

RESOLUTION NO. 836-19

A RESOLUTION OF THE CITY OF BALCH SPRINGS DECLARING THE POLICY FOR THE USE OF HOTEL OCCUPANCY FUNDS AND ESTABLISHING A PROCEDURE FOR SUCH USE

WHEREAS, pursuant to Chapter 351, Texas Tax Code, the City of Balch Springs collects Hotel Occupancy Tax (“HOT”) funds, the purposes of use of which is established by state law; and

WHEREAS, it is the City Council’s desire to comply with The Balch Springs Code of Ordinances regarding membership eligibility to City Boards and Commission, as the same relates to the Tourism Advisory Board; and

WHEREAS, it is the desire of the City Council of the City of Balch Springs to declare and adopt a policy for the use of such funds that is consistent with state law and which informs the public of the availability, purpose, and manner of utilizing such funds for worthy, eligible purposes;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BALCH SPRINGS, THAT:

Section 1. The foregoing recitals are adopted and incorporated herein for all purposes.

Section 2. this resolution replaces Resolution 722-13

Section 3. Purpose: The purpose of the City of Balch Springs Hotel Occupancy Tax (HOT) Program is to directly enhance and promote tourism and the convention and hotel industry by allocating one hundred percent (100%) of the Hotel Occupancy Tax (HOT) to those purposes allowed by state law, which shall include funds to be distributed via grants for eligible projects and organizations as part of the annual budget process. As such, all programs, activities and events that receive HOT funds must be designed to attract outside visitors to Balch Springs. The event, project, or facility for which such funds are to be used must be likely to cause increased hotel or convention activity in the City. This activity may result from hotel or convention guests that are already in town for another purpose who choose to attend the funded activity or facility or may result from individuals that come from another city or county to stay in an area lodging property, or at least in part, in order to attend the funded event or facility. These guidelines apply to outside persons and organizations and are designed to allow for funding of more events in the city, thereby increasing advertising and enhancing the economy of Balch Springs.

Section 4. City Policy. The City of Balch Springs will accept applications from Balch Springs organizations, groups, and businesses whose program(s) fall into one of the categories for tourism and other activities set forth by the state law. All requests for funds should be submitted in accordance to the provisions in the application for HOT funds (Exhibit A). The application will be reviewed by the Tourism Advisory Committee on an as needed basis.

Section 5. Tourism Advisory Committee. There is hereby established a Tourism Advisory Committee that shall assist in the administration and oversight of the use of HOT funds. The Committee shall be appointed by the City Council and shall consist of seven regular members and two alternates. In accordance with Section 2-186 of the Balch Springs Code of Ordinances voting members shall be selected from among the residents of the City. The Economic Development and Tourism Departments shall serve as staff liaisons for the Committee. The Committee shall select from its members a President and Vice-President and shall meet as-needed in order to carry out the purposes of this Resolution, and shall be assisted by City staff on a time-available basis. The Committee shall have authority to make a final decision regarding the use of HOT funds up to \$2,500.00. Any requests exceeding \$2,501.00. must be approved by the City Council. At no time shall a member of the Committee vote on any funding request in which the member is associated, either directly or indirectly, with the organization requesting the funding. The Committee Meetings shall be open to the public and shall follow the procedures provided by the Texas Open Meetings Act. At least annually, the coordinator shall give a written report to City Council of the status of the HOT Fund and provide a list of awardees of the HOT funds. Appointments shall be for two years.

Section 4. Use of HOT Revenue.

In order to attract tourists and visitors to the City of Balch Springs, the city shall promote certain activities by the payment of a portion of the municipal HOT revenue to the Balch Springs Tourism Advisory Committee subject to the following regulations:

- (a) The payment and use shall be subject to state law.
- (b) In general, the funds shall be divided for the following purpose and in the following percentages:
 - i. Convention and Visitors Bureau purpose and/or program administration: twenty percent (20%); and
 - ii. Advertising for tourism related advertising and promotion of the city fifteen percent (15%); and
 - iii. Promotion of the Arts: ten percent (10%); and
 - iv. Historical restoration and preservation ten percent (10%); and
 - v. Maintenance and upgrades to the Civic Center twenty percent (20%); and
 - vi. Eligible Tourism Events (City Events and City Sporting Events) twenty percent (20%); and
 - vii. The remaining five percent (5%) shall be distributed amongst the above listed categories at the Committees discretion.
- (c) Funds currently available at the end of each fiscal year shall be allocated in the manner and percentages stated in subpart (b).

Section 5. Use of Tax Revenue for Convention and Visitor Center Purposes.

