



VISIT
Brownsville
TEXAS

HOTEL OCCUPANCY TAX

**POLICIES AND
APPLICATION**

FISCAL YEAR 2027
October 2026 - September 2027

Brownsville Convention & Visitors Bureau
Office of Space Commerce
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City Policy

Purpose

This document outlines specific policies and procedures associated with the allocation and use of Hotel Occupancy Tax (HOT) revenues by the City of Brownsville.

Municipal hotel occupancy taxes are governed by Chapter 351 of the Texas Tax Code and Article IV, Hotel Occupancy Tax, Chapter 94, Taxation, of the City of Brownsville Code of Ordinances.

The City of Brownsville wishes to make Hotel Occupancy Tax (HOT) funds available to entities other than the City in accordance with the Tax Code to encourage expenditures that enhance the Brownsville tourism, convention, and hotel industry and that help stimulate the continued growth and development thereof.

The City of Brownsville currently levies a Hotel Occupancy Tax of 7% within the City. Unlike property tax and sales tax revenues which cities can use for most public purposes, local hotel occupancy tax revenues fall under a more structured statutory mandate. The policies and guidelines herein delineate the terms under which the City of Brownsville will allocate revenues derived from the Hotel Occupancy Tax and the terms under which potential recipients of such revenue may request and use such funds.

Authority

There is a two-part test that every expenditure of local hotel occupancy tax must pass to be valid.

Part One. The revenue derived from the tax must be expended in a manner directly enhancing and promoting the hotel industry, as authorized by Texas Tax Code §351.101(a). Revenue may not be used for general revenue purposes or general governmental operations of the City.

Part Two. All expenditures must clearly fit into one of the following statutorily provided categories for expenditures of local hotel occupancy tax revenues:

- A. **Convention center and visitor information center.** 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. **Convention registration.** The furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants.
- C. **Advertising and promotional programs.** Advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity.
- D. **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.

- E. **Historical restoration and preservation.** Historical restoration and preservation projects or activities or advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums at or in the immediate vicinity of convention center facilities or visitor information centers, or located elsewhere in the municipality or its vicinity that would be frequented by tourists and convention delegates.
- F. **Sporting events (counties under 1 million population).** Funding the event costs for sporting tournaments that substantially increase economic activity at hotels in which a majority of participants are tourists.
- G. **Enhancement of municipal sports facilities.** If the municipality owns the facilities or fields, acceptable sports facilities include those for baseball, softball, soccer, and flag football.
- H. **Signage.** Signage directing the public to sights and attractions that are visited frequently by hotel guests in the municipality.
- I. **Transportation systems (if applicable under §351.110).** Operating a transportation system that transports tourists from hotels in and near the municipality to the commercial center of the municipality, a convention center, other hotels, or tourist attractions. May not be used for general public transportation. Applicability of this category to the City of Brownsville is subject to confirmation of statutory population thresholds; contact the Convention & Visitors Bureau for current status.

Eligibility for Hotel Occupancy Tax Funds

Priority will be given to those events and entities based on their ability to generate overnight visitors to Brownsville. The amount requested will be subject to approval based on HOT Fund collections and at the discretion of the City Commission.

- J. The applicant organization must be based in the City of Brownsville OR must be hosting an event, program, or activity substantially located within the City of Brownsville or its extraterritorial jurisdiction. Non-local applicants must identify a Brownsville-based partner organization or venue and include a letter of support from that partner as part of the application.
- K. Must present, perform, exhibit, conduct workshops, or provide services and other activities that promote tourism and the hotel and convention industry.
- L. May be a governmental entity, a non-profit or for-profit Texas corporation that has properly filed documentation with the Texas Secretary of State.

