

**City of Lakeway**

**APPLICATION/REQUEST FOR FUNDING  
FROM HOTEL OCCUPANCY TAX REVENUE**

**APPLICATION PACKET**

**APPLICATION/REQUEST FOR FUNDING  
FROM HOTEL OCCUPANCY TAX REVENUE**

**Application Packet**

**Contents**

APPLICATION PROCESS -- PROCEDURES AND DEADLINES.....1  
CITY OF LAKEWAY HOTEL OCCUPANCY TAX POLICY.....2  
APPLICATION.....7  
    FUNDING CONSIDERATIONS CHECKLIST.....7  
    FUNDING REQUEST.....9  
    PUBLICITY FACT SHEET .....14  
POST-FUNDING ANALYSIS AND PROOFS OF PAYMENT .....15



# APPLICATION PROCESS -- PROCEDURES AND DEADLINES

## 1. Application Submission Deadline

The HOT funding application packet must be fully completed and submitted to the City of Lakeway - Finance Department no later than sixty (60) days before funding is needed. Every effort will be made to present the application to Council as soon as possible.

Pages 7 – 14 of the application packet (along with any required or requested supporting documentation) must be fully completed and returned as directed on application by the referenced deadline.

## 2. Notification to Applicants

The City will send notification letters to Applicants informing them of the decision by the last day of the quarter in which application was made. Such correspondence may also include requirements of other materials due and deadlines for submission of same. Such correspondence may also require Applicant to duly execute “City of Lakeway Funding Agreement.” The decision of the City, both as to grant/denial of funding and as to amount of funding, will be the final decision.

## 3. Deadlines for Subsequent Documentation

**(a) Fund expenditure outline, and request letter -- deadline not later than 60 days *prior* to receipt of funds.** Applicant shall submit a fund expenditure outline describing exactly how funds will be used, along with a request letter formally requesting funds at least sixty (60) days before the funds are to be received. Such fund expenditure outline and request letter shall be mailed or delivered as directed on form.

**(b) Post-Funding Analysis and proofs of payment -- deadline not later than 60 days *after* event.** These materials must be submitted not later than sixty (60) days following the event, and should be returned as directed on form.

The Post-Funding Analysis should mirror the budget presented in Applicant’s original application and outline, and proofs of payment must be receipts that reflect actual monies expended. If Applicant did not spend the total amount of funding received, then that amount must be returned or repaid to the City of Lakeway.

# CITY OF LAKEWAY HOTEL OCCUPANCY TAX POLICY

## 1. Taxing Authority

The rules on the application of the municipal Hotel Occupancy Tax (HOT) are codified in Chapter 351 of the Tax Code, which authorizes the City of Lakeway to impose such tax on hotels, motels, inns, and bed-and-breakfast establishments.

## 2. Hotel Occupancy Tax Revenue:

Under the Texas Tax Code, the following businesses are considered “hotels” and are required to collect hotel occupancy taxes from their guests: “Any building or buildings in which members of the public obtain sleeping accommodations for consideration” for less than 30 days, including a hotel, motel, tourist home, tourist house, tourist court, lodging house, inn, rooming house, or bed and breakfast facilities.

The Hotel Occupancy Tax revenue is used to promote tourism and the hotel industry in Lakeway. The city collects 7% in HOT funds from area hotels, motels, and short-term rental properties on a quarterly basis. The city forfeits 1% of the total tax due for timely filing and payment of the taxes.

The local hotel occupancy tax statutes provide for specific penalties a city may assess against hotel operators who fail to file the hotel tax collections report, file late or without full payment, or produce false tax returns. The City of Lakeway charge 15% of the amount due after the tax has been delinquent for one complete fiscal quarter and an interest fee of 10% per annum beginning 60 days from the due date.

## 3. Allowable Use of Hotel Occupancy Tax Revenue:

3.1. Texas Tax Code (Code) Sec 351.101 (5) defines a tourist as an individual who travels from the individual’s residence to a different municipality, county, state or country for pleasure, education, or culture.

3.2. The (Code) states that revenue derived from hotel occupancy tax may be used only if both parts of the following two-part test are met.

3.2.1. Part One of the test requires that usage of HOT funds must directly enhance and promote visitors and the convention and hotel industry as permitted by Subsection (a) of the Code.

