



City of Rockwall
The New Horizon

May 25, 2022

Dear Organization President:

You are receiving this letter because your organization has applied for and/or received Hotel Occupancy Tax (HOT) funding from the City of Rockwall in support of local tourism and the arts. The Rockwall City Council provides financial support for eligible community programs and events in exchange for advertisement promoting Tourism, the Arts and Historical Preservation projects held inside the Rockwall city limits. The City Council adopted guidelines for allocating these funds are 1) Heads in beds – does the event/program increase the number of occupied hotel rooms, 2) Nine categories of funding authorized by State statute, and 3) Event advertising as a key element.

Quickly approaching is the City's 2023 budget year beginning October 1, 2022. Should you decide to apply for HOT funding for the new budget year, your completed 2023 application is due back to me on or before July 15, 2022 for consideration during the City's budget process.

I will be available to meet with you to discuss this funding program, provide assistance with completing the application and facilitate the required supporting documentation. To schedule a meeting, please contact me by phone or email. The 2023 application is enclosed and available on the City's web site at <http://www.rockwall.com/finance.asp>, listed under *Forms and Applications*. If you have not submitted your 2022 HOT supported Event Report to me, please remember to include this Report with your 2023 application. If your 2022 event is scheduled to take place after July 15th then submit your 2021 Event Report.

Kindest regards,

Lea Ann Ewing
Finance Department
lewing@rockwall.com
www.rockwall.com
972-771-7700 x 6418
Enclosure

LOCAL HOTEL OCCUPANCY TAX

PURPOSE

If a hotel guest is motivated to come to an area or to extend his/her stay to enjoy activities of funded entities, the local and state economies benefit. In turn, the room tax on the additional hotel nights operates as a continuing endowment to fund future activities and tourism related facilities in the area.

AUTHORIZED ENTITIES AND TAX RATE

Both general law and home rule cities are authorized to adopt a local hotel occupancy tax within the city limits. City of Rockwall's hotel occupancy tax rate is 13 % of the price paid for the use of a hotel room. The City receives 7% and the remaining 6% goes to the State.

USE OF LOCAL HOTEL OCCUPANCY TAX REVENUES

There is a two-part test that every expenditure of local hotel occupancy tax must meet to be valid.

Test #1: Every expenditure must DIRECTLY enhance and promote tourism and the convention and hotel industry.

A funded event or facility must be likely to do two things:

1. Directly promote tourism (Tourism is defined under Texas State law as bringing visitors from outside of the city into the city or its vicinity)
2. Directly promote the convention and hotel industry (This requirement has consistently been interpreted by the Attorney General's Municipal Affairs Section and by the Texas Municipal League. They have historically indicated that to directly promote hotel or convention activity, the event must be likely to cause increased hotel or convention activity.) If the funded activity, event, or facility is not reasonably likely to have such an effect, local hotel occupancy tax revenues cannot be funded. It is important to note that state law also provides that the hotel occupancy tax may not, in any circumstances, be used for purposes that the city usually expends its general revenues. It also may not be used to pay for governmental expenses that are not directly related to increasing tourism and hotel and convention activity.

Test #2: Every expenditure of the hotel occupancy tax must clearly fit into one of nine (9) statutorily provided categories for expenditure of local hotel occupancy tax revenues.

1. The establishment, improvement or maintenance of a convention or visitor center or both.
2. Administrative costs for facilitating convention registration (facilities, personnel, and materials).
3. The advertising, solicitations, and promotions that attract tourists and convention delegates to the City.
4. Encouragement, promotion, improvement and application of the arts (instrumental, vocal, dance, drama, architecture, painting, sculpture, photography, radio, television etc.)
5. Historical restoration and preservation projects and activities to encourage tourists to visit preserved historic sites and museums.
6. Sporting events to increase hotel activity.
7. Enhancement of existing sports facilities and/or fields.
8. Tourist Transportation systems.
9. Signage directing the public to sights and attractions frequently visited by hotel guests in the City.

If the City cannot fit an expenditure within one of these nine categories, hotel occupancy tax revenues cannot be used for that purpose.