- M. Must demonstrate corporate good standing with the State of Texas at time of application and throughout the program or contract period.
- N. Must have a history of continuous, stable programming prior to the application date. New events from established organizations are eligible; the organization itself must demonstrate prior operational capacity.
- O. Must have an active governing body.
- P. Must have programming, administrative practices, and board membership that does not discriminate on the basis of color, religion, age, pregnancy, national origin, sexual orientation or gender identity, citizenship, familial status, disability, or veteran status.
- Q. If previously funded, applicant must have successfully fulfilled all prior contract or program requirements.

Guidelines and Funding Goals for Hotel Occupancy Tax Usage on Events

An event must generate meaningful hotel night activity to be eligible for receipt of hotel occupancy tax funds. Events can demonstrate this potential by providing:

- R. Historical information on the number of room nights used during previous years of the same event.
- S. Current information on the size of a room block that has been reserved at area hotels to accommodate anticipated overnight guests attending the funded event.
- T. Historical information on the number of guests at hotel or other lodging facilities that attended the funded event (through surveys, guest directories, or other sources).
- U. Examples of the planned marketing of programs and activities that will likely generate overnight visitors to local lodging properties from this event.
- V. Historical information on visitors'/attendees' travel patterns during previous years of the same events or activities.

Additional Use of Hotel Funds

Expenditures listed below are allowable for organizations, to the extent that such expenditures are used exclusively to attract tourists and convention delegates or registrants to the City or its vicinity as governed by the Tax Code §351.101(a). These special allowance expenditures may not be used for the benefit of local businesses or individuals, and the benefit to tourism may not be indirect or incidental but must be direct or purposeful.

A. Administrative Expenses

Hotel occupancy tax revenues spent for purposes authorized by Tax Code §351.101 may be spent for day-to-day operations, supplies, salaries, office rental, travel expenses, and other administrative costs

only if those administrative costs are incurred directly in the promotion and servicing of expenditures authorized under §351.101(a).

If an entity that conducts an authorized activity also conducts other activities that are not authorized, the portion of total administrative costs eligible for HOT Fund reimbursement may not exceed the proportion of administrative costs incurred in conducting the authorized activities.

Example. Organization A has a total annual operating budget of \$500,000. Of that, \$250,000 (\$100,000 in direct advertising and \$150,000 in direct event costs such as stages, lighting, and talent) is spent on activities that directly promote tourism and the hotel and convention industry under §351.101(a). The remaining \$250,000 funds general administrative overhead (salaries, office rent, utilities, supplies).

Because 50% of the total budget (\$250,000 / \$500,000) supports authorized activities, up to 50% of the administrative costs are eligible to be reimbursed with HOT Funds. Therefore, if the City awards Organization A a grant of \$100,000, no more than \$50,000 of that grant may be applied to administrative expenses; the remaining \$50,000 must be spent on directly authorized activities.

The following expenses may be incurred but may not exceed the eligible proportion as authorized under §351.101(e): salaries, supplies, equipment, fixed assets, utilities, event insurance, communications, technology, office space, janitorial maintenance and supplies, non-local printed matter such as newsletters, applications, and entry forms.

Requests for administrative expenses, including the purchase of fixed assets and equipment, must be provided in detail to the City for consideration during the application process.

B. Promotion Expenses

Expenditures for food and beverages for meetings and special events and promotional items may be funded if the focus of that event or meeting directly promotes and services expenditures authorized under §351.101(a). If an entity that conducts an authorized activity also conducts other activities that are not authorized, the portion of the total costs for which HOT revenue may be used may not exceed the portion of those costs actually incurred in conducting the authorized activities.

Each entity that is ultimately funded by the tax shall, before making such expenditure, specify in a list each scheduled activity, program, or event that:

1. Is directly funded by the tax or has its administrative costs funded in whole or in part by the tax; and
2. Is directly enhancing and promoting tourism and the convention and hotel industry.

The listing of meetings and special events (and purpose) where expenses for food, beverages, or promotional items will be incurred must be provided in detail to the City for consideration during the application process.

