

EL PASO COUNTY COMMISSIONERS COURT ORDER



El Paso County Hotel Occupancy Tax Policy

Adopted Date: February 10, 2020

I. **PURPOSE**

The purpose of the Hotel Occupancy Tax (HOT) Policy is to establish guidelines for the use of revenue obtained by the County of El Paso pursuant to Texas Tax Code Chapters 351 and 352. It is the County's intent to use HOT Revenue to promote historic preservation, tourism, and to attract conventions and visitors.

II. **POLICY**

It shall be the Policy of the County of El Paso to use the HOT funds in accordance with Texas Tax Code Sections 351.101(a) (1) -(2), and (4); 352.002(a)(2) & 352.102:

- A. For the acquisition of sites and the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both; Texas Tax Code § 351.101(a)(1);
- B. For the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants; Texas Tax Code § 351.101(a)(2);
- C. For general promotion and tourist advertising of the County and its vicinity, and conducting a solicitation program to attract conventions and visitors -any of which may be conducted by the County or through contracts with persons or organizations selected by the County. Texas Tax Code § 352.102(a)(2). Example: normal operating costs of County owned establishments such as museums and visitor centers that serve to educate the public about local County history and promote tourism.
- D. For the encouragement, promotion, improvement, or application of historical preservation and restoration either by the County or through contracts with persons or organizations selected by the County. Texas Tax Code § 352.102(a)(3). Example, for the renovation of County historic structures on public and private land located within historic districts and localities as determined by Commissioners Court provided that such renovation be tied to significant economic activity and job creation in support of heritage tourism.

III. **LIMITED AVAILABILITY AND USE**

- A. To qualify for support through County HOT Event Grant Funds, the event must take place within El Paso County and applicant must adequately

demonstrate in their application submission that they will receive substantial participation from tourists to utilize hotels within the County. Funding is limited to a maximum grant of \$5,000.00 per qualifying event. Requests over \$5,000.00 and above or outside the scope of this policy are subject to Commissioners Court review and discretionary approval.

- B. Allowable expenditures include, but are not limited to, the following:
 - i. Facility and entertainment equipment rentals
 - ii. Entertainment and performance fees
 - iii. Historical assets, projects, and events that are geographically located within El Paso County
 - iv. Marketing and Promotion
- C. Applicants requesting funds for the purpose of marketing and promoting El Paso County area events must demonstrate how tourism will be generated and must be applied toward communities outside of a 50-mile radius of El Paso County.
- D. A portion of revenues accrued during the event, program, or project receiving any type of HOT funding assistance should be channeled back to future costs of operating the same event or the continued operation of the project. No other outside event, project, charity, or organization may profit from the County's funding of a particular event, program, or project unless outlined and approved in the proposed budget.
- E. **Note:** Any funding requests with regards to historic building rehabilitation and preservation should refer to El Paso County Incentives Programs for additional grant funding opportunities. Please refer to the following link for more information and applications for County Grant and Incentives Programs: www.epcounty.com/economic.

IV. **APPLICATION PROCESS**

The County accepts requests for event support from individuals, groups, organizations such as non-profit and for-profit businesses whose program(s) meets the guidelines established within this policy.

- A. Applications shall be submitted in writing and sent to the County of El Paso, Economic Development Department, 500 E. San Antonio, Ste. 312; El Paso, TX 79901. Applications and attachments may also be submitted via e-mail directed to economicdevelopment@epcounty.com.
- B. In order to be considered for a County HOT Event Grant, the following documents are required to be submitted and comprise the completed HOT Event Grant Application. Applications will not be reviewed or considered unless all listed documents are provided:
 - i. HOT Funds Application

- ii. Tax filing status and Tax ID
 - iii. W-9 Form
 - iv. Form 1295 (please refer to the Texas Ethics Commission website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm and follow the instructions provided. Forms must be filed electronically)
 - v. Proof of Insurance
 - vi. Evidence of commitment to the event, promotion of tourism, and/or expected economic impact, to include hotel room nights. Examples of such evidence include:
 - vii. Proof of partnership and collaboration with area hotel industry facilities
Samples of tourism tracking mechanisms
 - viii. Examples of post-event surveys and evaluations to be distributed
- C. While it is preferred that the applicant have 501(c)(3) tax-exempt status, it is not required.
- D. Applicant may be requested to meet with economic development staff to review their application submission.
- E. Applications are reviewed by the County's Economic Development Department. HOT Event Grants of \$5,000.00 and below are subject to final approval by the County Chief Administrator. HOT Event Grants above \$5,000.00 are subject to approval by the El Paso County Commissioners Court. Such contracts may be renewable or non-renewable and shall specify:
- i. The public purpose that is to be served
 - ii. The amount to be allocated
 - iii. The terms of payment or reimbursement
 - iv. Measurable benchmarks or goals to be achieved as a result of the allocation
 - v. Renewable HOT fund allocation agreements must make significant progress towards achievement of stated benchmarks or goals.
 - vi. Post-Event, annual, and/or quarterly reporting as applicable per project
- F. Events shall establish the potential to generate overnight visitors, per section IV.B.5. Examples of supporting documentation include:
- i. Historic information on the number of room nights used during previous years of the same events, programs, or projects;
 - ii. Current information on the size of a room block that has been reserved at area hotels to accommodate anticipated overnight guests attending the event, program, or project requesting hotel tax funds;
 - iii. Samples of marketing materials used to promote the event, program, or project that are likely to generate and encourage overnight visitors to local lodging properties; or
 - iv. Providing past ticket sales data.

- G. Failure to receive funding in one budget year does not bar re-submission in the following budget year.
- H. Applications received less than 60 days prior to the event may not be considered.

V. SCREENING AND EVALUATION CRITERIA

- A. The County recognizes two basic categories of HOT funding candidates for annual or ongoing programs and events:
 - i. Annual or Ongoing Programs: The County recognizes there are certain organizations that provide tourism development and stimulate hotel occupancy through the use of HOT Funds on a year-round basis rather than for specific scheduled events. Recipients of these funds are generally under renewable contracts to care for, operate, and market historic County assets. These Annual Program recipients will be required to follow a distinct and separate annual funding process from all other public service agencies covered by this policy and event-specific HOT fund recipients.
 - ii. Event-based Programs: Event-based programs are events that are generally scheduled on specific dates. Event-based HOT funding will be limited to a maximum grant of \$5,000.00 per qualifying event. Organizers may apply again in successive years (e.g., for events that occur annually), but requests over \$5000.00 in a Fiscal Year are subject to Commissioners Court approval. Applications for funding from other government organizations, or that are outside the scope of heritage tourism, will be considered on a case by case basis.

Event based grant recipients are required to follow the application procedure as outlined in Section IV. of this policy. Economic Development Staff will review and process the application and either:

- a. Submit to the El Paso County Commissioners Court for requests over \$5,000.00 for final approval
 - b. Submit to the El Paso County Chief Administrator for requests \$5,000.00 and below for final approval.
- B. The County considers the quality of an event based on its innovative and artistic attributes, while weighing the effective use of community resources, along with the ability to produce and distribute quality marketing materials.
- C. The County also considers the administrative elements of an event, including:
 - i. Event budgets and other measures of fiscal accountability, and
 - ii. Community involvement and use of community resources including cooperation with other entities.
- D. Candidates who meet the above listed criteria, found in section V.B., and fall within the ongoing programming and event-based program categories will be

filtered through the application and funding process using a **Tiered Organization System**.

TIER 1: Includes County owned historical assets, statutory obligations, and previous commitments per Texas Hotel Occupancy Tax Code, Title 3 Local Taxation, Subtitle D, Chapter 352.

Examples include maintaining the operating budget for the El Paso County Historical Commission each Fiscal Year, and renewable service agreements on behalf of operations and maintenance of critical County historic buildings and sites such as the San Elizario Old County Jail and Los Portales Museum, Casa Ronquillo, and Concordia Cemetery.

TIER 2: Groups and organizations with a reputation for mounting events with heritage tourism appeal and who have demonstrated a prior capacity to promote and increase heritage tourism.

Examples include organizations hosting heritage tourism related events and programs such as Tom Lea Month organized by the Tom Lea Institute, or the San Elizario Historic Conference and Rio Grande Festival organized by the San Elizario Genealogy and Historical Society

TIER 3: Groups and organizations interested in garnering support beyond the \$5,000.00 event award cap. Such requests will require Commissioners Court approval. Funding will be allocated on a case by case basis-pending the availability of funds. The County Chief Administrator has the discretion to approve funding requests that are \$5,000.00 and below.

TIER 4: Groups and organizations interested in renting a County owned venue or facility for an event or program. Project must attract tourists and generate revenue for the County through use of its venues. The County may award funds and/or assist with marketing and promotion outside of El Paso County as a means of helping the tourist related event attract outside visitors to El Paso.

Examples of County venues include Ascarate Park, the San Elizario Placita, or the El Paso County Coliseum.

Examples include music festivals, and other such large scale events likely to increase HOT revenue.

VI. **POST EVENT REPORTING REQUIREMENTS**

A. As part of any agreement executed with the County the grantee must submit a Post-Event Evaluation within 30 days of completion of the funding period or event. The Post Event Evaluation should capture audience reaction and feedback, as well as all items outlined in the original application. Post Event Evaluation should also include samples of any advertisements produced with the use of HOT Funds.

B. Requests for reimbursement must include proof of payments via original receipts or copies of receipts reflecting actual monies expended. If applicant did not spend the total amount of funding awarded or funds were unlawfully expended, then that amount must be returned or refunded back to the

County. El Paso County Commissioners Court may also request a verbal follow up consultation during a regularly scheduled meeting as deemed necessary.

- C. Program or event should include an outline for tourism tracking. It is the applicant's responsibility to monitor the number of out-of-town guests who stay in local lodging properties in relation to their program or event.
- D. Grantees are expected to coordinate with hotel industry staff to properly track guest patronage in relation to the scheduled program or event as well as directly conduct surveys and evaluations with participants and attendees.
- E. If event tickets are sold, additional data should also be included as part of the Post Event Report.
- F. The County reserves the right to determine if partial or all funding should be reimbursed to the County if the organization or event did not meet the requirements of the contract.
- G. The County reserves the absolute and ongoing right to conduct an audit of any entity receiving HOT Funds to ensure correct use of County resources.

VII. **USE OF LOCAL VENDORS**

The County strongly encourages all event, program, and project organizers to patronize El Paso County businesses for any and all food, supplies, printing, linens, or other such event supplies and logistics services.

VIII. **DISCLAIMER**

- A. El Paso County is under no obligation to allocate any portion of collected Hotel Occupancy Tax Revenues unless the County enters into a funding contract.
- B. The adoption of this policy shall at no time be deemed to create any expectation that funds will be allocated to any one or more applicants.
- C. Award of funds does not guarantee future funding.
- D. All requests are contingent upon availability of funds.
- E. The County may enter into other agreements above and beyond this policy in pursuit of positive economic impact at the discretion of the Commissioners Court.
- F. Commissioners Court shall have the final authority regarding the allocation of funds pursuant to this policy.