



April 21, 2023

Tourism Grant Funds – Applications Being Accepted for 2023-2024
DEADLINE TO FILE GRANT APPLICATION
June 15, 2023

Your event was a success the past year and now it is time to begin the Junction Tourism Grant Funding Application Process for the upcoming year. If you would like for JTTB to consider grant funding again for your event or a new event please complete an application and submit it by June 15, 2023.

Funding for these requests are for events from October 2023 – September 2024.

The primary objective of the Junction Texas Tourism Board (JTTB) is to entice travelers to the area, with a focus on maximizing hotel occupancy and promoting local businesses.

An application is attached or you may access it online at www.junctiontexas.com

Submit completed applications by June 15th to:

Email: cherylzherring@gmail.com

If you have any questions email me or call/text: 210-289-2982.

Thank you,
Cheryl Herring

Texas Hotel Occupancy Tax Rules

Junction Texas Tourism

Under Texas law, local HOT revenue can be used only to directly promote tourism and the convention/hotel industry. This means the proceeds should be spent on projects or events that result in visitors or attendees staying overnight in the community, generating more hotel occupancy tax. The Texas Municipal League describes this as the first part of a two-part test it calls the [hotel tax "two-step."](#) 1) Heads in Beds, 2) Nine possible categories to qualify.

Provided the first test of directly promoting tourism and hotel activity is met, the expenditure then must fit into one of the categories authorized by statute. According to the Comptroller's Data Analysis & Transparency Division, these categories include:

- the construction, maintenance and operation of a convention or visitor center;
- facilities and personnel for the registration of convention delegates;
- advertising and promotional programs to attract tourists;
- encouragement and promotion of the arts;
- historical restoration and preservation projects;
- advertising to encourage tourists to visit historic sites and museums;
- signage directing the public to sights and attractions frequently visited by tourists;
- certain transportation systems serving tourists and hotel guests;
- and, for certain cities,
- sporting events for which the majority of participants come from out of town;
- qualifying sports facilities that routinely host regional or national tournaments; and
- Coliseums or multiuse facilities

A Report is required to be submitted within sixty days of the completion of the event/program. Send to cherylherring@gmail.com, drop by the City Office, or attend the JTTB meeting following the event.

Specify if funds to hold this event are needed prior to the event for purchases:
Yes_____ No_____

Date advance money is needed:_____

If funds are needed prior to the event – documentation/quotes/receipts will be required before funds will be released. It is preferable that funds needed in advance are made out and mailed to specific vendors for the specific event.

Junction Texas Tourism Grant Application Event Request for Funds

Current Date_____

Amount of Funds Being Requested:_____

Name of Organization:_____

Name of Event:_____

Name of Contact Person:_____

Contact Person Phone Number:_____

Contact Person Mailing Address:_____

Contact Person Email Address:_____

Date of Event:_____ **Number of Years Held**_____

Description of Event:_____

If Applicable:

Anticipated Number of Attendees:_____ Nbr. of Participants_____

Anticipated Number of Hotel Rooms Needed:_____

Certification: I understand the State of Texas limitation placed on use of HOT funds and certify that the requested funds will be used only for purposed described in the JTTB guidelines.

Signature_____

Date_____

By Bennett Sandlin
TML Executive Director



The Hotel Tax “Two-Step”



In the grand scheme of things, city hotel occupancy taxes account for just a small amount of city revenue. Property taxes and sales taxes are far more important to most cities. Why does it seem, then, that hotel taxes generate so much confusion and controversy?

The answer is this: hotel taxes, unlike most other taxes, are levied on a specific category of businesses—hotels. As a result, these businesses tend to pay close attention to how cities expend these funds. Spend city sales taxes in a controversial way, and no particular category of business feels singled out enough to raise a fuss. Perceived misuses of hotel taxes, on the other hand, are a different story.

Fortunately, it's very easy for a city official to remember how to legally spend hotel taxes. A city simply needs to remind itself to always follow the “two-part test.” The key element of a two-part test is—surprise—that it has two

parts! Cities frequently remember to meet one element of the test, but then forget the other part entirely. This article will succinctly describe the two-part test, and then describe some common situations to which we can apply the test.

Part 1: Heads in Beds

The first element of the two-part test is this: Every expenditure of hotel taxes must put “heads in beds.” What this means is that every funded project must attract overnight tourists to the city's hotels and motels, thus promoting the city's hotel industry.

For example, how about a weekend-long arts and crafts show? There's a very good chance that out-of-town guests might come to visit such an event, so expenditure of hotel tax money on that event would likely qualify.