Limitations of Hotel Funds

Recipients are responsible for assuring compliance with all statutory and other legal requirements applicable to receipt, use, expenditure, and accounting of hotel tax revenues. No provision, restriction, or lack thereof in these guidelines shall excuse the failure of a recipient to comply with all such requirements. If an organization is non-compliant and expenses are ineligible, the awarded funds must be returned to the City of Brownsville HOT Fund.

Hotel funds may not be used for the following:

- W. Funding for the benefit of individual(s) that do not directly benefit tourism and are not registered with the Texas Secretary of State if the entity is transacting business in Texas.
- X. Reduction of deficits from, or expenditures related to, activities of previous or future fiscal, calendar, or program years.
- Y. Capital improvements, except for those funded by the City through bonds or historical restoration or preservation projects.
- Z. Contracted auditing, accounting, or bookkeeping fees.
- AA. Landscaping.
- BB. Travel for a person to attend an event or conduct an activity the primary purpose of which is not directly related to the promotion of tourism and the convention and hotel industry or the performance of the person's job in an efficient and professional manner.
- CC. **Local-audience advertising.** HOT Funds may not be used to purchase advertising or promotional materials whose primary distribution audience is within the city limits of Brownsville. Statute requires that HOT-funded advertising be directed at audiences outside the City so that it attracts tourists. This does not prohibit: (i) programs, schedules, signage, and wayfinding materials distributed at the event itself; (ii) digital advertising targeting out-of-market audiences even if a small portion of impressions are served locally through audience bleed; (iii) earned media coverage placed in local outlets at no cost; or (iv) collateral materials housed at the visitor information center for distribution to tourists already visiting Brownsville.
- DD. **15% arts and historical cap.** The combined total of HOT Funds allocated under Category D (promotion of the arts) and Category E (historical restoration and preservation) shall not exceed fifteen percent (15%) of the HOT Fund revenue collected in the prior fiscal year. Allocations under any other category are not subject to this cap.

Conflict of Interest

Members of the HOT Funds Committee, City Commission, and City staff with recommendation authority over HOT Fund allocations shall disclose in writing any financial interest, board membership, employment relationship, or household relationship with any applicant organization. A member with a disclosed relationship shall recuse from discussion, scoring, and voting on that application.

Applicants shall also disclose, as part of the application, any current board member, officer, or executive whose primary employment is with the City of Brownsville or who holds a seat on the HOT Funds Committee or City Commission.

Failure to disclose a known conflict is grounds for rescission of an award, return of funds, and a one-cycle disqualification from future HOT Fund applications.

Recipient Requirements

EE. **Acknowledgment.** In all publications (e.g., flyers, programs, brochures, press releases, advertisements, annual reports, and all other mailing pieces), the recipient shall acknowledge that their organization is funded in part by the City. Such acknowledgment might take the form of inclusion on a donor list for particular events. Recipients are advised that usage of the official City logo is restricted by policy. Any use of the City logo must be coordinated with and approved by the appropriate City representatives. Written authorization must be obtained from the City Manager or their designee.

FF. **Financial records.** An organization with whom the City contracts to conduct an activity authorized by §351.101(a) shall maintain complete and accurate financial records of each expenditure of hotel occupancy tax revenue made by the organization and, on request of the City or its representatives, shall make the records available for inspection and review. All financial records and any other records relating to the contracts shall be subject to the requirements of the Public Information Act. Organizations must maintain and account for revenue provided from the tax within one of the two forms of accounting listed below:

- Maintain hotel occupancy tax funds in a separate checking account established for that sole purpose, not commingled with any other money or any other bank account; or
- Maintain segregated fund accounting, whereby the accounting of HOT revenues and expenditures may not be commingled with any other revenues and expenditures. The funds may be maintained in the same bank account. However, if the HOT funds are invested in an interest-bearing account, then a separate account must be established for that sole purpose and may not commingle with any other money. All interest earned on the invested account will be considered restricted to Hotel Occupancy Tax funds.

