

## **HOTEL OCCUPANCY TAX GRANT POLICY**

### **Purpose**

The City of Fredericksburg has adopted this Hotel Occupancy Tax (HOT) Grant Policy in order to provide uniform guidelines for event organizers, producers, promoters and sponsors (collectively referred to as “Organizers”) to request assistance for marketing, promoting or producing a program, event, or facility.

This policy will be provided to all organizers requesting funding assistance from the City of Fredericksburg. **It is the intention of this policy to attract events, programs, or facilities that are or will become financially self-supporting and not require annual funding assistance.**

### **Requests for Assistance**

The City Council is authorized to provide support for events, programs, or facilities, and applicants may apply for direct support of marketing and promotional expenses. The City Council, City Attorney, Convention and Visitor Bureau (CVB) and City Staff reviews applications for completeness and to ensure that expenditures will **directly** promote and enhance the City of Fredericksburg tourism and its lodging industry.

The City of Fredericksburg accepts applications November 5th – November 21st, 2025, for the period of January 1<sup>st</sup> – December 31st, 2026. There will be an orientation meeting on November 5<sup>th</sup> at 5:00 pm in the Fire Training Room at City Hall, 126 West Main. Applications will not be accepted before November 5th, and applications **will not be accepted after 4:30 PM November 21, 2025**. Submit applications to Vanessa Wainwright or Kim Houy, at City Hall or email to: [hot@fbgtx.org](mailto:hot@fbgtx.org).

The City Council will hold a Special Meeting on January 13, 2026, to review applications. The City Council will award the funds at the January 20, 2026, Regular Meeting.

All applications submitted by the deadline with eligible, reimbursable expenses will be reviewed for evaluation. Applicants are asked to be available to the City Council when their application is reviewed to present their applications and answer any questions or to give additional information regarding their application.

### **STATE LAW**

By law of the State of Texas, the City of Fredericksburg collects a Hotel Occupancy Tax (HOT) from hotels, motels, condominiums, and short-term rentals. Under state law, the revenue from the HOT may be used only to **directly promote** tourism and/or the **hotel and convention industry**.

“Tourism” is defined under Texas law as guiding or managing individuals who are traveling to a different city, county, state or country. A ‘direct’ promotion of the convention and hotel industry

has been consistently interpreted by the Texas Attorney General as a program, event, or facility likely to cause increased hotel or convention activity. If the funded event, program, or facility is not reasonably likely to directly enhance tourism and the hotel and convention industry, local hotel occupancy tax revenues cannot legally fund it.

First, in the two step process every funded project must attract overnight tourists to the City of Fredericksburg's lodging industry.

Second, in the two-step process Chapter 351 of the Tax Code states that the use of HOT funds is limited to the following statutorily provided categories:

- a) **Promotions of the Arts that Directly Promote Tourism and the Hotel and Convention Industry:** 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;
- b) **Historical Restoration and Preservation Activities that Directly Promote Tourism:** historical restoration and preservation activities or promotional programs to encourage tourists and delegates to visit preserved historic sites or museums.
- c) **Sporting Event Expenses that Substantially Increase Economic Activity at Hotels:** Expenses including promotional expenses, directly related to a sporting event in which most participants are tourists. The event must substantially increase economic activity at hotels within the city or its vicinity.
- d) **Advertising, Solicitations and Promotions that Directly Promote Tourism and the Hotel and Convention Industry:** advertising and conduct solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity.

### **Application Process**

Applications for funding will be submitted through the city application forms with required attachments provided by the applicants. City staff will review the applications solely through the written applications. It is requested that the applicant be present at both the special (1/13/26) and regular (1/20/26) meeting to answer any questions regarding the application for hotel tax funding scheduled for January 20, 2026.

Expense plans or budgets must be provided with your application. The expense plan or budget must show how your organization intends to spend the requested funds. Expenses are limited to the nine allowable uses by state law.

The City Council reserves the right to approve or disapprove the suitability of any particular element of a proposed program, event, or facility at its sole and absolute discretion. The City Council reserves the right to deny assistance to any application that may be inconsistent with the

policies and goals of the City Council.

