

# HOTEL OCCUPANCY TAX



05/15/2017

## FY 2018 Project Funding Guidelines & Application

The City of Athens is currently soliciting FY 2018 projects for Hotel Occupancy Tax funding, in an effort to promote tourism and attract overnight visitors to Athens. Prospective applicants who have questions regarding the application process are encouraged to contact City Hall (903-675-5131) for further information.

# Hotel Occupancy Tax

## FY 2018 PROJECT FUNDING GUIDELINES & APPLICATION

### PURPOSE

The City of Athens is calling for proposed tourism-related projects for Fiscal Year 2018 (October 1, 2017 to September 30, 2018). Projects must be specifically designed to attract overnight visitors to Athens. The call for projects is open to eligible organizations located within the Athens city limits or its vicinity.

The City accepts applications from eligible 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 Athens.

### GENERAL INFORMATION

The City's use of funds collected through the Hotel Occupancy Tax (HOT) is governed by Chapter 351 of the Tax Code. The primary use of these funds is intended to promote tourism and the convention and hotel industry in Athens. The City of Athens is under no obligation to allocate any portion of collected HOT revenues unless the City enters into a funding contract. Award of funds does not guarantee future funding. The City Council shall have the final decision regarding the allocation of funds. The following determinations and definitions apply to the application of HOT funds as of the date of this document.

The use of HOT 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).

There is a two-part test that expenditures of local HOT funds must meet in order to be valid:

**Part One:** Expenditures must DIRECTLY enhance and promote tourism and the convention and hotel industry.

**Part Two:** Expenditures of HOT funds must clearly fit into one of the nine statutorily provided categories for expenditure of HOT revenues, which are defined below.

The nine categories for expenditure of the Hotel/Motel Occupancy Tax are as follows:

1. **Visitor Information Centers:** Funding the establishment, improvement, or maintenance of a convention center or visitor information center. 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.
2. **Convention Registration:** Paying the administrative costs for facilitating convention registration. The furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants.

3. **Advertising:** Paying for advertising, solicitations, and promotions that attract tourists and convention delegates to the city or its vicinity.
4. **Promotion of the Arts:** Expenditures that promote the arts. 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 of 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 15% of the annual Hotel/Motel Occupancy Tax revenues can be spent on the arts.)*
5. **Historical Restoration and Preservation:** Funding historical restoration or preservation programs. 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. *(No more than 50% of the annual Hotel/Motel Occupancy Tax revenues can be spent on historical restoration or preservation.)*
6. **Sporting Event Promotion:** Funding certain expenses, including promotional expenses, directly related to a sporting event within counties with a population of fewer than 1 million. *(To qualify, the sporting event must be one that would “substantially increase economic activity at hotels and motels within the city or its vicinity.”)*
7. **Tourist Transportation System:** Funding transportation systems for tourists.
8. **Signage:** Signage directing tourists to sights and attractions that are visited frequently by hotel guests in and around the City.

## ELIGIBILITY

- As required by State law, all projects must encourage and promote use of hotels and motels within the Athens city limits through the enhancement and promotion of tourism, convention and the hotel industry.
- The applicant must be an organization or corporation governed by a board of directors, or similar governance structure.
- The applicant or event must be located in the Athens city limits or its vicinity.
- The applicant must demonstrate that the disbursement will directly enhance and promote the tourism, convention, and hotel industry by attracting visitors from outside of Athens into the City.
- The applicant must be a legal entity with legal capacity to enter into contracts.
- The applicant must demonstrate that the programs or events are open and appropriate for the general public.
- The applicant must demonstrate that it is in good financial standing and that the financial safeguards are in place to protect public funds.

## USE OF FUNDS

The applicant must state the purpose of the funds, and identify the category of acceptable uses under which the proposed use falls.

The applicant must present reasonable evidence that the request will increase overnight stays in Athens.

## APPLICATION AND EVALUATION PROCESS

The City will accept applications for funding considerations for FY 2018 until 5 p.m. on Wednesday, June 14, 2017. Applications shall be received by the City of Athens at 508 East Tyler St., Athens, Texas 75751.

The organization must submit one (1) copy of the application.

Each organization must submit the following documents to be included with the application:

- A list of current board of directors and officers, as applicable
- An estimated budget for the tourism-related activity or event for which funding is sought

Review of eligibility: Once an application is received, the City will review the application to ensure that all required information has been submitted and that the application is complete. Any deficiencies to the application will be submitted in writing to the organization. No application will be presented to the Cultural Resources Commission or City Council for consideration if requested information is missing.

Evaluation Criteria: City Staff and the Cultural Resources Commission will use the following criteria to evaluate requests; a) Visitor Appeal; b) Program Quality; c) Attracts overnight visitors to Athens; d) Promotes tourism and a positive local economic benefit; e) Meets the standards of the law regarding HOT funds, with advisement of the city attorney.

The application will be brought before the Cultural Resources Commission for review on Thursday, June 15, 2017. The organization may be requested to be present during the Cultural Resources Commission's consideration of applicants to provide more information or clarification.

If the Cultural Resources Commission recommends funding, the request will be brought before the City Council for action through the annual budget development process.

Any Cultural Resources Commission member or City Councilmember shall recuse himself or herself from voting on a funding request for an organization with which they are affiliated.

## FINANCIAL INFORMATION

To be eligible for funds, an organization must demonstrate that it is in good financial standing and that it will act as responsible stewards of public funds.

