
DEPARTMENT MEMO

DEPARTMENT: Development Services

FROM: Joni Van Noy

MEETING: July 6, 2020

SUBJECT:

Consideration of a minute order awarding FY 2021 Hotel Occupancy Tax Funds for tourism activities
(Staff Contact: Joni Van Noy, Old Town Administrator)

SUMMARY:

HOTEL OCCUPANCY TAX GRANT PROCESS

The City accepts applications from organizations seeking funds to be used in the development and promotion of tourism-related activities that are designed to promote tourism and attract overnight visitors to the City of Burleson. The funds primary use is intended to benefit the convention and hotel industries through the promotion of tourism to the City. The use of Hotel/Motel Occupancy tax funds is dictated by State law and defined in the Texas Tax Code (Subtitle D. Local Hotel/Motel Occupancy Taxes; Chapter 351. Municipal Hotel/Motel Occupancy Taxes).

Use of the approved Hotel/Motel Occupancy Tax funds, must by law, directly enhance and promote tourism and the convention and hotel industry AND fall within one of the statutorily provided categories. The categories for expenditure of the Hotel/Motel Occupancy Tax are as follows:

Visitor Information Center. Funds may be used for the acquisition of sites for the construction, improvement, enlarging, equipping, repairing, operation and maintenance of convention center facilities or visitor information centers, or both.

Furnishing of Facilities and Registration of Visitors. Funds may be used for the furnishing of facilities, personnel and materials for the registration of convention delegates or registrants.

Advertising, Promotional Programs and Activities. Funds may be expended for advertising,

conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity.

Arts Promotion. Occupancy tax funds may be used for 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.

Historical Restoration and Preservation. Funds may be used for historical restoration and preservation projects or activities or advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums. (As of the date of the document the City has not dedicated any reserve funding to the acquisition of a convention center or visitor facilities and such may not allocate more than 50% of the occupancy tax revenue).

Tourist Transportation System. Funds may be used to transport the attendees to different tourism venues. In 2007, the legislature authorized the use of city hotel tax for any sized city to cover the costs of transporting tourists from hotels to and near the city to any of the following destinations:

- the commercial center of the city
- a convention center in the city
- other hotels in or near the city
- tourist attractions in or near the city

Applications for Fiscal Year 2021 were accepted from area organizations seeking to increase tourism in Burleson through an event or activity. The City received seven applications from seven organizations totaling \$66,500 in grant requests. City staff is recommending grants be awarded to all seven projects/events in the amount requested by each, for a total amount of \$66,500.

OPTIONS:

- 1) Accept the grant amounts as requested
- 2) Modify the grant amounts at Council's discretion

RECOMMENDATION:

The total of grant applications is less than 50% of projected revenues for the fiscal year. Staff recommends awarding the grant amounts as requested by the applicants.

FISCAL IMPACT:

The total amount requested is \$66,500. The Hotel/Motel Tax Fund (account 105-1021-564.82-13) has a projected year-end amount of \$568,559 and typically generates an estimated \$207,000 annually. Due to COVID-19 decreasing generated revenues, the projected revenue for this fiscal year is \$162,669. The grant amount as approved by Council will be added to the FY 2021 budget.

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