



POLICY FOR HOTEL OCCUPANCY TAX FUND APPLICATION/REQUEST

This document was prepared to provide a framework for agencies applying or requesting funding from the City of Copperas Cove Hotel Occupancy Tax Fund. The use of Hotel Occupancy Tax dollars is restricted per the Texas Tax Code, Chapter 351 and City of Copperas Cove Code of Ordinances, Chapter 18.5.

Application Process

- Agencies must attend the Funding Request Introduction meeting on March 13.
- A fully completed application shall be submitted to the City of Copperas Cove Budget Department between March 14 and April 9.
 - An annual request or application is needed to be considered eligible (Exhibit 1).
 - All forms required by the Hotel Occupancy Tax Policy must be submitted (Marketing Plan-Exhibit 3a, Schedule of Activities or Events Relating to the Funded Project, Event(s) Budget).
 - If requesting funds for multiple activities/programs, multiple applications are required.
 - If the same activity/program occurs on multiple dates, only one application is required for the activity/program with each date listed.
 - Provide adequate justifications and supporting documentation.
- Agencies must meet with the City's Budget Committee to review the submitted funding request. The meetings are scheduled in April. Based on the application, the Budget Committee will make a recommendation to the City Council.
- PowerPoint presentations to be completed by the outside agencies shall be submitted to the Budget office by May 31. These presentations must be in power point format.
- Applicant shall give a presentation to the City Council during a regularly scheduled City Council meeting in July. Presentations are limited to a maximum of ten (10) minutes and should include the purpose of the request, how the request meets the proper use of HOT fund requirements, and if City funds have been used in the past, the results of the use of those funds.
- All funding decisions are made by the City Council and are subject to availability of funds.
- Applicants will be notified by October 1 of the City Council's decision on funding by the Budget Office.
- If an agency is granted funding from the Hotel Occupancy Tax (HOT) Fund, allocated funds are only released during the city's fiscal year (between October 1 and September 30).
- Requests to release appropriated funds must be submitted to the City.
 - Submit no later than 60 days after the funded event.
 - A marketing agreement (Exhibit 3) between the agency and the city shall be executed.
 - Requests must be in the form of a request letter or invoice.
 - A fully completed post event form shall be submitted to the City of Copperas Cove Budget Department (Exhibit 2).
 - Supporting documentation must accompany each request (cancelled checks, invoices, activity/program literature, information on the size of a room block that has been reserved at

- area hotels to accommodate anticipated overnight guests attending the funded event, documents showing where and how City of Copperas Cove was advertised, etc.).
- Allocated funds greater than or equal to \$10,000 will be released on a reimbursement basis only and the organization will be required to submit an audit (Agreed Upon Procedures - AUP) by a third party at the conclusion of the activities/programs or at the end of the organization's fiscal year, whichever occurs first.
 - An agency can request an interim/advance payment for eligible expenses, contingent upon submitting an audit at the conclusion of the activities/programs or at the end of the organization's fiscal year, whichever occurs first.
 - Audit (Agreed Upon Procedures - AUP) performed by a third party is considered an eligible expense and can be added to the payment request, if the total amount requested does not exceed amount allocated.
 - Presentations to City Council are required prior to the release of funds.

Contact should be made with the Budget Office for discussion of actual calendar dates of application process.



HOTEL OCCUPANCY TAX USE GUIDELINES UNDER TEXAS STATE LAW

State Law: By law of the State of Texas, the City of Copperas Cove collects a Hotel Occupancy Tax (HOT) from hotels, 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:**

1. **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;
2. **Registration of Convention Delegates:** the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;
3. **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;
4. **Promotions of the Arts that Directly Promote Tourism and the Hotel and 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 guests 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.
5. **Historical Restoration and Preservation Activities that Directly Promote Tourism and the Hotel and Convention Industry:** 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.

6. **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.
7. **Enhancement and upgrading of existing sports facilities or fields:** the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields.
8. **Signage directing tourists to sights and attractions that are visited frequently by hotel guests in the municipality.**
9. **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.

City Policy: The City of Copperas Cove accepts applications from groups and businesses whose program fits into one or more of the above categories. All requests for funds should be submitted in writing accompanied by the official application between March 14 and April 9. The application will be reviewed by the Budget Committee at the earliest possible regularly scheduled meeting. The applicant may be asked to be present at the meeting to answer any questions regarding the application. Applicants will be notified one week prior to the meeting of the time and place for the review.

Based on the application, the Budget Committee will make a recommendation to the City Council. The City Council will make the final decision on your request.

Eligibility and Priority for Hotel Tax Funds: Priority will be given to those events and entities based on their ability to generate overnight visitors to Copperas Cove. Events can prove this potential to generate overnight visitors by:

- a) **historic information on the number of room nights used during previous years of the same events;**
- b) **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;
- c) **historical information on the number of guests at hotel or other lodging facilities that attended the funded event (through surveys, guest directories, or other sources; and/or**
- d) **examples of the planned marketing of the programs and activities that will likely generate overnight visitors** to local lodging properties from this event.

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. No other outside event(s), project, charity, etc., sponsored by the host organization may profit from the City of Copperas Cove's funding of a particular 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

Submit to: Budget Department
BudgetOffice@copperascovetx.gov
254-547-4221