**Request for Assistance to Promote a Program, Event, or Facility.**

The City Council will consider providing financial support for program, event, or facility that will directly increase overnight stays in the City of Fredericksburg consistent with the level of funding requested by providing any information for consideration, such as:

1. **Prior Impact:** historical information on the number of room nights used during previous years for the same events.
2. **Lodging Signatory List / Current Room Block:** current information such as visitors filling out the City’s Lodging Signatory List form, or information on the size of a room block that has been reserved at area hotels or lodging providers to accommodate anticipated overnight guests attending the funded event, program, or facility and actual “pick up/utilization” of room block.
3. **Historic Event Attendance by Hotel Guests:** historical information on the number of guests at hotels or other lodging facilities that attended the funded event or program through surveys, facility or event visitor logs, guest directories, or other sources.
4. **Proposed Marketing Plan:** programs and schedule of activities that will generate or encourage overnight visitors to local lodging properties from the event.
5. **Any other proposed means by applicant documenting and demonstrating an increase in overnight stays in the City of Fredericksburg.**

The City Attorney and CVB shall review the information provided by the applicant to ensure candidates meet the funding criteria and guidelines.

**All applicants should understand that potential City Council funding may decrease every year for recurring events. It is the intent of the City to provide stewardship and equitable disbursement of HOT grant funding to encourage new programs, events, or facilities applicants.**

It is the responsibility of the applicant to notify the Fredericksburg Convention and Visitor Bureau (CVB) of their event or program upon being awarded funding. The CVB can assist with promoting, marketing, and other services.

The event or program organizers must keep track of overnight stays that are booked with hotels, motels, condominiums, and short-term rentals located in the City of Fredericksburg as a direct result of their event. If event or program organizers do not keep track of overnight stays from the event, program, or facility they will not qualify for reimbursement funds.

Requests for promotional items being used within the City of Fredericksburg City Limits is not eligible use. Also, promotional items (i.e. t-shirts, hats, koozies, etc.) that event or program organizers provide or sell prior, during or after their event are not eligible uses for reimbursement. The grant does reimburse promotional items that are purchased & given away for free as an

advertising strategy before the event takes place.

### **Use of Revenues from Program, Event, or Facility.**

**After receiving imbursement, return any unused or ineligible monies to the City of Fredericksburg before December 30<sup>th</sup> of the same fiscal year that the funds were issued by the City.** No other outside event(s), projects, charity, etc., sponsored by the host organization may profit from the awarded HOT funding. Applicant acknowledges that if grant funds are awarded, the event or program organizers agree to allow the financials of this event or program to be viewed at any time by the City of Fredericksburg prior to receiving reimbursement for the event. All documents and records are subject to the Public Information Act.

### **Post Event Report**

Post Reports are due on or before November 21, 2025, to be eligible for funding. For events held after November 21, 2025, post reports are due on or before January 31, 2026. For 2026, post reports will be due within 60 days of the event. Final Event Report must include receipts for expenditures or payments that were covered by hotel occupancy tax. Post Event Reports document the expenditure of awarded funds and verifies the **direct** promotion of tourism and lodging industry. These materials will be submitted and presented by the funded applicant in a scheduled follow-up meeting with the City Council.

Submission of the form and other supporting documents will be submitted to Vanessa Wainwright or Kim Houy at City Hall or emailed to [hot@fbgtx.org](mailto:hot@fbgtx.org).

Supporting documents include:

1. A completed post event report and its attached budget should mirror the original application and its attached budget.
2. A count of room nights stayed in the City of Fredericksburg with information and documentation demonstrating how that number was found.
3. Proof of payment for eligible, reimbursable expenses, which includes a statement showing a zero balance, receipts, copy of cancelled checks, etc.

**Any advertising, promotion, and marketing assistance will require the City of Fredericksburg official logo on the materials used.** Also, the City of Fredericksburg shall be recognized as an event, program, or facility sponsor and receive benefits at the sponsorship level consistent with the grant amount awarded.

Not submitting all requested and required documents may produce a non-eligibility standing of the requesting party.

