more of the above categories. All new requests for funds should be submitted in writing accompanied by the official application by April 1, of each year. The application will be reviewed by the HOT Review & Recommendation Committee no later than May 31st of each year. The applicant may be asked to be present at the meeting to answer any questions regarding the application. Applicants will be notified one week prior to the meeting of the time and place for the review.

Eligibility and Priority for Hotel Tax Funds: Priority will be given to those events and entities based on their ability to generate overnight visitors to Corpus Christi. The amount that you are requesting should not exceed more than 25 percent of the gross amount of hotel night revenue that you are predicting that will be created or sustained by your event (city should adapt this standard to meet what they consider to be a reasonable return on their investment of hotel occupancy tax funds). If an event will not generate any meaningful hotel night activity, it is not eligible for receipt of hotel occupancy tax funds. Events can prove this potential to generate overnight visitors by:

- a) **historic information on the number of room nights used during previous years of the same events;**
- b) **current information on the size of a room block that has been reserved at area hotels** to accommodate anticipated overnight guests attending the funded event;
- c) **historical information on the number of guests at hotel or other lodging facilities that attended the funded event (through surveys, guest directories, or other sources; and/or**
- d) **examples of the planned marketing of the programs and activities that will likely generate overnight visitors** to local lodging properties from this event

Use of Revenues from Event: A portion of the revenues from any event and/or project receiving any type of funding assistance from the HOT funds should be channeled back into the future costs of operating that same event or the continued operation of the project. No other outside event(s), project, charity, etc., sponsored by the host organization may profit from the HOT Review & Recommendation funding of a particular event. (Remove or amend this provision if the event has a substantial impact on tourism and hotel activity but has a portion of its proceeds channeled to outside benevolent programs.)

Supplemental Information Required With Application: Along with the application, please submit the following:

- _____ Proposed Marketing Plan for Funded Event
- _____ Schedule of Activities or Events Relating to the Funded Project

Submit to: HOT Review & Recommendation Committee
 Office of the City Manager Telephone: 361-826-3220
 Corpus Christi City Hall
 1201 Leopard Street
 Corpus Christi, TX 78401

Application

Date: _____

Organization Information

Name of Organization: _____

Address: _____

City, State, Zip: _____

Contact Name: _____ Contact Phone Number: _____

Web Site Address for Event or Sponsoring Entity _____

Non-Profit or For-Profit status: _____ Tax ID #: _____

Entity's Creation Date: _____

Purpose of your organization: _____

Event Information

Name of Event or Project: _____

Date of Event or Project: _____

Primary Location of Event or Project: _____

Amount Requested: \$ _____

How will the funds be used:

Primary Purpose of Funded Activity/Facility:

Percentage of Hotel Tax Support of Related Costs

_____ Percentage of Total **Event Costs** Covered by Hotel Occupancy Tax

_____ Percentage of Total **Facility Costs** Covered by Hotel Occupancy Tax for the Funded Event

_____ Percentage of **Staff Costs** Covered by Hotel Occupancy Tax for the Funded Event

If staff costs are covered, estimate percentage of time staff spends annually on the funded event(s) compared to other activities _____%

Which Category or Categories Apply to Funding Request, and Amount Requested Under Each Category:

- a) Convention Center or Visitor Information Center:** construction, improvement, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both. Amount requested under this category: \$ _____
- b) Registration of Convention Delegates:** furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants. Amount requested under this category: \$ _____
- c) Advertising, Solicitations, Promotional programs to attract tourists and convention delegates** or registrants to the municipality or its vicinity. Amount requested under this category: \$ _____
- d) Promotion of the Arts that Directly Enhance Tourism and the Hotel & Convention Industry:** the encouragement, promotion, improvement, and application of the arts that can be shown to have some direct impact on tourism and the hotel/convention industry. The impact may be that the art facility or event can show hotel nights that are booked due to their events or that guests at hotels attend the arts event. Eligible forms of art include instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture photography, graphic and craft arts, motion picture, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms: \$ _____
- e) Historical restoration and preservation projects or activities or advertising and conducting solicitation and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums.** Amount requested under this category: \$ _____
- f) Expenses including promotional expenses, directly related to a sporting event in which the majority of participants are tourists. The event must substantially increase economic activity at hotels within the city or its vicinity.** Amount requested under this category: \$ _____

How many individuals are expected to participate in the sporting related event? _____

How many of the participants at the sporting related event are expected to be from another city or county?

Quantify how the sporting related event will substantially increase economic activity at hotels within the city or its vicinity?

- g) Funding transportation systems for transporting tourists from hotels to and near the city to any of the following destinations: 1) the commercial center of the city; 2) a convention center in the city; 3) other hotels in or near the city; and 4) tourist attractions in or near the city. Amount requested under this category: \$_____**

What sites or attractions will tourists be taken to by this transportation?_____

Will members of the general public (non-tourists) be riding on this transportation? _____

What percentage of the ridership will be local citizens? _____

- h) Signage directing tourists to sights and attractions that are visited frequently by hotel guests in the municipality. Amount requested under this category: \$_____**

What tourist attractions will be the subject of the signs?

