

Authority & Purpose

The purpose of this document is to outline certain policies and procedures associated with the allocation and use of Hotel Occupancy Tax (HOT) revenues by the City of Rosenberg.

Municipal hotel occupancy taxes are governed by Chapter 351 of the Texas Tax Code, and by the City of Rosenberg Code of Ordinances. The City of Rosenberg wishes to make Hotel Occupancy Tax (HOT) funds available to entities other than the City in accordance with the Tax Code to encourage expenditures that enhance the Rosenberg tourism, convention and hotel industry, and that help stimulate the continued growth and development thereof.

The City of Rosenberg currently levies a Hotel Occupancy Tax of 7% both within the City of Rosenberg and within its extraterritorial jurisdiction (ETJ). Unlike property tax and sales tax revenues which cities can use for most public purposes, local hotel occupancy tax revenues fall under a more structured statutory mandate. The policies and guidelines contained herein delineate the terms under which the City of Rosenberg will allocate revenues derived from the Hotel Occupancy Tax, and the terms under which potential recipients of such revenue may request and use such funds.

Chapter 351 of the Texas Tax Code limits the use of Hotel Occupancy Tax funds for uses which promote tourism and the convention and hotel industry, and that use is limited to the following categories:

1. **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 facilities or visitor information centers or both;
2. **Paying the administrative costs for facilitation of convention registration:** the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;
3. **Paying for advertising, solicitations, and promotions that attract tourists and convention delegates to the city or its vicinity:** advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;
4. **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, 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 arts forms;
5. **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 at or in the immediate vicinity of convention center facilities or visitor information centers; or located elsewhere in the municipality or its vicinity that would be frequented by tourists and convention delegates;

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6. **Funding certain expenses, including promotional expenses, directly related to a sporting event within counties with a population of under 1 million:** funding the events costs for sporting tournaments that result in substantial hotel activity;
7. **Funding the enhancement or upgrading of existing sports facilities or sports fields for certain municipalities:** acceptable sports facilities include those for baseball, softball, soccer, and flag football;
8. **Funding transportation systems for tourists:** transportation costs for a transportation system to transport tourists from hotels in and near the municipality to: (1) the commercial center of the municipality; (2) a convention center of the municipality; (3) other hotels in or near the municipality; and (4) tourist attractions in or near the municipality;
9. **Signage directing tourists to sights and attractions that are visiting frequently by hotel guests in the municipality.**

Guidelines and Funding Goals for Hotel Occupancy Tax Projects and Programs

The Rosenberg City Council will consider requests for allocation of revenues derived from the Hotel Occupancy Tax in the same way it considers other budgetary requests. The only difference in this allocation process will be that when making funding decisions, the City Council will consider both the statutory requirements found in Chapter 351 of the Texas Tax Code, and the policy requirements outlined in this document.

1. Eligible activities of the following types of individuals, businesses, organizations or agencies may be funded using revenues from the Hotel Occupancy Tax:
 - A. Activities of other public agencies
 - B. Activities of non-profit organizations
 - C. Activities of for-profit businesses
 - D. Activities of individuals
2. Activities will only be funded if they take place within the City of Rosenberg or its extraterritorial jurisdiction (ETJ). If said activities take place outside Rosenberg, but within its ETJ, then in order to be eligible for funding, the activity must promote tourism and the convention and hotel industry inside the City of Rosenberg.
3. The funding of ongoing operating costs of otherwise eligible activities under this policy, will not be approved. This policy can only be waived by the City Council if the Council determines that the proposed activity provides a particularly significant benefit to the City of Rosenberg, the Rosenberg community and/or the Rosenberg hotel, convention and tourism industry.
4. The funding of activities in an amount exceeding \$50,000.00 in any given fiscal year, will not be approved. This policy can only be waived by the City Council if the Council determines that the proposed activity provides a particularly significant benefit to the City of Rosenberg, the Rosenberg community and/or the Rosenberg hotel, convention and tourism industry.
5. The applicant must demonstrate that they are in good financial standing and that financial safeguards are in place to protect public funds.