In order to construct, improve, enlarge, equip, repair operation and maintenance and use of convention facilities or visitor information centers in the City of Balch Springs, the City shall make available a portion of the HOT revenue to the Tourism Advisory Committee subject to the following regulations:

- (a) The fund to be expended under this section shall be used for the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing operation and maintenance of convention facilities or visitor information centers, or both. This includes civic centers, civic center buildings, auditoriums, coliseums and exhibition halls owned by the City of Balch Springs or managed in whole or part by the City of Balch Springs. It also includes parking areas or facilities for the parking or storage of motor vehicles or other conveyances located at or in the immediate vicinity of the convention center facilities);
- (b) The furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;
- (c) Advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity; and
- (d) Other terms and conditions to be established by contract approved by the City Council.

Section 6. Use of HOT Funds for Promotion of the Arts, Historical Preservation or Restoration and Special City-Wide events.

In order to promote the Arts in manners that directly encourage tourism and the hotel and convention industry, the City shall make available a portion of the HOT revenue to the Tourism Advisory Committee subject to the following regulations:

- (a) Eligible projects, events, and organizations shall be those that encourage, promote, improve, or apply 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; and
- (b) Eligible projects, events and organizations shall be those that encourage, promote, improve, or apply historical restoration or preservation projects or activities, including advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums: (i) at or in the immediate vicinity of convention center facilities or visitor information centers; or (ii) located elsewhere in the municipality or its vicinity that would be frequented by tourists and convention delegates.
- (c) Priority will be given to those events and entities based on their ability to generate overnight visitors to the City of Balch Springs.
- (d) Events must have the capability of growing either by number of participants or spectators. Furthermore, events must not limit attendance by age, sex or race or limit spectators to a small number.

(e) Events must be open to the public. The City encourages persons and organizations to hold annual events.

(f) The City of Balch Springs encourages all event organizers to patronize Balch Springs businesses for food, supplies, materials, printing, etc., as these same businesses many times are asked to financially support local events. The City of Balch Springs encourages overnight guests to stay in local hotels/motels.

(g) No funds are to be used for events that have already been completed or fully funded.

(h) Funding available for "advertising costs" shall mean:

(i) All promotional material must prominently display the official City of Balch Springs logo.

(j) All promotion/advertising must reach target audiences at least 20 miles outside the City of Balch Springs.

(k) The costs for newspaper, magazine, television, radio, billboard and Internet ads; and

(l) the costs of brochures and fliers which are used to advertise events prior to the event and not handed out at the event; and postage and printing for mail-outs. Funds are only authorized to be used on the specific, requested advertising expense for which they are authorized and cannot be applied to another, different advertising expense. For example, if \$500.00 is authorized for newspaper ads and \$1500.00 is authorized for billboard advertising, no part of the \$500.00 may be applied to billboard advertising and no part of the \$1,500.00 may be applied to the newspaper ad(s).

Section 7 City - Sponsored Events

In order to promote City Events that directly encourage tourism and the hotel and convention industry, the City shall make available a portion of the HOT revenue to the Tourism Advisory Committee for City of Balch Springs sponsored events and city sporting events. Events that are not eligible are:

(a) Pyro Technic shows (fireworks)

(b) Community based events that do not promote tourism

Section 8. Funding Criteria and Application Process for Grants of HOT Funds

(a) In each fiscal year budget, the City Council may allocate specific sums of HOT funds for projects/activities/programs that qualify for funding under Sections 4 through 7. Such sums will be set aside for the project, activity or program delineated in the budget. Funds allocated in a given fiscal year but not expended may be carried over to the succeeding fiscal year upon council approval through the budget process. The percentages for use of HOT funds contained in Section 4 shall be followed to the extent feasible, but the Council may elect to budget amounts in different percentages when it believes that doing so will more fully promote tourism and the purposes for which HOT Funds may be used.

(b) Priority shall be given to applicants that are non-profit organizations, being either 501(c) (3) or similarly organized and incorporated associations devoted to purposes that benefit the community and the public. However, businesses, commercial, and private entities may apply for a grant of HOT funds for a project or purpose that is clearly eligible under state law and which is consistent with the policy of this Resolution.

(c) The following application procedures will apply:

- i. A complete package that includes Exhibit "A," the City of Balch Springs Grant Application for Hotel Occupancy Tax Funds shall be made available online or contacting the City of Balch Springs Economic Development or Tourism Department, 13503 Alexander Road, Balch Springs, TX 75181.
- ii. Applications must be completely filled out with all required documentation attached and submitted in accordance to the provisions in the application for HOT funds; however, funding of the event will be subject to the availability of funds.
- iii. Historical project, activity or program application(s) for funding must include an itemized list of cost estimates.
- iv. Supplemental Information Required with Application: Along with the application, applicants must submit the following:
 - (A) Proposed Marketing Plan for Funded Event
 - (B) Schedule of Activities or Events Relating to the Funded Project
 - (C) W-9 form with application (if applicable).
- v. Applications for "historical restoration" projects/activities/programs must include (A) documentation supporting the historical importance, (B) an outline of overall project cost, (C) a schedule of project segments and final completion date(s) and (D) if applicable or available, detailed engineering, architectural or designer plans.
- vi. Applicants shall be required to attend a TAC Meeting and if required a City Council meeting and/or workshop in order to answer questions and to discuss the event. Applicants will be given five minutes to make a formal presentation.
- vii. Applicants will be notified by the City in writing of the decision regarding their funding requests and shall be furnished a copy of the Tourist Advisory Committee Form attached hereto as Exhibit "B."
- viii. The maximum amount to be considered per application is \$2,500. Requests over \$2,500 may be considered by the City Council.
- ix. No funds will be released more than forty-five (45) days prior to the event/project for applicants approved for funding per established guidelines.

