

**CITY OF BASTROP
POLICY AND PROCEDURES**

HOTEL OCCUPANCY TAX USE POLICY

I. Objective

The purpose of the policy is to provide guidelines relating to the use of Hotel Occupancy Taxes collected in accordance with Chapter 351 of the Texas Tax Code. The policy shall be adopted by the City Council and will be amended as needed.

II. Scope

This policy further outlines the use of hotel occupancy tax revenue to promote tourism and the convention and hotel industry.

The Hotel Occupancy Tax Policy is only intended to provide further clarification and guidance on use of collected Hotel Occupancy Tax revenues. State law shall prevail. Any changes to Chapter 351 of the State of Texas Tax Code shall supersede the City Policy.

III. Definitions

“Disbursement” - Disbursement is defined as payment to any “organization” for approved expenses in accordance with the City policy and state law.

“Fiscal Year” - The fiscal year shall mean the period between October 1 and September 30 of each year.

“Hotel Occupancy Tax” - The City levies a tax upon the occupant of any room or space furnished by any hotel where such costs of occupancy is at the rate of two dollars (\$2.00) or more per day, such tax to be equal to seven (7) percent of the consideration paid by the occupant of such room, space or facility to such hotel, exclusive of other occupancy taxes imposed by other governmental agencies (Code of Ordinances Section 11.04).

“Municipality” - Municipality shall mean the City of Bastrop.

“Organization” - Organization shall mean any person, governmental entity, or private organization requesting use of Hotel Occupancy Tax Revenues.

“Revenues” - Shall be defined as Hotel Occupancy Tax revenues.

IV. Uses

The following are permitted uses of Hotel Occupancy Tax revenues, in accordance with Chapter 351 of the Texas Tax Code Section 351.101(a) and this policy. The percentage breakdown between uses is intended to provide a general guideline and may be annually modified by the City Council without amendment to this policy.

A. Convention and Visitor’s Bureau

- (1) The acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information.
- (2) The furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants.
- (3) Advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity.

The funding of the City of Bastrop Convention Center is proposed during the budget process and approved by City Council by September 30 of each year.

Hotel Tax revenues may be pledged for the repayment of bonds. The City Council may set aside up to seventy-five percent (75%) of Hotel Tax revenues for repayment of bonds issued for construction related to this policy.

B. Promotion of the Arts

- (1) The encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms.

No more than fifteen percent (15%) of annual Hotel Occupancy Tax revenues will be set aside for this purpose.

C. Historical Restoration and Museums

- (1) Revenues may be used for historical restoration and preservation projects or activities advertising and conducting solicitations and promotional programs to encourage tourists to visit preserved historic sites or museums located within the municipality.

Funding will be considered on a case-by-case basis for this category.

D. Sporting Event Promotion

- (1) Revenues may be used for promotion of sporting events in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity.

Sporting event promotion will be given the same funding consideration as outlined for advertising and conducting solicitations and promotional programs in Section A(3).

E. Enhancement of Existing Sports Facilities

- (1) Revenues may be used for the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields, including facilities or fields for baseball, softball, soccer, and flag football so long as:
 - (a) the municipality owns the facilities or fields;
 - (b) the municipality meets population requirements defined in Chapter 351 of the Tax Code (Section 351.101 (a.7));
 - (c) the sports facilities and fields have been used, in the preceding calendar year, a combined total of more than ten (10) times for district, state, regional, or national sports tournaments.

F. Signage

Hotel Tax revenues may be used to construct signage directing the public to sights and attractions that are visited frequently by hotel guests in the municipality.

G. Fund Balance Requirement

The City shall strive to maintain a fund balance of twenty-five percent (25%) of estimated annual Hotel Occupancy Tax revenues. Fund balance may be used for eligible expenses at the City Council's discretion.

V. Procedure

A. Eligibility

- (1) Any organization, non-profit, or entity may apply for funding.
- (2) The applicant's proposed project/event must be located in the City's corporate limits, extra-territorial jurisdiction, or in sufficiently close proximity as to reasonably attract tourists to the City.
- (3) The applicant must demonstrate that the funds will be used to promote the tourism, convention and hotel industry for the Bastrop region.
- (4) The applicant must be an organization or corporation governed by a board of directors or a business applying for a public project to support tourism efforts within the City
- (5) The applicant must be a legal entity with legal capacity to enter into contracts.
- (6) The applicant must demonstrate that the programs and/or events are open and appropriate for the general public.
- (7) The applicant must demonstrate that they are in good financial standing and that financial safe guards are in place to protect public funds.