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6. Final determination of whether or not a proposed activity meets the requirements to be funded from Hotel Occupancy Tax revenues will be made solely by the Rosenberg City Council.

Application Process and timeline

1. City Council consideration of requests for the use of revenues derived from the Hotel Occupancy Tax (HOT) will take place once a year through a formal process. An Evaluation Committee will meet to review and recommend grant applications to City Council after all applications have been submitted by or on September 30th.
 - A. The City of Rosenberg will provide a public notice of Hotel Occupancy Tax funding availability.

Applications

May 1	Call for applications
June 30	Application deadline
July 15	HOT Evaluation Committee review and determination of proposed funding recommendation for City Council decision
August 15	City Council approval for funding
October 1	Funds become available with executed funding agreement
September 30	Unexpended funds revert back to City

The City Council will only process HOT funding requests and/or allocate HOT funds at other times during the year if the Council determines that the proposed activity is for some reason urgent or time sensitive, and only if the Council determines that the proposed activity to be funded provides a particularly significant benefit to the City of Rosenberg, the Rosenberg community and/or the Rosenberg hotel, convention and tourism industry.

City Review Guidelines

1. The HOT Evaluation Committee is comprised of seven (7) to eleven (11) members total, to serve one-year terms, and shall include:
 - A. One (1) City Staff Member - Finance Director/Assistant City Manager;
 - B. Two (2) City Council Members;
 - C. One (1) Rosenberg Development Corporation Director; and,
 - D. Three (3) to seven (7) citizen residents or owners of businesses in Rosenberg.

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2. In order to document the City's compliance with state law, whenever the City Council approves an allocation of funding from Hotel Occupancy Tax revenues for any activity, that approval will be documented with a City Council resolution that will include in its recitals a finding of fact that the City Council believes that the proposed activity to be funded will directly promote tourism and the convention and hotel industry, and that it meets one of the other 12 criteria for funding eligibility outlined in Chapter 351.101 of the Texas Tax Code.
3. In reviewing proposed uses for the Hotel Occupancy Tax revenues, the Evaluation Committee and City Council are encouraged, but not required, to give a higher funding priority to funding requests that the Council believes will generate more overnight stays at Rosenberg hotels than to requests that the Council believes will generate fewer overnight stays.
4. In reviewing proposed uses for the Hotel Occupancy Tax revenues, the Evaluation Committee and City Council are encouraged, but not required, to give a higher funding priority to funding requests that can be shown to quantify the number of overnight stays at Rosenberg hotels that can be expected to be generated by the proposed use, than to requests that cannot be shown to quantify the number of overnight stays at Rosenberg hotels that can be expected to be generated by the proposed use.
5. In reviewing proposed uses for the Hotel Occupancy Tax revenues, the Evaluation Committee and City Council are encouraged, but not required, to give a high funding priority to proposed uses of HOT funds that will provide a significant benefit to the City of Rosenberg, the Rosenberg community, and/or the Rosenberg hotel, convention and tourism industry.
6. In reviewing proposed uses for the Hotel Occupancy Tax revenues, the Evaluation Committee and City Council are encouraged, but not required, to give a high funding priority to funding requests that propose matching funds from the organization applying for the grant.
7. The City Council shall not fund activities with Hotel Occupancy Tax revenues that the Council itself does not believe will in some way directly promote tourism and the convention and hotel industry.
8. The City Council shall not fund activities with Hotel Occupancy Tax revenues that the Council itself does not believe will in some way meet the other, non-tourism-related criteria described in Chapter 351.101 of the Texas Tax Code.
9. Funding of City of Rosenberg activities that are administered by departments of the City are already under the direct control of the City. Accordingly, no funding contract(s) or Hotel Occupancy Tax application will be required for such activities.

Administration of Hotel Occupancy Tax Revenue Allocations

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The City of Rosenberg has an obligation to ensure that funds allocated through its budgeting process are used in a manner that is consistent with City policy and consistent with all City, state and federal laws. To assure that the City has sufficient influence over such funds after they are allocated, the following administrative procedures will be followed:

1. When HOT funding is provided for activities that are administered by outside individuals, businesses, organizations or agencies, such funding will be distributed and the funding and activities will be regulated through the use of a Funding Agreement.
2. When the City Council allocates HOT funding for outside individuals, businesses, organizations or agencies, the City Council resolution authorizing said allocation of funds will include language directing the City of Rosenberg City Manager and his or her designee to negotiate and sign a Funding Agreement with said funding recipient(s) to assure that the funds are used in the manner intended by the City Council, consistent with City policy, and consistent with all City, state and federal laws.
3. Each Funding Agreement will include different provisions based upon the different circumstances of each funded activity. But in each case, the Funding Agreement will dictate that the grant will be in the form of a reimbursable grant. Funding Agreements will also include provisions that will influence the funded party to the extent necessary to protect the City's interest, to assure that the funds are used in the manner intended by the City Council, consistent with City policy, and consistent with all City, state and federal laws.
4. Each Funding Agreement will include a provision that the grant recipient acknowledge HOT funding is not to be aggregated with other grant programs operated by the City, its Main Street Program or the Rosenberg Development Corporation.

(This section intentionally left blank.)

**CITY OF ROSENBERG
HOTEL OCCUPANCY TAX FUNDING REIMBURSEMENT GRANT APPLICATION**

Date: _____

ORGANIZATION INFORMATION

Name of Organization:	
Address:	
City, State, Zip:	
Contact Name:	Contact Phone Number:
Website Address for Event or Sponsoring Entity:	
Non-Profit or For-Profit Status:	Tax ID #:
Entity's Creation Date:	
Purpose of Organization:	

EVENT INFORMATION

Name of Event or Project:	Date of Event or Project:
Primary Location of Event or Project:	
Total Event or Project Budget: \$ _____	Total Event or Project Funding Requested from HOT Funds: \$ _____
Percentage of Total Event or Project Funding Requested from HOT Funds: _____ %	

1. Primary Purpose of Funded Activity/Facility:

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<p>2. How will your proposed activity directly promote tourism and the convention and hotel industry? If you can quantify the anticipated number of hotel rooms utilized for the activity, please do so.</p>	
<p>3. How will your proposed activity meet one of the other required criteria described in Chapter 351.101 of the Texas Tax Code and listed in this Policy under "Authority & Purpose" (pages 1 and 2)?</p>	
<p>4. How else will your proposed activity be beneficial to the City of Rosenberg, the Rosenberg community and/or the Rosenberg hotel, convention and tourism industry?</p>	
<p>5. How many years have you held this Event or Project?</p>	<p>6. Expected Attendance:</p>
<p>7. Please list any other organizations, government entities, and grants that have offered financial support to your project:</p>	
<p>8. Please list the promotion efforts your organization is coordinating and the amount financially committed to each avenue:</p> <ul style="list-style-type: none"> • Newspaper: \$ _____ • Radio: \$ _____ • Social Media \$ _____ • TV: \$ _____ • Other Paid Advertising: \$ _____ • Number of Media Releases to out-of-town outlets: _____ • Number of Direct Mailings to out-of-town recipients: _____ 	

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9. What geographic areas does your advertising and promotion reach?
10. If the funding requested is related to a permanent facility (e.g. museum), what is the expected attendance: Monthly?: _____ Annually?: _____
11. What percentage of visitors stay at area hotels/lodging facilities? _____ %

**Applications must contain organization's complete financial report.
Applications are due no later than September 30th.**

**For questions related to the application process, please contact the Rosenberg
Economic Development Department at (832)595-3330.
Please submit applications by email to bgardella@rosenbergtx.gov or by mail to:**

**City of Rosenberg
Economic Development Department
2110 4th Street
PO Box 32
Rosenberg, Texas 77471-0032**