



STAFF REPORT

MEETING DATE: February 27, 2024

TITLE:

Consider and act on an application from SRE Promotions, LLC for an event known as Corvette Invasion for \$20,000 for a grant from the Hotel Occupancy Tax Fund to fund a corvette car show.

AGENDA ITEM SUBMITTED BY:

Submitted by: Sylvia Carrillo, ICMA-CM, CPM, City Manager

BACKGROUND/HISTORY:

The annual Corvette Invasion is the largest corvette only car show in Texas. In prior years, the event has a direct economic impact of over \$150,000 (see Attachment 2).

The organization has submitted a budget that shows approximately \$20,000 of eligible expenses that can be attributed directly as eligible for HOT funds reimbursement as marketing (advertising the city).

HOT fund use

Excerpt from TML – [The Hotel Tax Two-Step](#).

“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.”

FISCAL IMPACT:

\$20,000 from the HOT fund account

As of February 22, 2024, the fund has more than \$1.9M in restricted funds (For HOT purposes)

RECOMMENDATION:

Award the \$20,000 as requested.

ATTACHMENTS:

1. HOT Application
2. 2024 Budget Outline
3. Application questions and answers
4. Economic Impact
5. HOT fund balance sheet