3.2.2. Part Two of the test requires that all expenditures must clearly fit into one of the statutorily provided categories listed below:

3.2.2.1. **Convention center facilities or 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;

3.2.2.2. **Registration of convention delegates:** the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;

3.2.2.3. **Advertising, and conducting solicitations and promotional programs to attract tourists and convention delegates:** advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;

3.2.2.4. **Promotion of 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 art forms;

3.2.2.5. **Historical restoration and preservation projects or activities:** 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: (a) at or in the immediate vicinity of convention center facilities or visitor information centers; or (b) located elsewhere in the municipality or its vicinity that would be frequented by tourists and convention delegates;

3.2.2.6. **Signage:** Funding of signage directing the public to sights and attractions that are frequently visited by hotel guests. Must comply with all signage regulations.

3.2.2.7. **Transportation Systems for Tourists:** Funding City or privately owned and operated transportation systems to transport tourists from hotels in and near the city to touristic attractions in or near the City. The law specifically prohibits the use of the local hotel tax to cover the costs for a transportation system that serves the general public.

#### **4. Annual Reporting Requirements:**

In accordance with SB1221, municipality shall submit an annual report on the Hotel Tax Revenues to the State Comptroller, on the form prescribed by the comptroller, not later than February 20<sup>th</sup> of each year.

#### **5. Hotel Occupancy Tax Funding:**

5.1. To actively promote Lakeway as a touristic destination, the City allows entities to apply for Hotel Occupancy Tax Funding. The purpose of HOT funding is to assist and support qualified events/activities/facilities, *not* to be the major patron or the majority funds provider for the

event/activity/facility.

- 5.2. The funds are to be used in compliance with Chapter 351 of the Tax Code and in accordance with the City of Lakeway Hotel Tax Revenue Policy.
- 5.3. Recipients are responsible for assuring compliance with all statutory, and other legal requirements applicable to receipt, use, expenditure and accounting of hotel tax revenues. No provision, restrictions, or lack thereof, in these guidelines shall excuse the failure of a recipient to comply with all such requirements.
- 5.4. The HOT funding application packet must be fully completed and submitted to the City of Lakeway - Finance Department no later than sixty (60) days before funding is needed. Every effort will be made to present the application to Council as soon as possible. New applicants shall complete the HOT Funding Request Form outlining how the funds will be used, along with a letter to formally request funding. Returning applicants must include a copy of the Post Funding Compliance Analysis for the most recent funding.
- 5.5. Priority will be given to those events and entities based upon documented ability to directly promote visitors and the convention and hotel industry in Lakeway by “being likely to cause increased hotel or convention activity.” Applicants will document the potential to generate increased hotel or convention activity by:
  - 5.5.1. Providing historical information on the number of room nights used during previous years of the same event/activity/facility;
  - 5.5.2. Providing current information on the size of room blocks reserved at area hotels to accommodate anticipated overnight guests attending the funded event/activity/facility;
  - 5.5.3. Providing historical information on the number of guests at hotels or other lodging facilities that attended the funded event/activity/facility; and/or
  - 5.5.4. Providing examples of marketing of programs and activities likely to generate or encourage overnight visitors to local lodging properties.
- 5.6. All Applicants are encouraged to patronize local businesses for food, supplies, materials, printing, and the like.
- 5.7. Applicants for event funding must have insurance coverage prior to the event. A copy must be presented along with the application for funding. The City is not responsible for any insurance or legal claims related to the funded event.
- 5.8. A portion of the revenues from any event/activity/facility receiving HOT funds should be channeled back into the future costs of operating that same event/activity/facility or the continued operation of such. The amount of revenue that will be dedicated towards that purpose should be included in the Post Funding Compliance Analysis.
- 5.9. No other outside events, projects, charities, or the like which are also sponsored by the host

organization may profit from HOT funding of the particular event/activity/facility funded.