B. Use of Funds

Organizations must use granted Hotel Occupancy Tax revenues in accordance with this policy and Chapter 351 of the Tax Code. Applicants must demonstrate that the disbursement will directly enhance and promote tourism by attracting visitors from outside of Bastrop into the City or its vicinity.

The applicant must present reasonable evidence that the request will increase overnight stays in Bastrop. Any funded applicant must notify overnight lodging establishments of the upcoming event. Any promotional material must reference Bastrop lodging establishments.

C. Application Process

The City Council will accept applications for funding consideration starting mid-May through the end of June of each year. Applications will be considered by the City Council and funding approved prior to September 30. The applicant will be requested to present the funding request to the City Council.

D. Financial Information

To be eligible to receive funds, organizations must demonstrate that they are in good financial standing and that they will act as responsible stewards of public funds.

- (1) Organizations must include their most recent audited financial statements with the application, unless they are a newly formed organization.
- (2) Organizations must demonstrate that it maintains internal financial controls that will allow for proper tracking, accounting, and reporting of Hotel Occupancy Tax revenues and related expenditures. The organization must include a copy of their financial policies with the application.
- (3) Organizations must keep Hotel Occupancy Tax revenues in a separate account so that revenues may not commingle with any other money, as defined in Section 351.007(b) of the State of Texas Tax Code.
- (4) For events funded through Hotel Occupancy Tax revenues, organizations must provide proof of insurance. The organization must forward Certificates of Insurance to the City prior to the event. The insurance required shall be procured and maintained in full force and effect for the duration of the scheduled event. Certificate Holder shall be the City of Bastrop, 1311 Chestnut St., Bastrop TX 78602.

E. Audit

The City of Bastrop may, at any time, inspect the books or records of the organization that may be related to the use of Hotel Occupancy Tax revenues. The City, at its sole expense, has a right to audit any report or document submitted by the organization to the City by giving thirty (30) days prior written notice to the organization of its intention to do so.

F. Evaluation of Applications

- (1) City Staff Review of eligibility - Once an application is received, the City will review the application to ensure that all information has been submitted and that the application is complete. Applicant will be notified in writing if deficiencies are noted. No application will be presented for Council consideration if deficiencies are present. The following scoring will be assigned by staff prior to submitting to Council:

<u>POINTS</u>	<u>CRITERIA</u>
40	Estimated # of hotel nights generated by event
30	Concrete method of measuring impact at local hotels
15	Event location proximity to the City's Corporate Limits
15	Included area lodging info into promotional materials
5	Organization is non-profit/tax-exempt status

- (2) Council Review - If the application is found to be complete, the request will be brought forward to the City Council for consideration. The organization will be requested to be present during Council consideration to provide more information and/or clarification.

The City Council may only award funds for uses that comply with Chapter 351 of the Texas Tax Code and this policy. Sufficient funds must be available before the Council may award funding.

- (a) Conflict of Interest - Any City Council member shall recuse themselves from voting on a funding request of an organization with which they are affiliated.
- (b) Evaluation Criteria - The City Council will use the following criteria to evaluate requests:
 - 1) Proposed event/program has broad Visitor Appeal
 - 2) Proposed expenditure adheres to legal requirements

- 3) Application provides for concrete methods of measuring tourism draw
 - 4) Proposed event/program will significantly enhance the image of Bastrop as a tourism destination
- (3) Funding Contract - If funding is awarded, the City Council will authorize a funding contract with the organization. The organization must return two signed original funding contract documents to the City. Failure to return the executed agreements shall be deemed a rejection of the offer for funding by the City Council and the offer shall be deemed withdrawn.

G. Reporting

Funded organizations will be required to submit a report detailing the use of Hotel Occupancy Tax revenues. Copies of receipts and other documents as required by the City shall be provided for expenses. Only expenses that meet Chapter 351 of the Tax Code and this policy shall be allowed. The City has the right to request a refund by the organization for expenses where no receipt or invoice is provided.

Organization's provided funding for a one-time expense or event will be required to submit a report within thirty (30) days of the event. Partial or incomplete reports will not be accepted.

Organization's that are provided funding for ongoing promotion and multiple events will be required to submit a report each quarter.

Reports should provide information specific to the event including total revenues, total expenses, estimated number of attendees versus expected, financial impact of the event, etc. Reports shall be submitted using the template provided by the City.

The City of Bastrop, Texas is under no obligation to allocate any portion of collected Hotel Occupancy Tax revenues unless the City enters into a funding contract. The adoption of this policy shall at no time be deemed to create any expectation that funds will be allocated to any one or more of the applicants. Award of funds does not guarantee future funding. The City may enter into other agreements above and beyond this policy in pursuit of economic development at the City Council's discretion. The City Council shall have the final decision regarding the allocation of funds pursuant to this policy.