GG. **Disbursements.** Initial payments to contracted recipients will be issued no later than December 31st of the program year following execution of the funding agreement. Alternative disbursement schedules (e.g., payment against event milestones or reimbursement-on-invoice) may be negotiated by the Finance Department and documented in the executed contract. The City reserves the right to adjust the disbursement schedule if Hotel Occupancy Tax collections materially deviate from the adopted budget; in such cases, adjustments shall be applied pro-rata across all awarded recipients and communicated in writing within 30 days.

HH. **Reporting.** Reporting requirements are tiered by award size:

Tier 1 (award under \$10,000): Post-event report within 60 days of event conclusion, including financial summary, proof of eligible expenditures (receipts for all items \$500 and above), marketing samples, and attendance documentation. No quarterly reports required.

Tier 2 (\$10,000–\$49,999): Semi-annual financial report (due April 30 and October 31), plus post-event report within 60 days. Receipts required for all items \$250 and above.

Tier 3 (\$50,000 and above): Full quarterly reporting including: (1) signed financial report provided by the City Finance Department; (2) copies of all HOT-paid invoices or an itemized listing of invoices including check number/payment type, vendor name, budget category, expenditure descriptions, and amount paid; (3) copies of all HOT invoices related to social media marketing with metrics and performance results; (4) front-and-back copies of all cleared HOT checks or full monthly bank statements illustrating cleared checks, card/debit, and ACH payments. Quarterly reports are due 30 days after the close of each calendar quarter.

Regardless of tier, all recipients remain subject to audit by the Finance Department at any time during the contract period and for three years thereafter.

Post-event report (all tiers). Submission of the post-event report may not exceed 60 calendar days after the event. The HOT Funds Committee has the discretion to terminate the contract if the organization is non-compliant with quarterly or post-event reports.

Withholding. Contract funds shall be withheld if the quarterly report or post-event report is not submitted on time.

Requirement	Quarterly Report	Post-Event Report
Finance Dept. financial report (signed)	✓	✓
Paid-invoice copies or itemized invoice listing	✓	—
Social media invoices + metrics	✓	—
Cleared check copies or bank statements	✓	—
Event attendance documentation	—	✓
Room-block utilization report	—	✓
Marketing samples (final, as distributed)	—	✓
Narrative summary: outcomes vs. application	—	✓
Post-event survey results (if collected)	—	✓

II. **Board meeting schedule.** Provide the Finance Department notice of local Board of Directors meeting schedule.

JJ. **Return of funds.** Return any unused or ineligible monies to the City at the end of each contract period.

- KK. **Insurance.** For any event funded in whole or in part with HOT Funds, the recipient shall maintain commercial general liability insurance with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate. The City of Brownsville shall be named as an additional insured. A certificate of insurance meeting these requirements shall be filed with the Finance Department no later than ten (10) business days prior to the event. Higher limits or additional policies (e.g., liquor liability, sports activity coverage) may be required for specific event types at the discretion of the City's Risk Management Department.
- LL. **Training.** New applicants must attend a mandatory training session conducted by the Brownsville CVB prior to the beginning of the program year. Training sessions are offered in-person and virtually. The schedule will be published with the call for applications in May.
- MM. **Local sourcing.** Recipients are encouraged to source goods and services from businesses located within the City of Brownsville or Cameron County when expending HOT Funds. For any single purchase of \$2,500 or more, the recipient shall document in the post-event report either (a) the name of the local vendor used, or (b) a brief explanation of why a local vendor was not available or selected. This requirement does not apply to advertising placements in out-of-market media.

Contract Term

The program period will commence on October 1, 2026 and terminate at midnight on September 30, 2027. A thirty-day grace period is provided to allow recipients to finalize reporting of expenditures; accordingly, the contract period will terminate at midnight on October 31, 2027. Unexpended and unencumbered funds revert to the City on November 1, 2027. Either party may terminate the contract with sixty (60) days' written notice.