On the other hand, how about a quilting bee at a local nursing home? While a worthy cause, the quilting bee is unlikely to attract overnight tourists and, therefore, probably wouldn't qualify to receive hotel tax funds.

Part 2: The Nine Categories

Once a project has cleared the first part of the test, it's time for—you guessed it—the second part of the test. Here it is: every expenditure of hotel taxes must *also* fit into one of nine statutorily authorized categories. These are the nine categories: (1) convention and visitor centers; (2) convention registration; (3) advertising the city; (4) promotion of the arts; (5) historical restoration and preservation; (6) sporting events in a county under one million in population; (7) enhancing or upgrading existing sports facilities or sports fields (only in certain cities); (8) tourist transportation systems; and (9) signage directing the public to sights and attractions that are visited frequently by hotel guests in the city.

Thus, even if an event puts heads in beds, it cannot receive hotel tax money unless it *also* fits into one of the nine categories. For instance, what about a livestock auction that will attract attendees from surrounding counties? While that event is likely to attract overnight tourists, it doesn't fit neatly into one of the nine categories. Therefore, it's likely not a valid recipient of hotel tax money.

It's not enough to meet one of the two prongs of the two-part test. A city must meet both! The following are some real-life examples that have been the focus of inquiries received by the TML Legal Department.

Fireworks, Anyone?

The prototype hotel tax controversy is an event like a fireworks show or a parade. Cities frequently ask if they can fund a fireworks show with hotel tax money.

Let's subject a fireworks show to the two-part test. Does a fireworks show put heads in beds? The answer is “probably

not,” unless it is a truly spectacular event. But let’s give it the benefit of the doubt. Suppose the town of Pyrotechnic, Texas, truly does put on a fireworks extravaganza that attracts tourists from around the state. So far, so good.

But what about the second part of the test—the nine categories? Do fireworks shows fit neatly into any of the nine? Not really. Some may argue that such shows “advertise” the city, but this is likely not what that category means. Advertising the city literally means some sort of print or other media that explicitly promote the city. Otherwise, a city could simply say that any popular event “advertises” the city that holds it. Direct funding of fireworks displays and the like are, usually, not a very good fit.

Sign of the Times?

Another frequent question concerns highway signs promoting the city. May a city fund a billboard routing the city’s attractions, restaurants, and hotels? Let’s put it to the two-part test. Heads in beds? Well, why not? If a billboard encourages motorists to stop in town, those motorists might stay the night, whereas without the sign they would have driven on to the next city. This is exactly what the statute intends. The nine categories? How about advertising? Prior to 2009, a convincing argument could be made that because a billboard literally advertises the city it refers to, it would fit within the advertising category. All doubt was erased in 2009, when the Texas Legislature added the ninth category—signage directing the public to sights and attractions. Conclusion—travel signs are a perfect fit for hotel occupancy tax expenditures.

Chambers of Commerce?

Cities frequently wonder if they can fund the local chamber of commerce using hotel tax money. Do chambers put heads in beds? Maybe, maybe not. Chambers of commerce are typically charged with promoting economic development, not tourism. Even assuming a chamber does promote tourism, though, how about the nine categories? Funding a chamber doesn’t, in itself, fall into any of the nine categories.

Fortunately, there is an easy solution. The laws governing hotel tax expenditures permit the city to delegate expenditure of hotel tax money to another entity, typically a chamber or convention and visitor bureau. As long as the chamber spends the money on projects that otherwise meet the two-part test mentioned above, it’s fine to delegate some funds to them. There must be a written contract laying out the duties of the chamber, though. Also, the chamber must keep the hotel funds in an account separate from its general operating fund.

Arts Organizations

City arts organizations are a common trouble area. It seems that every arts council in the state knows that promotion of the arts is one of the nine categories on which city hotel taxes may be expended. Cities know this because these arts groups frequently come asking for the money.

The thing to remember about arts groups is this: Direct funding of the organization’s operations does nothing in and of itself to put “heads in beds.” Put another way, funding the operating budget of an arts council meets the second part of the test (promotion of the arts) but not necessarily the first.

The solution? The city should encourage the group to seek funding only for its festivals and shows that do, in fact, attract tourists to the city. By limiting the expenditure to such events, the city meets both parts of the test.

What Else?

There are numerous other technical details about how to legally expend hotel tax funds. In truth, by simply learning and remembering the two-part test, city officials are 99 percent of the way toward full compliance with hotel tax laws. City officials with questions about the hotel occupancy tax should call the TML Legal Department at 512-231-7400. ★



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