

South Padre Island Convention & Visitors Bureau

South Padre Island Tax Funding Application Guidelines

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 goal of all events should be the execution of having a permanent, successful, self-funding event in place by the end of a 3-5 year period. The same timeline and goals shall apply to any person or group applying for SPI-CVA funding for an event.

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 (CVAB) will review the application as needed.

APPLICATION PROCESS

Applications for funding will be submitted through the city application forms with required attachments provided by the applicants. The Special Events Committee (SEC) will review the applications and 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 in a timely fashion as to the meeting presentation for the time and place of the review.

An applicant may apply to the CVAB for a variance from any of the above 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 CVAB 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. Coordinate all marketing, public relations and media through the SPI-CVA marketing Contractor; and
3. 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 SPI Special Events committee (SEC) shall review the information provided by the applicant to ensure candidates meet the funding criteria and guidelines and the committee shall make a recommended determination as to eligibility and on any recommended funding to the CVAB. The CVAB may accept or amend the SEC's recommendations by a majority vote of the CVAB.

Any event promoter/producer responding to a SPICVA RFP or making a request for funding must include a member of the SPI CVA Board, SEC, Staff or expert committee on their applicant'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.

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 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