- x. Even if funding is approved, funds may be withheld if reporting or other requirements imposed by the City Council are not met.

(d) Priority will be given to those events and entities based on their ability to generate overnight visitors to Balch Springs. Events can prove this potential to generate overnight visitors by:

- i. Historic information on the number of room nights used during previous years of the same events;
- 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 requesting hotel tax funds;
- iii. Historical information on the number of guests at hotel or other lodging facilities that attended the funded event; and/or
- iv. Examples of marketing of the programs and activities that are likely to generate encourage overnight visitors to local lodging properties.

(d) The Tourism Advisory Committee and the City Council shall encourage all event organizers to patronize Balch Springs businesses for food, supplies, materials, printing, and other procurement.

(e) The Committee's decision on funding shall be final.

Section 9. Post-Event Requirements.

(a) The entity agrees to submit a final report no later than 45 days of conclusion of a funded event/project, the Applicant shall submit to the City a follow-up financial report titled City of Balch Springs Follow-Up Report for Events funded by Hotel Occupancy Tax Funds. The Final report must include the following:

- (1) Copies of all invoices, receipts, cancelled checks or bank statements for the activity, program or event;
- (2) Profit/loss statement for the activity, program or event;
- (3) Copies of advertisements and other promotional activity related to the activity, program or event.
- (4) Pictures of event
- (5) Hotel survey report regarding the number of hotel room nights consumed for those attending the activity, program or event if possible.

(b) Persons receiving funds for ongoing historic or other projects must submit to the City every six months a written report containing the specific progress of each segment of the project and an update on completion dates for unfinished or remaining segments.

(c) The City reserves the right to periodically evaluate an event or project.

(d) Grants of HOT revenues may statutorily be used only for the promotion of tourism. Expenditure of funds for unauthorized purposes may result in recapture and/or enter into funding decisions in future funding cycles.

(e) If the Applicant fails to submit the follow-up report and/or does not refund the HOT funds required to be refunded by these guidelines within the stated time period, the Applicant may not be considered for funding in any succeeding fiscal year budget.

(f) The City will seek payment of refunds according to law.

(g) All requests, applications and reports will be filed with and administered through the City of Balch Springs Economic Development and Tourism Departments. Copies will be routed to appropriate City staff.

Section 10. Use of Revenues from Event

A portion of the revenues from any event and/or project receiving any type of funding assistance from the HOT funds should be channeled back into the future costs of operating that same event or the continued operation of the project. No other outside event(s), project, charity, etc., sponsored by the host organization may profit from the City of Balch Springs funding of a particular event. Priority shall be given to projects and events for which some portion of revenues generated thereby is to be made available for such future purposes.

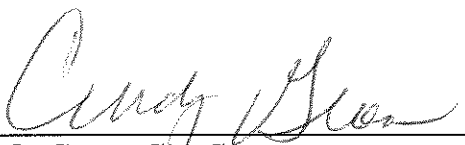
ADOPTED AND APPROVED ON APRIL 22, 2019. THIS RESOLUTION WILL BECOME EFFECTIVE ON OCTOBER 1, 2019.

CITY OF BALCH SPRINGS



Steven Gorwood, Mayor

ATTEST:



Cindy Gross, City Secretary

EXHIBIT "A"

HOTEL OCCUPANCY TAX USE GUIDELINES
UNDER TEXAS STATE LAW AND FUNDING APPLICATION FORM

State Law: By law of the State of Texas, the City of Balch Springs collects a Hotel Occupancy Tax (HOT) from its hotels and motels. Under state law, the revenue from the HOT may be used only to directly promote tourism and the convention and hotel industry. **Chapter 351 of the Tax Code states that the use of HOT funds is limited to:**

- i) **Convention Centers and Visitor Information Centers:** the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing operation and maintenance of convention facilities or visitor information centers, or both;
- ii) **Registration of Convention Delegates:** the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;
- iii) **Advertising, Solicitations and Promotions that Directly Promote Tourism and the Hotel and Convention Industry:** advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;
- iv) **Promotions of the Arts that Directly Promote Tourism and the Hotel and Convention Industry:** that 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 picture, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms, and
- v) **Historical Restoration and Preservation Activities that Directly Promote Tourism and the Hotel and Convention Industry:** historical restoration and preservation projects or activities or advertising and conducting solicitation and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums.
- vi) **Sporting Event Expenses that Substantially Increase Economic Activity at Hotels:** Expenses including promotional expenses directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the city or its vicinity.