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The New Horizon

Hotel Occupancy Tax

Program Year 2023

Events held Oct. 1, 2022 – Sept. 30, 2023

Application

MUST BE TYPED or PRINTED

Deliver to:

City of Rockwall Finance Office

Attn: Lea Ann Ewing

385 S. Goliad St., Rockwall, TX 75087

Ph. 972-771-7700 Fax 972-771-7728 lewing@rockwall.com

Organization Name:

Name of Event:

Date(s) of Event:

Funding Request \$:

Website Address:

Mailing Address:

Physical Address:

Telephone:

Fax:

Primary Contact Name:

(Project Director)

Mailing Address:

Email Address:

Telephone:

Fax:

Secondary Contact Name:

(President/Board Chairman)

Mailing Address:

Email Address:

Telephone:

Fax:

- ▶ COMPLETE AN APPLICATION FOR EACH EVENT/PROGRAM/EXHIBIT REQUESTING FUNDS
- ▶ INCOMPLETE APPLICATIONS WILL NOT BE FORWARDED TO THE COUNCIL SUBCOMMITTEE

7. What specific market will you target with the event/program's marketing plan? Attach up to 3 examples and evidence of marketing area and readership (Label Exhibit C).

8. The City of Rockwall must require segregated accounting of its Hotel funds. Organizations must maintain and account for revenue provided from the tax authorized by section 351.101(a) within one of the two options listed below.
 - a) Separate checking account without combining with any other revenues or maintained in any other bank account or
 - b) Maintain a line item accounting, whereby the Hotel revenues may not be combined with any other revenues or expenditures. The funds may be maintained in the same bank account, provided they are reported as a separate line item in the organization's budget. Interest earned on the Hotel revenues must be used to support the event/program as well.

Will the organization be able to segregate the accounting process in either a) or b) above? Yes

9. Provide all of the following documentation with this application and label each as outlined below.

- | | |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit A | Proposed budget for each event/program using attached form |
| Exhibit B | Letter of determination certifying federal tax exempt 501(c)(3) status |
| Exhibit C | Examples and evidence of marketing area and readership (limit 3) |
| Exhibit D | List members of the governing body including name, position, mailing address and phone number |
| Exhibit E | W-9 Form https://www.irs.gov/pub/irs-pdf/fw9.pdf |
| Exhibit F | Form 1295 https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm |

We certify, to the best of our ability, that the information in this application, including all exhibits and supporting documentation is true and correct to the best of our knowledge. It is understood and agreed that any funds awarded as a result of this application will be used for the purpose set for herein and the program guidelines.

President/ Board Chairman:

Date

Print Name

Signature

Event/Program Director:

Date

Print Name

Signature

Both signatures are required for the application to be complete.

EXHIBIT A

**Hotel Occupancy Tax Funding Request
Event/Program Budget - Program Year 2023**

Financial information (round to the nearest dollar). Include a completed copy of this budget with funding request application.

Organization Name: _____
 Event/Program Name: _____
 Requested Funding: \$ _____

Expenses (for this project only)		Total Expenses	HOT Funding \$ Request	Additional Justification for HOT Funding Request
1. Personnel	\$			
Administrative				
Artistic				
Technical				
Other personnel				
2. Fees for outside professional services				
Administrative				
Artistic				
Technical				
3. Space Rental				
4. Equipment Rental				
5. Travel/Transportation				
6. Promotion/Printing				
7. Costumes/Royalties				
8. Other (supplies, postage etc.)				
9. Sub -Totals				
10. Total Expenses				

Revenues (for this project only)				
1. Total Amount of HOT Fund Request	\$		Revenue - additional remarks	
2. Admissions (ticket and concessions)				
3. Donations				
4. Organizational funds budgeted				
5. Grants (State)				
6. Other (list):				
7. Other (list):				
8. Other (list):				
9. Other (list):				
10. Total income and contributions				
11. Total In-Kind				
12. Total Revenues				

Financial Information (for this project only)					
Fiscal Year (Oct. 1st - Sept. 30th)		2020 Actual	2021 Actual	2022 Actual	2023 Proposed
Total Revenues (including HOT funds)	\$				
Total Expenses	\$				
Total HOT funds awarded	\$				

Exhibits B-F to follow

If you are submitting more than one application (one for each event/program funding) only provide one copy of the following documents/exhibits with your submittal:

- | | |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit B | Letter of determination certifying federal tax exempt 501(c)(3) status |
| Exhibit D | List members of the governing body including name, position, mailing address and phone number |
| Exhibit E | W-9 Form https://www.irs.gov/pub/irs-pdf/fw9.pdf? |
| Exhibit F | Form 1295 https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm |