

**CITY OF CAMERON  
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## **HOTEL OCCUPANCY FUNDING OVERVIEW**

Under the laws of the State of Texas, the City of Cameron collects a Hotel Occupancy Tax (HOT) from hotels, motels, and bed and breakfast inns. The law requires that every expenditure of the HOT revenue must directly enhance and promote tourism and the convention and hotel industry.

The law does not provide for general allocations for events or projects. Funds can only be used for the six particular purposes listed below. All uses must promote tourism and the convention and hotel industry. If the event or project is not reasonably likely to have such an effect, local hotel occupancy tax revenues cannot legally fund it. If an entity does not market its events outside of Cameron or in some other way provide notice of the events to guests and potential guest of hotels, it will be difficult to argue that the event will promote tourism and hotel activity. If the entity does not find the need to reserve a hotel block or negotiate a special hotel rate, it is probably not arguable that the organization anticipates that the event will have any reasonable impact on hotel activity. If the event does not generate HOT revenue for the city it is unlikely it will be funded.

The city municipal government does not retain the funds for other uses. The city can only utilize the funds for the same purposes and under the same conditions as any organization, business or individual. The Cameron Tourism Board has a fiduciary responsibility to assure that the funds are used only for purposes authorized under the law.

Cameron falls under certain state mandated categories which establish limits on how the HOT proceeds can be used. No more than 50% of the proceeds can be used for historical restoration and preservation projects, and if used for that purpose state law requires that the historical related expenditure also must be likely to directly promote tourism and the hotel and convention industry. At least one-seventh of the hotel tax proceeds must be spent on advertising and promoting the city to directly impact tourism and the hotel and convention industry. No more than 15% of Cameron's HOT proceeds can be spent on promotion of the arts.

State law also provides that the hotel occupancy tax may not in any circumstance be used for purposes for which the city usually expends its general revenues (e.g. police, parks, recreation, streets, sidewalks, decorative improvements). The Texas Attorney General has ruled that the local hotel occupancy tax may not be used for advertising or other economic development initiatives or improvements to attract new businesses or permanent residents to a city.

State law specifies that for a facility to be funded as a convention center it must be one that is primarily used to host conventions and meetings. "Primarily used" in this context would arguably mean that at least 51% of the bookings for the facility are to host conventions or meetings that directly promote tourism and the hotel and convention industry. A visitor center must spend 51% of its time and revenue promoting tourism

and the hotel industry. Simply naming a facility a convention center or visitor information center does not bring it under this section.

**The use of HOT funds is limited to:**

- 1. 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. The furnishing of facilities, personnel and materials for the registration of convention delegates or registrants;**
- 3. Advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;**
- 4. 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 picture, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution and exhibition of these major art forms;**
- 5. Historic 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 and are located in the immediate vicinity of convention center facilities or visitor information centers or located elsewhere in the municipality...that would be frequented by tourists and convention delegates.**
- 6. Sporting related expenses if the majority of the participants are tourists and if the event substantially increases economic activity at area hotels.**

The City of Cameron accepts applications from groups and businesses wishing to receive HOT funds for qualifying events or projects. Entities must meet the following requirements:

1. As required by state law on an annual basis the organization must submit a list of the scheduled activities, programs, or events that will directly enhance and promote tourism and the convention and hotel industry in the City of Cameron. State law also requires that all HOT expenditures be included in the annual budget. To facilitate the budgeting process the City of Cameron has set up a schedule to assure that budget timelines can be met.
2. The organization must submit a completed application to the City Secretary, requesting a specific amount of funding by the set deadlines (see accompanying schedule). The organization may be asked to make a formal presentation to the Cameron Tourism Board showing how the request complies with state and municipal laws. No request for funding can be approved unless the organization shows how the expenditure will directly enhance and promote tourism and the convention and hotel industry in the city. A tourist is defined by state law as an individual who travels from the individual's residence to a different municipality, county, state or country for pleasure, recreation, education, or culture. The city is required to maintain a record that accurately identifies the receipt and expenditure of all revenue derived from the tax.
3. No later than 60 days after the event or completion of the project, the organization must submit a Post Event Report Form. Failure to submit the report will preclude any future funding to that organization.

4. Funding guidelines for an event or project are: the greater of 100% of the HOT revenues projected to be generated by the event or 1% of the amount of HOT revenues due and paid during the prior fiscal year exclusive of any payments for taxes delinquent from previous fiscal years. Total funding for all events in a fiscal year will not exceed 50% of HOT revenues received during the prior fiscal year exclusive of past due taxes from previous years.
5. The available funding period is from October 1 through September 30 of each year.
6. City staff will give a general overview of the application process during the application period.

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## Dates and Deadlines for 2023

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July 2023	City begins accepting applications for HOT funding and list of activities of the applicant.
July 31, 2023	Deadline for submitting applications and list of activities to City Secretary at 4:00 PM.
August 2023	Determination Letters or contracts mailed to applicants.
October 1, 2023	Funding becomes available.