- 5.10. It is critical that the Application/Request for Funding be filled out completely and accurately. It is the responsibility of the Applicant to specifically explain how the funds will be used only in eligible ways.
- 5.11. If applying under the Advertising category, please note the local requirement that advertising must be accomplished in advance of the event/activity/facility, and must utilize legitimate media for promotion outside of the area, i.e. direct mail, newspapers, magazines, radio, television, billboards, internet advertising. In all publications (e.g., flyers, programs, brochures, press releases, advertisements, annual reports and all other mailing pieces), recipient shall acknowledge in some meaningful way that their organization is funded in part by the City of Lakeway. Such acknowledgement might take the form of inclusion on a donors list for particular events. Recipients are advised that usage of the official City logo is restricted. Any use of the City logo must be coordinated with and approved by the appropriate City representatives, to ensure compliance with these standards. Written authorization must be obtained from the City Manager or their designee.
- 5.12. City Council evaluates the manner in which the funds will be disbursed for the approved application. Event/activity/facility may be funded in advance, on a reimbursement basis or a combination of both.
- 5.13. Maximum funding guidelines –
  - 5.13.1. All funding requests should be for fifty percent (50%) or less of Applicant's total projected gross revenue from the event/activity/facility.
  - 5.13.2. All advertising requests must be fifty percent 50% less than the gross advertising expenditures.
  - 5.13.3. Applicants must match at one-to-one of the total funds requested from the City and provide detailed support for all advertising expenditures so that the one-to-one match can be verified by the City.
- 5.14. Hotel tax funding recipients shall maintain complete and accurate financial records of each expenditure of hotel occupancy tax revenue made by the organization and, on request of the governing body of the municipality or other person, shall make the records available for inspection and review to the governing body or other person. All financial records and any other records relating to the hotel tax funding shall be subject to the requirements of the Public Information Act.
- 5.15. Applicants are on notice that, while the City makes decisions based on estimated budgets and projections, documentation of how granted funds were spent must be actual costs supported by proofs of payment. Any monies not used or not used lawfully must be returned or repaid to the City within sixty (60) days of the event, along with the completed Post Funding Compliance Analysis.

5.16. The final accounting of funds must mirror the items and time frames outlined in the funding application and request letter. Deviations will be noted on staff's report to Council to evaluate those deviations. Council may require the applicant to refund unallowable expenditures back to the City.

# APPLICATION

## A - FUNDING CONSIDERATIONS CHECKLIST

Name of Event/Activity/Facility \_\_\_\_\_

If applicable, date of Event/Activity: \_\_\_\_\_

Yes     No    Does your event/activity/facility pass Part One of the statutory test, defined specifically as directly enhancing and promoting visitors in Lakeway AND directly enhancing and promoting the convention and hotel industry in Lakeway?

Yes     No    Does your event/activity/facility pass Part Two of the statutory test, defined specifically as fitting into one or more of the following categories?

**Please check which category or categories:**

- Convention center facilities or visitor information centers
- Facilities, personnel and materials for registration of convention delegates
- Advertising, and conducting solicitations and promotional programs to attract tourists and convention delegates
- Promotion 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
- Historical restoration and preservation projects or activities, or advertising and conducting solicitations and promotional programs to encourage tourists to visit preserved historic sites or museums in the area
- Funding of signage directing the public to sights and attractions that are frequently visited by hotel guests.
- Funding of privately owned and operated transportation systems to transport tourists from hotels in and near the city to touristic attractions in or near the City. The law specifically prohibits the use of the local hotel tax to cover the costs for a transportation system that serves the general public.

- Yes    No   Is your application filled out thoroughly and completely, and are all required pages attached?
- Yes    No   Is your request for funding in accordance with the maximum funding guidelines?
- Yes    No   If applicable, have you submitted the Post-Funding Analysis and proofs of payment for last year's event/activity/facility?
- Yes    No   If applicable, have you returned or repaid the City for any previous funds not used or not used lawfully?
- Yes    No   Have you documented how you will accurately track out-of-town guests, showing that your event will attract tourists that will directly support visitors and the hotel and convention industry in the area?
- Yes    No   Is your request for fifty percent (50%) or less of your total projected gross revenue from the event/activity/facility?
- Yes    No   If you are applying under the Advertising category, is your request for fifty percent (50%) or less of your total projected advertising expenditures and have you documented your entire advertising budget?
- Yes    No   Is your request no more than a one-to-one match for your event/activity/facility and does your application list anticipated matching funds?
- Yes    No   If you are applying under the Advertising category, have you met the local requirement that advertising must be accomplished *in advance* of the event/activity/facility, and must utilize legitimate media for promotion outside of the area, i.e. direct mail, newspapers, magazines, radio, television, billboards, internet advertising?