Application Process and Timeline

The HOT Funds Committee determines program eligibility. The following City departments serve as liaisons: the City Manager's Office, the Finance Department, the Convention & Visitors Bureau and Office of Space Commerce, and the Grants and Community Development Department.

The City will accept applications from organizations whose program fits into one or more of the statutory categories listed above. All applications must be submitted to hotfundscontracts@brownsvilletx.gov with the completed official application between June 1 and June 30, 2026. No late applications will be accepted. Funding is subject to availability and at the discretion of the City Commission.

Date	Action
May 1, 2026	Public notice of funding availability; application materials posted on BCVB website

Date	Action
May 2026	Pre-application information session (virtual and in-person); mandatory training for first-time applicants
June 2026	Application submission period. Submit to hotfundscontracts@brownsvilletx.gov
July 2026	Staff review for completeness and statutory eligibility
July 2026	HOT Funds Committee reviews applications and develops funding recommendations
July 2026	Funding budget submitted to Finance Department
Aug.–Sept. 2026	City Commission reviews recommendations; funding resolutions approved
October 1, 2026	Program year begins; executed contracts delivered to awardees
October 31-December 1, 2026	Initial disbursements issued (subject to contract terms)
November 1, 2027	Unexpended/unencumbered funds revert to the City HOT Fund balance

HOT Funds Award Review Guidelines

NN. To document the City's compliance with state law, whenever the City Commission approves an allocation of funding from Hotel Occupancy Tax revenues for any activity, approval will be documented with a City Commission Resolution that will include in its recitals a finding of fact that the City Commission believes the proposed activity to be funded will directly promote tourism and the convention and hotel industry and that it meets one of the other statutory criteria for funding eligibility outlined in Chapter 351.101 of the Texas Tax Code.

OO. In reviewing proposed uses for Hotel Occupancy Tax revenues, the HOT Funds Committee and City Commission are encouraged, but not required, to give a higher funding priority to requests that can quantify the number of overnight stays at Brownsville hotels expected to be generated by the proposed use.

PP. In reviewing proposed uses for Hotel Occupancy Tax revenues, the HOT Funds Committee and City Commission are encouraged, but not required, to give a high funding priority to proposed uses that will provide a significant benefit to the City of Brownsville, the Brownsville community, and/or the Brownsville hotel, meetings, convention, and tourism industry.

QQ. In reviewing proposed uses for Hotel Occupancy Tax revenues, the HOT Funds Committee and City Commission are encouraged, but not required, to give a high funding priority to applications that propose matching funds from the applicant organization.

RR. The City Commission shall not fund activities with Hotel Occupancy Tax revenues that the City Commission itself does not believe will in some way directly promote tourism and the convention and hotel industry.

SS. The City Commission shall not fund activities with Hotel Occupancy Tax revenues that the City Commission itself does not believe will in some way meet the non-tourism-related criteria described in Chapter 351.101 of the Texas Tax Code.

TT. Funding of City of Brownsville activities that City departments administer is already under the City's direct control. Accordingly, no funding contract or Hotel Occupancy Tax application will be required for such activities.

Appeals

An applicant may request reconsideration of a funding decision by submitting a written appeal to the City Manager's Office within ten (10) business days of the notification letter. Appeals are limited to claims of procedural error or material misapplication of these guidelines; appeals are not a second opportunity to argue the merits of the application. The City Manager, or a designee who was not involved in the original recommendation, shall issue a written decision within thirty (30) days. The decision of the City Commission on the final award amount is final.

