



City Council Agenda Item Report

January 15, 2013

Agenda Item

Contact – Alisha Burrow, MBA, CTE

SUBJECT: Deliberation and possible action on request from Roadway Productions for HOT (hotel occupancy tax) funding for Louisiana Swamp Thing & Crawfish Festival that I to be held Saturday, April 6, 20113.

1. BACKGROUND/HISTORY

The City of Buda accepts applications from organizations during the upcoming fiscal year budget process whose events/expenditures fit into one or more of the hotel occupancy tax expenditure categories. All requests for funds are submitted in writing accompanied by the official application. The applicant may be asked to be present when their paperwork is reviewed to answer any additional questions regarding the application.

Applicants are asked to give a presentation to City Council during the budget process which allows organizations to discuss their event and the activities that will occur. Applicants also state how they will use the funding to promote the City of Buda and directly enhance the lodging (hotel/motels) in the community by having visitors stay overnight in our hotels. In all requests, the funding amount is determined by the Buda City Council. Notification of funding and the funding amount is sent by the Department of Tourism once the City of Buda fiscal budget is adopted and complete.

The Texas Tax Code provides a set of rules that state how the revenue from the HOT may be used. According to the Texas Tax Code, the use of HOT revenue is limited to expenditures that meet the following two-part test:

- First, every hotel occupancy tax revenue expenditure must directly enhance and promote tourism and the hotel and convention industry. See Tex. Tax Code § 351.101(b). In other words, the expenditure must be likely to attract visitors from outside Buda into the city or its vicinity. If the expenditure is not reasonably likely to accomplish this result, it is not eligible for funding by HOT revenues.
- Second, each hotel occupancy tax revenue expenditure must fit into one of nine categories shown below:
Expenditure Categories. See Tex. Tax Code §§ 351.101(a) and 351.110.
 - 1) Funding the establishment, improvement, or maintenance of a convention center or visitor information center
 - 2) Paying the administrative costs for facilitating convention registration
 - 3) Paying for advertising. Solicitations, and promotions that attract tourists and convention delegates to the county or its vicinity

- 4) Expenditures that promote the arts. Please note that it is not enough that a facility or event promotes the arts; state law requires that the expenditure also must be likely to directly promote tourism and the hotel and convention industry
- 5) Funding historical restoration or preservation programs
- 6) Certain sporting event related expenses
- 7) Certain sporting related structures
- 8) Certain tourist shuttles
- 9) Signage directing tourists to attractions frequently visited by hotel guests.

2. FINDINGS/CURRENT ACTIVITY

Roadway Productions has requested to use hotel occupancy tax funds for the Louisiana Swamp Thing & Crawfish Festival which will be held Saturday, April 6, 2013.

The event features one plate of free crawfish, live music, arts and crafts and children's activities which include monster water balls, bounce houses and a playscape.

Roadway Productions submitted their application Wednesday, January 9, 2013, and includes a detailed media plan, event schedule and how HOT funding will be utilized. Roadway Productions is a for-profit organization and has held their event in Buda since 2011.

3. FINANCIAL IMPACT

Roadway Productions has requested \$5000 of Buda hotel occupancy tax funds to promote and advertise their event.

4. ACTION OPTIONS/RECOMMENDATION

This is a discussion and directional-seeking item for using hotel occupancy tax funds to assist in the promotion of the Louisiana Swamp Thing & Crawfish Festival hosted by Roadway Productions.