



Local Hotel Tax Funding of the Arts by Texas Cities

Agreed to Guidelines Presented by Texans for the Arts and the Texas Hotel & Lodging Association.

The Texas Hotel & Lodging Association ("THLA") is a nonprofit trade association representing every aspect of the lodging, convention and tourism industry in Texas. Texans for the Arts ("TFA") is the statewide arts advocacy organization that works to protect and increase public funding for the arts and to promote policies that support the arts as both an enriching cultural resource and a powerful engine for economic growth and development in Texas.

The Municipal Hotel Occupancy Tax Statute (the "MHOT Statute"), Texas Tax Code § 351.101, provides that local Hotel Occupancy Tax ("HOT") revenues may be used to fund nine eligible categories of expenditures that have been found to promote tourism and the hotel and convention industries, including expenditures that promote specific art forms. Sections § 351.101, and Subsection (a) (4) that was added by the Legislature in 1977, provide that revenue from the municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and allows the following types of arts related expenditures:

"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 pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms."

THLA and TFA have formed a partnership to assist local governments, state legislators, and tourism leaders throughout Texas to better understand and implement the statutory provisions under the MHOT Statute as they relate to arts related expenditures.

In order to comply with the MHOT Statute, THLA and TFA agree that to be eligible for local hotel tax arts funding, recipients must satisfy the following three requirements:

1. The recipient must present, perform, promote, encourage or otherwise make possible, artistic events, cultural performances, programs, exhibitions or lectures involving any of the major art forms listed in Texas Tax Code Section 351.101 (a) (4), or "other arts related to the presentation, performance, execution and exhibition of these major art forms."
2. The hotel occupancy tax funded programs, facilities, and/or events are advertised and open to the general public.
3. The hotel occupancy tax for funded programs, facilities, and/or events shall be expended in a manner directly enhancing and promoting tourism and the convention and hotel industry.

With regard to the requirement within Number 3 to directly enhance and promote tourism and the convention and hotel industry, THLA and TFA agree that the MHOT Statute does not require a recipient to demonstrate a proportionate level of direct impact on tourism and the convention and hotel industry to be eligible for HOT funding. However, the demonstration of some level of direct impact on tourism and the convention and hotel industry is required.

The MHOT statutes do not provide a specific methodology for determining a recipient's direct impact on tourism and the convention and hotel industry. Each community has the flexibility, consistent with state law provisions, to consider a number of factors to show a direct impact on tourism and the hotel and convention industry.

Listed below are examples and strategies of what we believe could constitute a direct impact on tourism and the hotel and convention industry from the use of local hotel tax funds. The lists are not exhaustive. Each community may have other examples or determine other strategies to help achieve a direct impact on tourism and the hotel and convention industry.

Examples demonstrating Direct Impacts by Arts Entities on Tourism and the Hotel/Convention Industry (non-exhaustive list):

***Offering Arts Events as Part of a Tourism/Hotel Event:** The hotel tax funded arts entity may show a direct impact on the hotel and convention industry by providing entertainment or arts related services for conventions, conferences and meetings that are attended in whole or part by convention and/or hotel guests.

*** Use of Hotel Facilities/Services by the Arts:** The hotel tax funded arts entity may show a direct impact on the hotel and convention industry by using local lodging facilities and/or lodging services for galas or other events that are held by the hotel tax funded arts entity or through the use of hotel dining or hotel entertainment facilities by arts patrons either before and/or after hotel tax funded arts events.

* **Creating or Causing Room Night Activity at Area Hotels:** The hotel tax funded arts entity may show a direct impact on the hotel and convention industry through the reservation of hotel rooms for visiting artists and/or showing other hotel activity that is directly attributable to the hotel tax funded arts event or facility.

* **Surveying of Attendees at Arts Related Events:** The hotel tax funded arts entity may show a direct impact on the hotel and convention industry through audience or attendee questionnaires, polling, hotel block booking codes, or other methods that show hotel night or other hotel or convention activity that is directly attributable to the hotel tax funded arts event or facility.

Strategies That Hotel Tax Funded Arts Entities May Use to Achieve a Direct Impact on Tourism and the Hotel and Convention Industry:

* **Enhance the Information Given to Hotel Staff/Guests about Area Arts Offerings:** The hotel tax funded arts entity may work with its area lodging operators and/or the convention and visitors' bureau (CVB), to promote local arts events through hotel concierge services, training of hotel staff, hotel or CVB communications, or other similar measures to inform hotel staff and hotel guests of local arts-related offerings. Such communications can help encourage hotel guests to extend their stay in area hotels and/or to make a return visit to the area and its lodging facilities.

* **Promotion of the Arts through Standard Media and Social Media Marketing:** The hotel tax funded arts entity may promote or market its events outside of the local area through standard media promotions or advertising, websites, mailing lists, local, regional and national listings in publications, electronic calendars, as well as through the use of social media. When appropriate, such communications can include a link that provides information about area hotels and any negotiated rates or room blocks for the hotel tax funded arts event or facility.

* **Increasing Awareness of the Arts Through Creation of an Arts or Cultural District:** To increase awareness of the arts to tourists, a hotel tax funded arts entity may produce its events in conjunction with or within the boundaries of an arts or cultural district or within a Cultural and Fine Arts District that is established by the Texas Commission on the Arts pursuant to Texas Government Code § 444.031.

* **Continued Coverage of Arts Related Offerings in Outside Area Media:** The hotel tax funded arts entity may work to ensure that a performance, exhibition or other event sponsored by the arts entity is reviewed or otherwise noted in a publication that circulates outside of the local community. Such continued coverage can help promote tourism and hotel activity to the area.

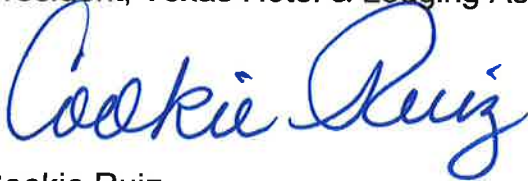
*** Hold the Arts Event in a Venue that is Likely to be Accessed by Both Residents and Tourists:** The hotel tax funded arts entity may hold the arts event in a facility or location that is likely to be accessed by tourists and hotel and convention guests.

THLA and TFA share the goal of growing and advancing tourism and the convention and hotel industry through the collective promotion of the arts and the encouragement of tourists, convention and hotel guests to attend artistic and cultural events. To this end, THLA and TFA are in the process of creating joint programs and model documents that can be used throughout the State to better market local artistic and cultural events to hotel and convention guests prior to and during their visits to an area. Similarly, TFA and THLA will work to encourage creative strategies and long term partnerships between local artistic and cultural event hosts and local hotels and convention and visitor bureaus to enhance the potential impact of local hotel tax-funded arts programs on tourism and area hotel and convention activity.

THLA and TFA will continue to provide assistance and information about these guidelines to members, arts organizations and HOT funded arts entities in order to foster understanding of the MHOT Statute and to stimulate collaboration between the local arts communities and the hotel and tourism industries. THLA and TFA will also continue working together to nurture mutual cooperation understanding, and advocacy among all partners invested in the arts, culture and tourism.



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