HOTEL OCCUPANCY TAX FUNDING APPLICATION — FY 2027

Organizational Information

Name of Organization	
Type of Organization	
Physical Address	
Organizational Email Address	
Phone Number	
Authorizing Official (Name / Title)	
Authorizing Official Email Address	
Non-profit or For-profit Status	
Tax ID #	
Point of Contact for Application	
Point of Contact Phone Number	
Point of Contact Email Address	
Fiscal Year Start Date	
Fiscal Year End Date	

Event or Project Description

Name of Event or Project	
Date(s) of Event or Project	
Free or Paid (describe)	
Primary Location	
Total Event or Project Budget	
HOT Funds Amount Requested	

Please provide copies of the current budget and financial usage.

Section A — Organization

- Provide a brief description (5–10 sentences) of your organization, including its mission, founding date, governance structure, and primary programming history. If your organization is not based in Brownsville, identify your local partner and attach their letter of support.

4. Disclose any current board member, officer, or executive of the applicant organization who holds a seat on the HOT Funds Committee, City Commission, or who is primarily employed by the City of Brownsville. If none, state "none."

Section B — Event or Project

5. Identify which of the statutory categories (A–I) this request falls under and explain how the event or project directly promotes tourism and the convention and hotel industry in Brownsville.
6. Expected attendance, with a breakdown between local residents and out-of-town visitors. State the methodology used to estimate each (ticket sales by ZIP code, historical survey data, prior-year attendance, registration data, etc.).
7. Event history. If this is a recurring event, provide attendance and, where available, room-night generation for the prior three years. If this is a new event, provide the comparable regional benchmark(s) you used to set projections.
8. Provide a schedule of activities or events relating to the proposed event or project.

Section C — Hotel and Tourism Impact

9. Room-night strategy. Identify any Brownsville hotels with which you have established a room block, the block size, the booking window, and the anticipated pickup rate. If no block has been established, explain how out-of-town attendance will be housed and how the impact on hotel activity will be measured (hotelier surveys, booking codes, STR data partnership, etc.).
10. Marketing plan. Describe the advertising channels, geographic targeting, and approximate budget share dedicated to marketing. Specify what percentage of the HOT Funds request will be used for advertising and promotion. Include samples of planned creative (or prior-year creative if final materials are not yet available). List all active social media accounts (Facebook, Instagram, X, TikTok, YouTube, LinkedIn, other) with current follower counts and, if available, engagement analytics.
11. Partnerships. List governmental, nonprofit, and private-sector partners contributing to the event or project. Identify other grants, sponsorships, or in-kind contributions committed or pending, with amounts.

Section D — Budget and Compliance

12. Provide the total event budget, the amount requested from HOT Funds, and an itemized allocation of the HOT Funds request across the following categories: advertising and promotion; facility and production costs; talent and programming; administrative expenses (subject to pro-rata limitation under §351.101(e)); other (specify). Attach the complete event budget as a separate document.
13. State whether the event is expected to generate a net surplus and, if so, how surplus funds will be used. For recurring events, indicate your three-year plan for reducing reliance on HOT Funds.

14. Confirm in writing that the applicant has read these Guidelines, understands the statutory limitations of HOT Fund use, agrees to the reporting tier applicable to the requested award level, and will maintain HOT Fund accounting in compliance with the requirements herein.

Required Attachments

- Proposed event budget (itemized)
- Financial statements for the two most recent fiscal years
- Current W-9
- Proof of current status as a Texas non-profit or for-profit corporation (Secretary of State filing or Franchise Tax Account Status)
- IRS determination letter (non-profit applicants only). For-profit applicants must provide a current Texas Comptroller Franchise Tax Account Status in lieu of the determination letter.
- List of board members, officers, or governing body, with meeting schedule
- Organization bylaws or constitution
- Letter of support from Brownsville partner (non-local applicants only)
- Certificate of insurance (may be submitted post-award but no later than 10 business days prior to event)
- Marketing samples from the current or most recent prior year

By signing below, I certify all information is true and correct to the best of my knowledge.

Name of ED/CEO	Signature of ED/CEO	Date

CONTACT INFORMATION

For any additional information or questions, please contact:

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Application Submissions

hotfundscontracts@brownsvilletx.gov