**HOTEL OCCUPANCY TAX**  
**FUNDING APPLICATION**

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*Organization Information*

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

Name of Organization: \_\_\_\_\_

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

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

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

Contact Phone Number: \_\_\_\_\_

Web Site Address for Event or Sponsoring Entity: \_\_\_\_\_

Is your organization:

Non-Profit

Private/For Profit

Tax ID#: \_\_\_\_\_

Entity's Creation Date: \_\_\_\_\_

Purpose of your organization: \_\_\_\_\_

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## *EVENT or PROJECT INFORMATION*

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Name of Event or Project: \_\_\_\_\_

Date(s) of Event or Project: \_\_\_\_\_

Primary Location of Event or Project: \_\_\_\_\_

How many years have you held this Event or Project? \_\_\_\_\_

What is the expected attendance? \_\_\_\_\_

Purpose of the Event \_\_\_\_\_

Will the event be a ticketed event?      Yes  No

Price of ticket or admission fee \_\_\_\_\_

Description of participants/teams (geographic or qualifying information, by invitation only, etc).

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## *FUNDING INFORMATION*

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Indicate the amount of funding requested under each of the categories eligible for funding under state law.

1. Amount Requested: \_\_\_\_\_ for funding the establishment, improvement or maintenance of a convention center or visitor information center in Cameron.
2. Amount Requested: \_\_\_\_\_ for paying the administrative costs for facilitating convention registration in Cameron.
3. Amount Requested: \_\_\_\_\_ to pay for advertising, solicitations, promotion programs to attract tourist and convention delegates or registrants to Cameron.
4. Amount Requested: \_\_\_\_\_ for promotion of the arts in Cameron.
5. Amount Requested: \_\_\_\_\_ for historical restoration and preservation projects in Cameron.
6. Amount Requested: \_\_\_\_\_ for funding costs to hold sporting events in Cameron.

**Total Amount Requested:** \_\_\_\_\_

**Next available funding is for the period Oct 1, 2023-Sept. 30, 2024**

Has the organization submitted a list of the scheduled activities, programs, or events that will directly enhance and promote tourism and the convention and hotel industry as required by state law?

Yes  No

Provide details of how the funds will be used? \_\_\_\_\_

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How will the expenditure directly enhance and promote tourism and the convention and hotel industry in Cameron?

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Answer the two following questions only if the event is a sporting related function (Category 6):

How many individuals are expected to participate? \_\_\_\_\_

How many of the participants are expected to be from another city or county? \_\_\_\_\_

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Percentage of Hotel Tax Support of Related Cost

\_\_\_\_\_ Provide the percentage of Total **EVENT** Costs covered by Hotel Occupancy tax.

\_\_\_\_\_ Provide the percentage of Total **FACILITIES** Costs covered by Hotel Occupancy tax.

\_\_\_\_\_ Provide the percentage of **STAFF** Costs covered by Hotel Occupancy tax.

If Staff costs are covered, estimate the percentage of time staff spends annually on the funded event(s) compared to all other activities. \_\_\_\_\_ %

How many people attending the Event or Project are expected to use Cameron hotels, motels or

bed and breakfasts? \_\_\_\_\_

How many nights are they expected to stay? \_\_\_\_\_

Has the organization reserved a block of rooms at a Cameron facility and if so, list the number of rooms, the hotel and the discounted rate provided by the hotel.

Rooms Reserved: \_\_\_\_\_ Hotel \_\_\_\_\_ Room Rate \_\_\_\_\_

Rooms Reserved: \_\_\_\_\_ Hotel \_\_\_\_\_ Room Rate \_\_\_\_\_

Projected Hotel Occupancy Tax Generated by the Event

# Rooms used \_\_\_\_\_ X # Nights \_\_\_\_\_ X Room Rate \_\_\_\_\_ X 0.07 = \$ \_\_\_\_\_

How will you measure the impact of your event on Cameron hotel activity?

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Please provide the following information for the past three years for events for which your organization has utilized HOT funding.

City	Month/Yr.	Assistance Amount	Number Hotel Rooms Used
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List other organizations, government entities or grants that have been offered for financial support or are co-sponsors of your event or project.

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Please check all promotional efforts your organization is coordinating and the amount financially committed to each media outlet.

Paid Advertising \_\_\_\_\_ Newspaper \_\_\_\_\_ Radio \_\_\_\_\_ TV \_\_\_\_\_

Press Releases to Media \_\_\_\_\_ Direct Mail to Out of Town Recipients \_\_\_\_\_

What areas do your advertising and promotion reach?

\_\_\_\_\_

What number of individuals will your proposed marketing reach that are located in another city or county?

\_\_\_\_\_

What date will you begin the promotion and marketing of this event? \_\_\_\_\_

What is the organization's deadline for receiving approval or denial? \_\_\_\_\_

What is the organization's deadline for receiving funds? \_\_\_\_\_

By signing this application I certify that:

I am an authorized representative of the above named organization; that the organization understands that there is no assurance of inclusion of this event or project in the City of Cameron budget or that the event or project will receive funding; that if the event or project is not reasonably likely to cause an increase in hotel or convention activity in Cameron, local hotel occupancy tax revenues cannot legally fund it; that all awarding of funds are made by the Cameron Tourism Board; THAT FUNDS WILL ONLY BE USED IN ACCORDANCE WITH STATE AND LOCAL LAWS AND ORDINANCES and; that the organization agrees to provide a post event report with the Cameron City Secretary within 60 days of the event or completion of the project.

Signature of Authorized Representative \_\_\_\_\_

Date Signed \_\_\_\_\_