

South Padre Island Convention & Visitors Bureau

South Padre Island Tax Funding Application

Hotel Occupancy Tax Use Guidelines Under Texas State Law



STATE LAW

By law of the State of Texas, the City of South Padre collects a Hotel Occupancy Tax (HOT) from hotels, condominiums, 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 if the activity or facility can be shown to have some direct impact on tourism and the hotel/convention industry. The impact may include showing that the art event or facility generated hotel nights or that guests who were already at hotels attended the arts event or facility.
- e) **Historical Restoration and Preservation Activities that Directly Promote Tourism and the Hotel and Convention Industry:** historical restoration and preservation activities or 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.**
- i) **Coastal Erosion Projects.**



CITY POLICY

The City of South Padre Board shall annually develop or review, at its strategic planning session, a targeted annual events calendar. The CVA Staff shall develop Requests for Proposals for those events. Once the targeted events are in place, the CVA Board may solicit RFP's or accept applications from groups and businesses whose program or events at their facility fits into one or more of the above categories. All requests for funds should be submitted on the official application by the below noted deadlines.

The Requests for Proposals shall generally be for five (5) years, with the goal of having a permanent, successful, self-funding event in place by the end of that period. The same timeline and goals shall apply to any person or group applying for SPI-CVA funding for an event. The SPI-CVA generally will not respond to "one off" events, unless they are MAJOR events with a significant impact on:

1. Tourism, specifically HOT tax impact. If an event will not generate significant hotel night activity or gain participation of existing hotel guests, it is not eligible to receive HOT tax funding;
2. Out-of-area media; and/or
3. Local (SPI/PI) participation.

The Convention and Visitors Advisory Board will review the application during one annual funding review period. Effective September 1, 2019, all applications must be presented at least two years prior to the date of the proposed event or expenditure.

APPLICATION PROCESS

Applications for funding will be submitted through the city application forms with required attachments provided by the applicants. City staff and the Convention and Visitors Advisory Sub-committees and Board will review the applications solely through the written applications, unless two or more Board members request an in-person presentation. In such a case, the applicant may be asked to be present at a meeting to answer any questions regarding the application for hotel tax funding. Applicants will be notified at least one week prior to the meeting of the time and place for the review.

An applicant may apply to the Convention and Visitors Advisory Board for a variance from the above deadlines if they can show that their event will have a substantial impact on tourism and hotel activity and there was reasonable cause for them to have missed the deadline. The Convention and Visitors Advisory Board may approve such a variance by a two-thirds vote of its members.

Eligibility and Priority for Hotel Tax Funds:

Funding priority will be given to those events based on the three-pronged test referenced above. There must be a **significant** impact on:

1. Tourism, specifically HOT tax impact. If an event will not generate significant hotel night activity or gain participation of existing hotel guests, it is not eligible to receive HOT tax funding;
2. Out-of-area media; and/or
3. Local (SPI/PI) participation.



Compliance

Selected applicants must:

1. Place a link to the South Padre Island CVB listing of hotels on the applicants website;
2. Attend one of the annual informational seminars on hotel occupancy tax funding;
3. Coordinate all marketing, public relations and media through the SPI-CVA marketing contractor; and
4. Comply with all data collections requirements of the SPI-CVA Economic Impact contractor.

The SPICVB will consider providing direct financial support that includes “non-financial support” listed in Section I (above), if events requesting initial support can prove their potential to generate overnight visitors by:

- a) **Prior Impact:** historic information on the # of room nights used during previous years of the same events;
- b) **Current Room Block:** 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 and the actual “pick up/utilization” of the room block;
- c) **Historic Event Attendance by Hotel Guests:** historical information on the number of guests at hotel or other lodging facilities that attended the funded event (through surveys, facility or event visitor logs, or other sources;

The SPICVB CVA sub-committee shall review the information provided by the applicant to ensure candidates meet the funding criteria and guidelines and the sub-committee shall make a recommended determination as to eligibility and on any recommended funding to the Convention and Visitors Advisory Board. The Convention and Visitors Advisory Board may accept or amend the CVAB sub-committee’s recommendations by a majority vote of the Committee.

There shall be a five-year cap on the number of years that an event may continue to receive hotel tax funding for operational costs other than marketing expenses.