## B – FUNDING REQUEST

### *Organization Information*

Date:

---

Name of Organization:

---

Address:

---

City, State, Zip:

---

Contact Name:

---

Contact Phone Number:

---

Web Site Address for Event/Activity/Facility:

---

Is your organization: Non-Profit  Private/For Profit

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

Organization's Creation Date: \_\_\_\_\_

Purpose of your organization:

---

---

---

***Event/Activity/Facility Information***

Name of Event/Activity/Facility:

---

Date of Event/Activity:

---

Primary Location of Event/Activity/Facility:

---

Amount of HOT Funding Requested:

---

**FUND USAGE:** How will the funds be used?

---

---

---

---

---

---

---

---

Primary Purpose of Funded Event/Activity/Facility:

---

---

---

---

Check which statutory categories apply to funding request AND amount requested under each category:

- Convention center facilities or 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;

\$ \_\_\_\_\_

- Registration of convention delegates:** the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;

\$ \_\_\_\_\_

- Advertising, and conducting solicitations and promotional programs to attract tourists and convention delegates:** advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;

\$ \_\_\_\_\_

- Promotion of 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 art forms;

\$ \_\_\_\_\_

- Historical restoration and preservation projects or activities:** 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: (a) at or in the immediate vicinity of convention center facilities or visitor information centers; or (b) located elsewhere in the municipality or its vicinity that would be frequented by tourists and convention delegates;

\$ \_\_\_\_\_

- Signage:** Funding of signage directing the public to sights and attractions that are frequently visited by hotel guests. Must comply with all signage regulations.

\$ \_\_\_\_\_

- Transportation Systems for Tourists:** Funding City or privately owned and operated transportation systems to transport tourists from hotels in and near the city to touristic attractions in or near the City. The law specifically prohibits the use of the local hotel tax to cover the costs for a transportation system that serves the general public.

\$\_\_\_\_\_

***Questions for ALL Funding Requests***

How many years have you held this event/activity?

\_\_\_\_\_

Expected attendance:

\_\_\_\_\_

How many people attending the event/activity/facility will use Lakeway hotels, motels, inns or bed-and-breakfast establishments?

\_\_\_\_\_

How many nights will they stay?

\_\_\_\_\_

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

\_\_\_\_\_

Please list other years (over the last three years) that you have hosted your event/activity/facility, and list the amount of assistance given from HOT funding and the number of hotel rooms used:

City Month/Year Held Assistance Amount Number of Hotel Rooms Used

\_\_\_\_\_

\_\_\_\_\_

How will you measure the impact of your event/activity/facility on area hotel activity?

\_\_\_\_\_

Please list all other organizations, government entities and grants that have offered financial support to your event/activity/facility, and respective amounts:

\_\_\_\_\_

\_\_\_\_\_

Please check all promotion efforts your organization is coordinating, and list the amount financially committed to each media. List the HOT funding allocation and your organizations matching funds allocation.

	<u>HOT</u>	<u>Match</u>
<input type="checkbox"/> Internet	\$ _____	\$ _____
<input type="checkbox"/> Newspaper	\$ _____	\$ _____
<input type="checkbox"/> Radio	\$ _____	\$ _____
<input type="checkbox"/> TV	\$ _____	\$ _____
<input type="checkbox"/> Press releases to media	\$ _____	\$ _____
<input type="checkbox"/> Direct mailing to out-of-town recipients	\$ _____	\$ _____
<input type="checkbox"/> Other	\$ _____	\$ _____

What specific geographic areas do your advertising materials and promotions reach?

---

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

---

**[Answer the following one (1) question only if the funding request is for a permanent facility such as a museum or visitor center]**

Expected Attendance Monthly/Annually: \_\_\_\_\_

Please note percentage of those in attendance that are staying at area hotels or lodging facilities:

\_\_\_\_\_ .

***Application Packets should be returned in accordance with the deadlines of submission referenced on page 1 to:***

***City of Lakeway  
ATTN: Finance Director  
1102 Lohmans Crossing  
Lakeway, TX 78734***

## C - PUBLICITY FACT SHEET

Please provide the following information so that your event/activity/facility can be promoted accurately and effectively by the City of Lakeway. Return the completed form to City of Lakeway, ATTN: Finance Director, 1102 Lohmans Crossing, Lakeway, TX 78734.