As part of the application, the organization must include any one of the following:

- Most recent Internal or External Audit
  - Most recent Internal or External Financial Statement, including Balance Sheet
  - Proof of Funds Available Letter from Financial Institution
  - Statement of Financial Solvency from Board of Directors, signed and dated by all board members
1. The organization must also demonstrate that it maintains internal financial controls that will allow for proper tracking, accounting, and reporting of the Hotel Occupancy Tax revenues and related expenditures.
  2. The organization must keep Hotel Occupancy Tax revenues in a separate account so that revenues are not comingled with any other money.
  3. For events funded through Hotel Occupancy Tax revenues, organizations must provide proof of insurance. Please note that all procedures for event permits with the City of Athens must be followed; contact Assistant Chief of Police, Athens Police Department, 202 W. Scott St., Athens, Texas 75751 for event permit applications.

## LIMITATIONS

Each applicant may only apply for three (3) projects in any one fiscal year, and each project must be submitted separately.

Projects must be completed and funds expended within the City's fiscal year ending September 30 unless prior written authorization is obtained from the City Manager.

Special event funding may have a three (3) year cap, unless hotel stays increase, or otherwise recommended by the Cultural Resources Commission. The event should be producing growth in hotel stays within three years. If the event does not increase hotel stays in three years, it may be considered a community event and become ineligible for funding.

All funds distributed must have a direct correlation to the project and must be clearly established within the agreement between the organization and the City.

## FINANCIAL REVIEW

The City of Athens may, at any time, request a report, document or audit to be submitted by the organization to the City that may relate to the use of Hotel Occupancy Tax revenues.

By signing this agreement, the organization is granting permission for City auditors to review accounting records of the organization.

## AWARD OF FUNDING AND ACKNOWLEDGEMENTS

If funding is awarded, the City Council will authorize a funding contract with the organization. The organization must return two (2) signed original funding contract documents to the City of Athens within thirty (30) days of receiving City Council approval for funding. Failure to return the executed agreement, shall be deemed a rejection of the offer for funding by the City Council and the offer shall be deemed withdrawn.

Any funded applicant must notify hotels/motels in Athens and any promotional material must reference Athens hotels/motels.

If an organization's project is selected, the City of Athens may require to be listed as a sponsor/partner of the event or activity and/or approved City logo.

## REPORTING AND REIMBURSEMENT

A funded organization will be required to submit a report detailing the expenses for which it seeks reimbursement from Hotel Occupancy Tax revenues. Copies of receipts or invoices shall be provided for expenses to be reimbursed using Hotel/Motel Occupancy Tax revenues. Only expenses that meet Chapter 351 of the Tax Code and the defined guidelines of this application shall be reimbursed. The City shall not make reimbursements for expenses where no invoice or receipt is provided.

In some circumstances, the City may consider direct payment of expenses to vendors instead of reimbursement to the local organization.

The report seeking reimbursement for a specific event must be submitted within forty-five (45) days after the end of the event. An organization receiving funding for ongoing promotion and multiple events must submit a report each quarter. Failure to submit the post-event report will make an organization ineligible to receive funding the following year and/or a reduction in any amount approved.

Partial or incomplete reports will not be accepted. Reports shall be in a form that is acceptable to the City Administrator, and shall show total revenues, total expenses, estimated actual versus expected number of attendees, and the financial impact.

## FORFEITURE

Failure to comply with these requirements may result in forfeiture on final payments, required reimbursements and/or disqualification from consideration of future applications.

**FY 2018 Hotel Occupancy Tax (HOT)**

**Project Funding Application**

Organization Information:

Name of Organization:		
Address:		
City/State/Zip:		
Contact Person:		
Contact Phone Number:	Cell:	Work/Home:
E-mail Address:		
Website:		
Nonprofit? Or For Profit?		
Federal Tax I.D. # (if applicable)		
<u>Please write a short description about your organization:</u>		

Proposal Information:

<u>Name of the project/event and a short description:</u>
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Duration of project/event:	Start Date:	End Date:
Amount of HOT Funding Requested?		
<u>Write or attach a timeline of the project/event from planning to completion:</u>		
<u>List other sources of funding:</u>		
<p>Has this project or event been conducted before?: (yes/no) _____</p> <p style="padding-left: 40px;">If yes, how many years/times?: _____</p> <p>Previous year attendance (if applicable):</p> <p>Local Visitors: _____      Out of Town Visitors: _____</p> <p>Projected attendance for this year:</p> <p>Local Visitors: _____      Out of Town Visitors: _____</p> <p>Hotel rooms booked:</p> <p style="padding-left: 40px;">Number of rooms booked by participants in previous year: _____</p> <p style="padding-left: 40px;">Number of rooms projected to be booked by this year's participants: _____</p> <p style="padding-left: 40px;">If a major increase/decrease in number of rooms booked is anticipated, please explain why:</p> <p style="padding-left: 40px;">_____</p> <p style="padding-left: 40px;">_____</p>		



**Hotel Occupancy Tax**

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Please also include the following attachments:

- A list of current board of directors and officers (as applicable)
- An estimated budget for the tourism-related activity or event for which funding is sought
- One of the following financial documents:
  - Most recent internal or external audit
  - Most recent internal or external financial statement, including balance sheet
  - Statement of financial solvency from board of directors, signed and dated by all board members

Please review and sign the agreement below:

I have read and agree to comply with the terms outlined in the Hotel Occupancy Tax (HOT) Funding Guidelines & Application. I certify that, to the best of my knowledge, the information contained in this application is correct. I certify that I am authorized to submit this application on behalf of the organization herein described for the purpose of receiving City of Athens Hotel Occupancy Tax Funding.

ACCEPTED AND AGREED:

\_\_\_\_\_  
(Legal Signature, Including Full First Name)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Printed Title)

\_\_\_\_\_  
(Organization)

**Please submit this application to:**

City of Athens Department of Parks, Recreation and Culture

Attn: Cultural Resources Commission

508 East Tyler St.

Athens, Texas 75751

903.675.5131