The Convention and Visitors Advisory Board has the discretion to shorten or terminate that limitation if deemed appropriate. All organizations should assume that potential SPICVA funding would decrease every year for the term of this agreement. **Any event promoter/producer responding to a SPICVA RFP or making a request for funding must include a member of the SPI CVA Board, Staff or expert sub-committee on their organization’s Board of Directors for the duration of the agreement.**

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. Additionally, one youth charity or facility, in the same discipline as the event, should be designated as a “legacy project” of South Padre Island’s funding of a particular event.



Post Event Report

Within 30 days of the event's completion, the funded entity must complete the city provided post event form and be prepared to note the actual impact figures for the event, and receipts for expenditures or payments that were covered by hotel occupancy tax.

Submit to complete applications to:

Marisa Amaya
Event Development & Packaging Manager
Convention and Visitors Advisory Board
C/O City of South Padre Island Convention and Visitors Bureau
7355 Padre Blvd.
South Padre Island, TX 78597

Phone: (956) 761-3834

Email: marisa@sopadre.com

Black Out Periods for Hotel Tax Funding

Due to high hotel occupancy during certain time periods, grants will not be given for operational costs for events/projects on the following dates:

- **The months of March, June and July**

The CVB may still expend local hotel tax for marketing events that occur during these time periods. The Convention and Visitors Advisory Board may, with a recommendation from the CVB staff and a two-thirds vote, grant an event a variance from these blackout periods.



APPLICATION FOR INITIAL FUNDING

Today's Date: _____

ORGANIZATON INFORMATION

Name of Organization: _____

Address: _____

City, State, Zip: _____

Contact Name: _____ Contact Office Phone Number: _____

Contact Cell 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 Events or Project: _____

Date of Event or Project: _____

Primary Location of Event or Project: _____

Amount Requested: \$ _____



Primary Purpose of Funded Activity/Facility:

How will the hotel tax funds be used: (please attach a list of the hotel tax funded expenditures)

Percentage of Hotel Tax Support of Related Costs

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

Are you asking for any cost reductions for city facility rentals or city services, and if so, please quantify and explain:



Which Category or Categories Apply to Funding Request & 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 guest 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 attendees are expected to come to the sporting related event? _____

How many of the attendees 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. Please note that the ridership of any such transportation must be primarily tourists to qualify for hotel tax funding.**

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

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

Expected Attendance: _____

How many people attending the Event or Project will use South Padre Island lodging establishments? _____

How many nights do you anticipate the majority of the tourists will stay: _____

Do you reserve a room block for this event at an area hotel and if so, for how many rooms and at which hotels:

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 |
|-----------------|-------------------|----------------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

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

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

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?



All marketing and promotions will be coordinated through the CVA's agency, unless exempted from this requirement by the Executive Director, in which case all creative must be pre-approved by the Executive Director (or designee) and payments will be on a reimbursement basis. Please list all promotion efforts your organization is planning and the amount estimated for each media outlet:

- Newspaper: \$ _____
- Radio: \$ _____
- TV: \$ _____
- Website, Social Media: \$ _____
- Other Paid Advertising: \$ _____

Anticipated Number of Press Releases to Media: _____

Anticipated Number Direct Mailings to out-of-town recipients: _____

Other Promotions: _____

A link to the CVB must be included on your promotional handouts and in your website for booking hotel nights during this event. Are you able to comply? Yes No

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

[If we have a tour operator, we will require them to use that service.]

What other marketing initiatives are you planning to promote hotel and convention activity for this event?

What geographic areas does your event reach?

If the funding requested is related to a permanent facility (e.g. museum, visitor center):

- Expected Visitation by Tourists Monthly/Annually: _____
- Percentage of those who visit the facility who indicate they are staying at area hotels/lodging facilities: _____% (use a visitor log that asks them to check a box if they are staying at an area lodging facility)



What amount of event insurance do you have for your event and who is the carrier:

[Insert South Padre Island Minimum Event Insurance Coverage Minimums and duty to list South Padre Island as an added insured]

Any marketing for the event must be consistent with the brand image for South Padre Island and all such marketing pieces that are funded with hotel tax must be coordinated and developed by the South Padre Island CVB marketing agency. Are you able to comply?

Yes No

Where appropriate, the CVB will require access to event participant database information that will show zip code data to measure likely impact from the funded event.

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
- _____ Complete budget for the Funded Project
- _____ Room night projections, with back-up, for the Funded Event

Submit to complete applications to:

Marisa Amaya
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