

Guidelines Under Texas Law for the Use of Hotel Occupancy Tax Revenue

Under Texas law and City ordinance, the City of Fredericksburg collects a Hotel Occupancy Tax (HOT) from hotels, motels, Bed and Breakfasts, and Short-Term Rentals. Under Texas Tax Code, Chapter 351, every expenditure must directly promote tourism and the convention/hotel industry.

Additionally, every expenditure must fit into one of the following categories authorized by statute:

- the construction, maintenance and operation of a convention or visitor center;
- facilities and personnel for the registration of convention delegates;
- advertising and promotional programs to attract tourists;
- encouragement and promotion of the arts;
- historical restoration and preservation projects, advertising to encourage tourists to visit historic sites and museums;
- signage directing the public to sights and attractions frequently visited by tourists;
- certain transportation systems serving tourists and hotel guests;
and, for certain cities,
- sporting events for which the majority of participants come from out of town;
- qualifying sports facilities that routinely host regional or national tournaments; and
- coliseums or multiuse facilities.