Name of event/activity/facility: \_\_\_\_\_

Date(s) of event/activity: \_\_\_\_\_

Sponsoring organization: \_\_\_\_\_

Admission charge, if any: \_\_\_\_\_

Group rates, if available: \_\_\_\_\_

Location of event/activity/facility: \_\_\_\_\_

Hours of operation: \_\_\_\_\_

Free/paid parking, availability of parking, availability of motorcoach parking, availability of camping:

\_\_\_\_\_

Brief publicity description [Please include, in fifty words or less, what you want the public to know about your event/activity/facility]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Publicity contact person: \_\_\_\_\_

Contact's telephone number: \_\_\_\_\_ Fax number: \_\_\_\_\_

Contact's e-mail address: \_\_\_\_\_ Website: \_\_\_\_\_

Best time to contact: \_\_\_\_\_

# POST-FUNDING ANALYSIS AND PROOFS OF PAYMENT ORGANIZATION INFORMATION

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

Name of organization: \_\_\_\_\_

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

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

Contact person: \_\_\_\_\_

Contact telephone number: \_\_\_\_\_

## EVENT/ACTIVITY/FACILITY INFORMATION

Name of funded event/activity/facility: \_\_\_\_\_

Date funded event/activity/facility held: \_\_\_\_\_

Primary location of funded event/activity/facility: \_\_\_\_\_

Primary purpose of funded event/activity/facility: \_\_\_\_\_

Amount received from the City's HOT funds: \_\_\_\_\_

Amount spent out of the City's HOT funds received: \_\_\_\_\_

Specific explanation of how HOT funds were spent: \_\_\_\_\_

---

---

---

---

---

---

---

---

---

---

How many years have you held this event/activity/facility? \_\_\_\_\_

How many people did you *predict* would attend this event/activity/facility?

[Note: this should be the number you submitted in Application]

---

How many people do you estimate *actually attended* the event/activity/facility?

---

How many room nights were generated at Lakeway area hotels, motels, inns, and bed-and-breakfast establishments by attendees of this event/activity/facility?

---

If this event/activity/facility has been funded by HOT funds in the last three (3) years, how many room nights were generated at Lakeway area hotels, motels, inns, and bed-and- breakfast establishments by attendees of this event/activity/facility?

Last Year: \_\_\_\_\_

Two Years Ago: \_\_\_\_\_

Three Years Ago: \_\_\_\_\_

What method did you use to determine the number of people who booked rooms at Lakeway area hotels, motels, inns, and bed-and-breakfast establishments by attendees of this event/activity/facility?

[For example, room block usage information, survey of hoteliers, etc.]

---

---

Was a room block established for this event/activity/facility at an area hotel and, if so, did the room block fill?

---

If the room block did not fill, how many rooms were picked up? \_\_\_\_\_

Please check all efforts your organization actually used to promote this event/activity/facility, and how much money was actually spent in each category not just spending related to HOT funds received:

- Internet                   \$ \_\_\_\_\_
- Newspaper                 \$ \_\_\_\_\_
- Radio                        \$ \_\_\_\_\_
- TV                            \$ \_\_\_\_\_
- Press Releases             \$ \_\_\_\_\_
- Direct Mail                 \$ \_\_\_\_\_
- Other                        \$ \_\_\_\_\_

What new marketing initiatives did you utilize to promote hotel and convention activity for this event/activity/facility?

---

**Attach actual documents showing how Lakeway was recognized in your advertising/promotional campaign.**

**Attach actual documents showing all forms of advertising/promotion used in your campaign. If the item itself does not indicate the medium used (i.e. radio, TV, print, or mail) or exactly where the advertising took place, please include other information that would show the location of the advertising and medium utilized.**

**Attach actual invoices, receipts, and proofs of payment for ALL expenditures on which HOT funds were used in whole or in part.**

What Lakeway businesses did you utilize for food, supplies, materials, printing, etc.?

---

If event-related, how many individuals actually participated in the event/activity/facility?

---

If event-related, how many participants were from another city or county?

---

If event-related, quantify how the activity substantially increased economic activity at hotels and motels within the city or its vicinity:

---

The above accounting of HOT funds received from the City of Lakeway, and the explanation of how such funds were actually utilized, is true and accurate.

---

Authorized Signatory

---

Date Signed

*This Post-Funding Analysis must be completely and accurately filled out and returned no later than sixty (60) days after the event/activity/facility to:*

*City of Lakeway  
ATTN: Finance Director  
1102 Lohmans Crossing  
Lakeway, TX 78734*

*All invoices and proofs of payment must be attached. If the total amount of the HOT funds were not used or were not lawfully used, then those funds must be returned or repaid to the City of Lakeway with this Post-Funding Analysis.*