

# Hotel Occupancy Tax



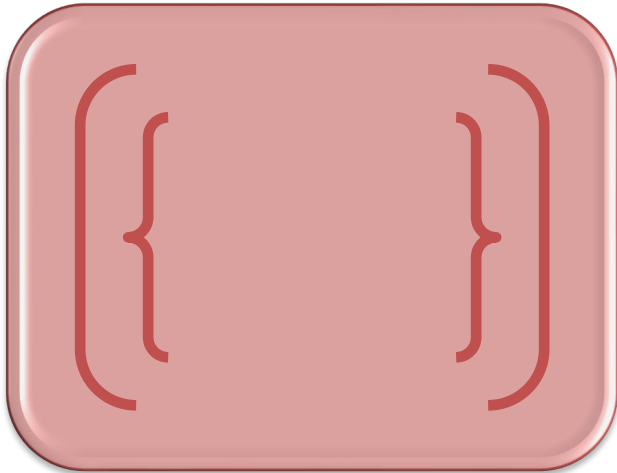
# Governing Legislation

## Tax Code

- State
  - Chapter 156
- Municipalities/Cities
  - Chapter 351
- Counties
  - Chapter 352



# Disclaimer



- General Provisions
- Heavily bracketed
- Seek legal counsel

# When does Local Hotel Tax Apply?

## **Charge Local HOT**

- Hotel rooms
- Lump sum packages

## **Do not charge Local HOT**

- Food
- Meeting Spaces



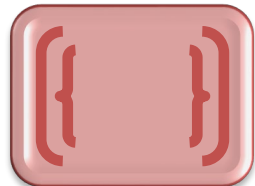
# Tax Rate

$\leq 7\%$

Cities

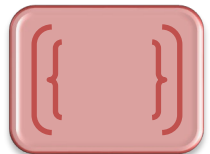
ETJs

Counties

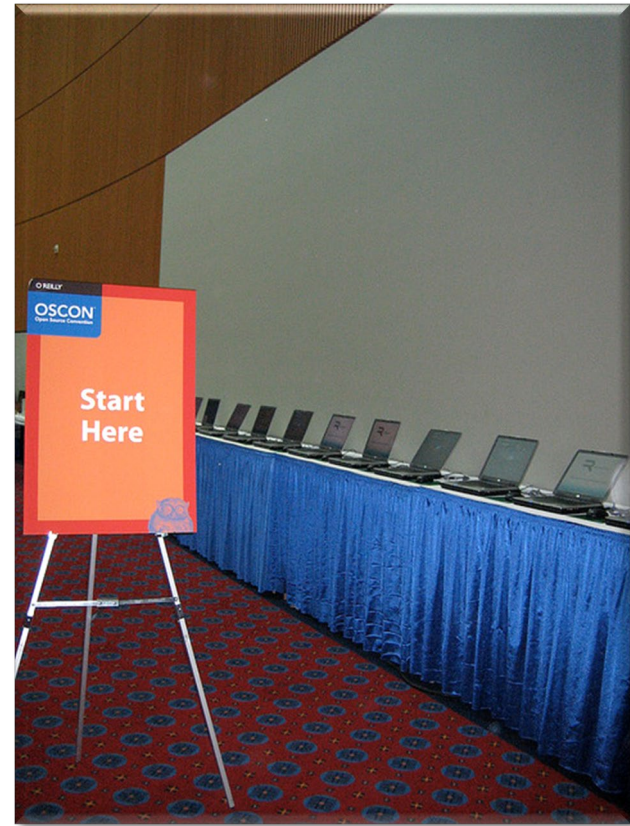


# Use of HOT Revenue

Revenue from the municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry.



# Eligible Projects





# Eligible Projects





# Eligible Projects



# Eligible Projects





# Eligible Projects



# Other Uses

- Bonds
- Management contracts



\*Revenue derived from hotel occupancy tax cannot be used for general revenue or expenditures\*

# Management Contracts

Local governments may contract with a person, another governmental entity or a private organization to manage or supervise the programs and activities funded with hotel tax revenue.

# Contract Responsibilities

- Annual budget approved by governing body
- Periodic reports at least quarterly
- Separate account for HOT revenue
- Contractor's fiduciary duty
- Financial Records



# Arts Subcontract

A person receiving a grant from the municipality for the encouragement, promotion, improvement and application of the arts may contract with another person for the project.



# Revenue Expenditures

Day-to-Day  
Operations

Supplies

Salaries

Office Rental

Travel  
Expenses

Administrative  
Costs

# Tax Allocation - Cities

## **Advertising**

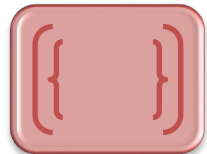
At least 50%  
of HOT  
Revenue

## **Arts**

At least 15%  
or 1% of the  
cost of a  
room,  
whichever is  
greater

## **Historical Restoration**

50% for cities  
allocating  
revenue  
towards their  
convention  
center or  
visitor center,  
otherwise 15%



**For any additional questions on HOT,  
please contact me at  
[heather.hampton@cpa.texas.gov](mailto:heather.hampton@cpa.texas.gov) or  
512-936-1866**

**Visit our Local Government HOT  
webpage**

**[Comptroller.texas.gov/economy/local/hotel.php](http://Comptroller.texas.gov/economy/local/hotel.php)**