

## **Local Hotel Occupancy Tax (HOT) Use Guidelines & Grant Application**

The City of Dripping Springs collects a Local Hotel Occupancy Tax (HOT) from hotels, motels and bed & breakfasts. The Office of Attorney General provides a set of rules that state how the revenue from the HOT may be used.

According to the *Handbook on Economic Development Laws for Texas Cities*, the use of HOT revenue is limited to expenditures that meet the following two-part test:

**First**, every expenditure must directly enhance and promote tourism and the convention and hotel industry. In other words, the expenditure must be likely to attract visitors from outside Dripping Springs into the City or its vicinity. If the expenditure is not reasonably likely to accomplish this result, it will not be funded by HOT revenues.

**Second**, expenditures must clearly fit into one of six statutory categories shown below:

### **Expenditure Categories**

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 tourism-related advertising and promotion of the city or its vicinity.
4. Funding programs that enhance the arts.
5. Funding historical restoration or preservation programs.
6. Sporting events which majority of participants are tourists in cities located in a county with a population of a million or less.

### **The Application Process:**

The Hotel Occupancy Tax Committee of the City of Dripping Springs accepts applications from organizations and businesses wishing to receive financial support through a grant from the Local Hotel Occupancy Tax (HOT) revenue collected.

1. To be considered for a HOT grant, applicants must complete the attached form, including the required attachments; deliver them to the City Administrator by March 30, 2009.
2. The City Administrator will review the application for compliance and completeness and add it the agenda of the HOT Committee's meeting.

### **Rules Governing your Application:**

1. The applicant must present reasonable evidence that the expenditure or event will increase overnight stays in Dripping Springs that are consistent with the level of HOT revenues requested.  
*Example the event is multi-day, 400 of the participants will travel more than 100 miles and 125 participants will stay in Dripping Springs lodging.*
2. For any applicant applying for HOT funds to advertise an event, the Dripping Springs HOT Committee recommends these funds focus on targeting visitors outside a 100-mile radius of Dripping Springs.
3. The applicant must ensure that *all* Dripping Springs hotels, motels and B&Bs and their current contact phone number, email and/or website are listed on any information you provide to registrant, vendor/event attendees, including event websites. Also, all

Dripping Springs hoteliers must be made aware of the event, have access to mailing lists, and have sufficient time to participate in the bidding process for both primary bookings and overflow.

4. If the request is for cooperative advertising support, the City Administrator must approve the final advertising copy for appropriate representation of the City of Dripping Springs and local lodging one (1) week before the ad or publication's print deadline.
5. Any promotional materials (brochures, website, advertisements, etc.) using HOT funds are required to include the appropriate Dripping Springs brand with the cityofdrippingsprings.com website below the brand. Also, any event sponsor signage is required to include the appropriate City of Dripping Springs brand. (Contact City Hall, 512/858-4725 for the correct version of the brand to use for each promotional item.)
6. After the application project is complete, the contact name on the application or a designated representative will be expected to attend a HOT Committee meeting to present a follow up report on items such as visitor attendance data from event surveys and number of visitor overnight stays due to the event/expenditure. (See separate HOT Grant Follow-up Report form) Any future consideration of funding from the HOT Committee is dependent on the organization providing a report to the board on the use and outcomes from prior funding by the HOT Committee.

## **Local Hotel Occupancy Tax (HOT) Use Guidelines**

### **Grant Application Timeline**

1. (March 30, 2009—Applications Due) Applicant completes the “HOT Grant Application” and delivers it with attachments to the City Administrator.
2. City Administrator reviews the application for compliance and completeness and places an action item on the next HOT Committee meeting agenda.
3. (April 2, 2009-- HOT Committee Meeting) The HOT Committee meets and makes a recommendation to the Council regarding the application.
4. (April 14, 2009-- City Council Meeting) If approved by the HOT Committee, City Administrator will forward the application to the City Secretary for disposition at the next City Council meeting. If approved or not approved by the City Council, the City Administrator notifies the applicant via letter. Applicant is required to enter into a contract with the City for the expenditure of the HOT Funds.
5. (No more than 60 days after the expenditure of the HOT funds) The applicant is required to submit an Evaluation Report Form (Form provided by the City)

## HOT Grant Application

### ***Organization/Business Information***

Today's Date: \_\_\_\_\_ Event Date: \_\_\_\_\_

**Name of Organization/Business:** \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

**Contact Name:** \_\_\_\_\_

Contact Phone Number: \_\_\_\_\_ E-mail: \_\_\_\_\_

Is your organization/business: Non-Profit \_\_\_ Private/For Profit \_\_\_ Tax ID #: \_\_\_\_\_

Purpose of your organization/business:

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### **Event or Expenditure Description**

*Please answer all items that apply to your request.*

Name of your event/expenditure: \_\_\_\_\_

Website address of your event/expenditure: \_\_\_\_\_

Date(s) of event/expenditure: \_\_\_\_\_

How will the funds be used? \_\_\_\_\_

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Primary location of event/expenditure: \_\_\_\_\_  
Number of total persons expected to attend this event/expenditure: \_\_\_\_\_  
Number of persons expected to visit event or expenditure monthly/yearly: \_\_\_\_\_  
Approximately number of people attending/visiting event or expenditure will stay overnight in local hotels, motels or bed & breakfasts? \_\_\_\_\_

**Required Attachments:**

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Along with the application, please submit the following attachments:

\_\_\_\_\_ Itemized, detailed list of expenditures relevant for HOT revenue use

\_\_\_\_\_ Advertising / Marketing Plan, including target audience

\_\_\_\_\_ List of Board of Directors with contact phone numbers

\_\_\_\_\_ Event planning timeline, if applicable

\_\_\_\_\_ Schedule of activities relating to your event/expenditure

**Funding Request:**

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Amount Requested: \$ \_\_\_\_\_

Amount granted in past for same event or expenditure: \$ \_\_\_\_\_

Do you anticipate requesting a HOT Reimbursement Grant next year? If so, for what amount?

\_\_\_\_\_

Which Expenditure Category from page 1 is most relevant to your project/event? \_\_\_\_\_

## HOT Grant Agreement Form

*Please return completed application with necessary attachments (including this document) and signature to the City of Dripping Springs City Hall, 511 P.O. Box 384, Dripping Springs, TX 78620. If you have any application questions, please contact the City Administrator at 512/858-4725.*

I fully understand the HOT Grant Application Process, Rules Governing the Application and the Reimbursement Process established by the Dripping Springs HOT Committee. I intend to use this grant for the aforementioned event/project to forward the efforts of the Dripping Springs HOT Committee in *directly* enhancing and promoting tourism **and** the convention and hotel industry by attracting visitors from outside Dripping Springs into the city or its vicinity.

I have read the HOT Grant Application Process including the Rules Governing the Application and the Reimbursement Process.

I understand that if I am awarded a HOT Grant by the Dripping Springs HOT Committee, any deviation from the approved project or from the Rules Governing the Application may result in the partial or total withdrawal of the HOT Reimbursement Grant.

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*Business/Organization Name*

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*Applicant's Signature*

*Date*

**HOT Committee Recommendation**

\_\_\_\_\_  
Amount Granted Subject to Council Approval: \$ \_\_\_\_\_

Conditions of Grant: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**HOT Committee Approval Signature:**

\_\_\_\_\_  
Date: \_\_\_\_\_  
\_\_\_\_\_

**City Council Approval Signature:**

Date: \_\_\_\_\_

\_\_\_\_\_