Questions for All Funding Request Categories:

1. How many years have you held this Event or Project: _____
2. Expected Attendance: _____
3. How many people attending the Event or Project will use Corpus Christi hotels? _____
Number of night's people will stay: _____
4. Do you reserve a block of rooms for this event at an area hotel? If so, provide the following in form.
 - a. Name of Hotel(s)
 - b. Number of Rooms
 - c. Block Room Rate
 - d. Date Range for Block Room Rate

5. List other years (over the last three years) that you have hosted your Event or Project with amount of assistance given from HOT and the number of hotel rooms used:

Month/Year Held	Assistance Amount	Number of Hotel Rooms Used
_____	_____	_____
_____	_____	_____
_____	_____	_____

6. How will you measure the impact of your event on area hotel activity (e.g.; room block usage information, survey of hoteliers, etc.)? -

7. Please list other organization, government entities, and grants that have offered financial support to your project: _____

8. Will the event charge admission? Do you anticipate a net profit from the event? If there is a net profit, what is the anticipated amount and how will it be used?

9. Please list all promotion efforts your organization is coordinating related to the event or project and the amount financially committed to each media outlet:

Newspaper: \$ _____

Radio: \$ _____

TV: \$ _____

Other Paid Advertising: \$ _____

Number of Press Releases to Media _____

Number Direct Mailings to out-of-town recipients _____

Other Promotions

10. Will you include a link to the CVB or other source on your promotional handouts and in your website for booking hotel nights during this event? _____

11. Will you negotiate a special rate or hotel/event package to attract overnight stays?

12. What new marketing initiatives will you utilize to promote hotel and convention activity for this event?

13. What geographic areas does your advertising and promotion reach:

14. How many individuals will your proposed marketing reach who are located in another city or county?

15. If the funding requested is related to a permanent facility (e.g. museum, visitor center):
Expected Attendance Monthly/Annually: _____
Percentage of those in attendance that are staying at area hotels/lodging facilities: _____%

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POST EVENT REPORT FORM

HOTEL OCCUPANCY TAX FUNDING

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h) **Signage directing tourists to sights and attractions that are visited frequently by hotel guests in the municipality.**

The city of Corpus Christi accepts applications from groups and businesses meeting the above criteria and wishing to receive HOT funds. **All entities that are approved for such funds must submit a Post Event Report Form within 60 days of each funded event.** The report will be reviewed by the HOT Review & Recommendation Committee to determine how well the entity met its goals and be used in consideration of future hotel occupancy tax funding requests. Priority will be given to those events that demonstrate an ability to generate overnight visitors to Corpus Christi.

Post Event Report Form

Date: _____

Organization Information

Name of Organization: _____

Address: _____

City, State, Zip: _____

Contact Name: _____ Contact Phone Number: _____

Event Information

Name of Event or Project: _____

Date of Event or Project: _____

Primary Location of Event or Project: _____

Amount Requested: \$ _____

Amount Received: \$ _____

How were the funds used: _____

How many years have you held this Event or Project: _____

Event Funding Information

1. Actual percentage of funded event costs to be reimbursed by hotel occupancy tax:

2. Actual percentage of facility costs to be reimbursed by hotel occupancy tax (if applicable):

3. Actual percentage of staff costs to be reimbursed by hotel occupancy tax (if applicable):

4. If staff costs were covered, estimate of actual hours staff spent on funded event: _____
5. Did the event charge admission? Was there a net profit from the event? If there was a net profit, what was the amount and how is it being used?

Event Attendance Information

1. How many people did you predict would attend this event? (number submitted in application for hotel occupancy tax funds): _____
2. What would you estimate as the actual attendance at the event? _____
3. How many room nights were generated at Corpus Christi hotels by attendees of this event or project? _____
4. If this Event has been funded by hotel occupancy tax in the last three years, how many room nights were generated at Corpus Christi hotels by attendees of this Event or Project?

 Last Year _____
 Two Years Ago _____
 Three Years Ago _____
5. What method did you use to determine the number of people who booked rooms at Corpus Christi hotels (e.g.; room block usage information, survey of hoteliers, etc.)?

6. Was a room block established for this Event at an area hotel (hotels), and if so, did the room block fill? _____
 If the room block did not fill, how many rooms were picked up? _____

Event Promotion Information

1. Please check all efforts your organization actually used to promote this Event and how much was actually spent in each category:

Newspaper: \$ _____
Radio: \$ _____
TV: \$ _____
Other Paid Advertising: \$ _____

Number of Press Releases to Media _____
Number Direct Mailings to out-of-town recipients _____

Other Promotions _____

2. Did you include a link to the CVB or other source on your promotional handouts and in your website for booking hotel nights during this event?
3. Did you negotiate a special rate or hotel/event package to attract overnight stays?
4. What new marketing initiatives did you utilize to promote hotel and convention activity for this Event?

5. Please attach samples of documents showing how Corpus Christi was recognized in your advertising/promotional campaign.
6. Please attach at least one sample of all forms of advertising/promoting used in your campaign. If the sample itself does not indicate the medium (radio, TV, print, or mail) used or where the advertising took place (e.g. a city's newspaper, or a radio spot that does not indicate the city where the spot was played), please include other information that would show location of the advertising and medium utilized.

Sporting Related Events

1. If the Event funded by hotel occupancy tax was a sporting-related function/facility, how many individuals actually participated in this event? _____
2. If the event was a sporting-related function/facility, how many of the participants were from another city or county? _____
3. If the event was a sporting-related function/facility, quantify how the activity substantially increased economic activity at hotel within the city or its vicinity?

Additional Event Information

What Corpus Christi businesses did you utilize for food, supplies, materials, printing, etc?

Please submit within 30 days after the event to:

Submit to: HOT Review & Recommendation Committee
 Office of the City Manager Telephone: 361-826-3220
 Corpus Christi City Hall
 1201 Leopard Street
 Corpus Christi, TX 78401