### **Funding Limitations**

The City Council reserves the right to fund all or in-part or to decline the request of the organizer based on the projected economic impact to the tourism of the City of Fredericksburg. Funding recommendations are not final until the request has been reviewed and receives voted approval by the City Council.

The City Council reserves the right to approve, restrict, amend, or deny funding based on the performance projections and reports of all applications. All funding provided to an approved applicant will be in accordance with all state and local regulations regarding the proper use of tourist development tax collections.

Consideration for funds will not exceed one current budget or fiscal year. Each event, program, or facility request will require its own application and other required supporting documentation to be submitted each fiscal year.

The Art category expenses in a fiscal year cannot exceed 15% of the HOT revenue collected by the City.

The Historical category expenses in a fiscal year cannot exceed 15% of the HOT revenue collected by the City.

Hotel Occupancy Tax Grant funds may not be used for the following:

1. Funding to individuals;
2. Reduction of deficits from, or expenditures related to, activities of previous or future fiscal calendar, or program years;
3. Capital improvements;
4. Contracted auditing, accounting, or bookkeeping fees;
5. Landscaping;
6. Travel for a person to attend an event or conduct an activity of which the primary purpose is not directly related to the promotion of tourism and the lodging industry or the performance of the person's job in an efficient and professional manner; or
7. Advertising materials that will be distributed inside the city limits of the City of Fredericksburg.

## **Permits**

Organizers must secure and maintain all licenses, event permits, and/or other authorizations necessary to conduct the event or program (at their cost). Organizers must provide the City Council with copies of all such required licenses, permits, and/or authorizations at the application review session or post event report review session.

## **Compliance with Laws**

Organizers agree to comply with all laws, regulations, & ordinances applicable to the event or program. All programs, events, or facilities must meet the public safety criteria of the City of Fredericksburg, Gillespie County, and City of Fredericksburg Fire and Police Departments. All police, security, fire protection, and emergency medical required by the event permit(s), or required by the above-named agencies must be paid for by the organizer a minimum of thirty (30) days in advance of the event or program.

## **Vendors, Exhibitors & Sponsors**

The organizer must provide to the City Council lists of all vendors, exhibitors, and sponsors participating in the program, event, or facility. The City Council reserves the right to approve,

decline, or dismiss (in advance or on-site) any vendor, exhibitor, or sponsor whose conduct, merchandise, services, displays advertising, promotional materials, and/ or activities may be inconsistent with the policies and goals of the HOTAB or the City of Fredericksburg.

The lists of vendors, exhibitors, and sponsors must be provided to the City Council at the time of the application review session and the post event report review session.

**Insurance and Indemnification**

Organizers must obtain and maintain at their own expense, for the specified dates of the program, event, or facility (including setup and takedown), general and public liability insurance naming the City of Fredericksburg as additional insured. **Organizers must provide the City Secretary at City Hall with a copy of the certificate of insurance at least fourteen (14) days prior to the event or program is scheduled to take place.**

Organizers must indemnify, and hold the City of Fredericksburg, their officers, directors, elected officials, agents, representatives, employees, and volunteers harmless from and against any and all claims, suits, expenses, damages, or other liabilities, including reasonable attorney fees and court costs, arising out of bodily injury or property damages resulting from or in connection with the event or program.

**Cancellation**

The City Council reserves the right to demand repayment of all funding allocated to an applicant and/or event or program as a result of cancellation of the event or program. It will be the responsibility of the organizer to insure the successful completion of the program, event, or facility. If the organizer elects to cancel the proposed event, the organizer will be responsible for all funds spent or obligated at the time of cancellation.

**Applicant Certification Form**

I hereby certify and affirm that (1) I have read the entire information provided in this Hotel Occupancy Tax Grant Policy and Application packet and understand and will comply with all provisions therein; and that I intend to use the grant for the aforementioned event/expenditure to directly enhance and promote tourism and hotel industry by attracting visitors from outside of the Fredericksburg city limits into the City to stay overnight in one of City of Fredericksburg’s lodging facilities. (2) I will abide by all relevant local, state, and federal laws and regulations regarding the use of Hotel Occupancy Tax.

Certified by (Signature)\_\_\_\_\_

Print Name: \_\_\_\_\_

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