

Hotel Occupancy Tax Compliance Policy

In accordance with State law, the City of Kerrville collects a Hotel Occupancy Tax (HOT) from hotels, bed and breakfasts, short-term rentals, and other lodging facilities. The revenue from the HOT fund may be used only to directly promote tourism and the hotel and convention industry. Chapter 351 of the Tax Code states that use of HOT funds is limited to:

- a) Convention centers and visitor information centers: the acquisition of sites for and the construction, improvement, enlarging, equipping, repairing operation and maintenance of convention center facilities or visitor information centers, or both;
- b) Registration of convention delegates: the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;
- c) 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;
- d) Promotions of the Arts that directly promote tourism and the hotel and convention industry: the encouragement, promotion, improvement, and application of the arts that can be shown to have some direct impact on tourism and the hotel/convention industry. The impact may be that the art facility or event can show hotel nights that are booked due to their events or that guests at hotels attend the arts event. Eligible forms of art include 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.
- e) 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.
- f) Funding transportation systems for transporting tourists from hotels to and near the city to any of the following destinations:
 1. the commercial center of the city;
 2. a convention center in the city;
 3. other hotels in or near the city; or
 4. tourist attractions in or near the city.

Note: The law specifically prohibits the use of the local hotel tax to cover the costs for general city transit to transport the general public.

- g) Signage directing tourists to sights and attractions that are visited frequently by hotel guests in the municipality.
- h) 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. The event must substantially increase economic activity at hotels within the city or its vicinity.
- i) Administrative expenses: Expenses such as supplies, salaries, office rental, travel expenses, and other administrative costs may be paid for using HOT funds ONLY for the percentage that applies to HOT funded programs and activities.

No other outside event(s), project, charity, etc., sponsored by the host organization may profit from the event or HOT funds.

In the event that an organization is approved to receive HOT funds, an event report is due to the City of Kerrville Finance Department no later than 60 days after the event/program/project. HOT funds will be distributed after the follow-up report has been received or in accordance with specific contracts between the City and each organization, if applicable.