



# CITY OF GATESVILLE, TEXAS

Bradford Hunt  
City Manager

Date: August 13, 2025  
Subject: Hotel Occupancy Tax (HOT) Funds Disbursement Procedure  
For Non-Profit Organizations – Semi-Annual Requests

The Gatesville City Council approved a new procedure on August 12, 2025 regarding HOT Funds disbursement, which takes effect immediately. The intent is to provide an organized, legally-conforming, and procedural means by which HOT funds are disbursed, tracked, and accounted for. This will ensure that each non-profit organization seeking HOT funds receives an equal opportunity to do so, as well as ensuring that proper accountability is in place for the use of those funds. We encourage all interested non-profits operating within Gatesville to request funds during one of the two application periods, as outlined in the guidelines herein.

Thank you,

Bradford Hunt  
City Manager  
City of Gatesville

## **HOT Funds Disbursement Procedure**

### **I. Purpose**

This procedure establishes the process by which nonprofit organizations may apply for and receive Hotel Occupancy Tax (HOT) funds from the City of Gatesville, in accordance with Chapter 351 of the Texas Tax Code, to support activities that promote tourism and the convention/hotel industry.

### **II. Eligibility**

#### **A. Applicant Requirements**

1. Must be a nonprofit organization operating within or providing services to Gatesville.
2. Activities must align with state law and promote tourism and the hotel/convention industry.

#### **B. Eligible Uses of HOT Funds - Funds may only be used for purposes authorized by Texas Tax Code § 351.101, including:**

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. tourist transportation systems; and
8. signage directing the public to sights and attractions that are visited frequently by hotel guests in the city.

### **III. Application Periods**

- A.** Fall Cycle: Applications open August 15; due September 15; disbursed after October 1
- B.** Spring Cycle: Applications open February 15; due March 15; disbursed after March 31.
- C.** Late or incomplete applications will not be considered.

### **IV. Application Procedure**

#### **A. Submission**

1. Applications must be submitted online or in hard copy to the Finance Department by the stated deadline.
2. The official application form and checklist will be available on the City's website and at City Hall.

#### **B. Required Documents**

1. Completed application form
2. Proof of nonprofit status (e.g., IRS 501(c)(3) determination letter)
3. Detailed event/program description and budget
4. Previous year's HOT fund use report (if applicable)
5. Marketing and promotion plan targeting out-of-town visitors

**V. Review and Approval Process**

**A. Initial Review**

1. The City Manager shall select and chair a HOT Funds Review Committee, selected biannually in September and consisting of:
  - a. City Manager
  - b. City Finance Director
  - c. City Secretary
  - d. One City Council Member
  - e. One local business owner who is not a member of the Gatesville Chamber of Commerce
  - f. Two citizens of Gatesville
2. The HOT Funds Review Committee will meet semi-annually, within seven days of each application period's closure, to review applications for completeness and eligibility.

**B. Scoring Criteria**

<u>Criteria</u>	<u>Max Points</u>
Projected number of out-of-town visitors	30
Alignment with allowable HOT fund uses	30
Fiscal responsibility and financial need	30
Quality of marketing efforts and partnerships	<u>10</u>
Total	100

**C. Recommendation**

The Committee will submit funding recommendations to the City Council within 30 days of the application deadline.

**D. Final Approval**

1. City Council will vote on recommendations during a regular council meeting.
2. Applicants will be notified of the outcome within 10 business days of Council action.

**VI. Post-Event Requirements**

**A. Use of Funds**

1. Recipients must use funds strictly in accordance with the approved application.

**B. Reporting – Within 30 days after the funded event/program, recipients must submit:**

1. A post-event report, including attendance estimates
2. Financial report detailing expenditures
3. Evidence of marketing and promotion
4. Summary of impact on tourism/hotel stays

**C. Future Funding Contingent on Compliance**

1. Failure to submit the above-listed reports may disqualify the organization from future funding.
2. The organization shall return unspent funds to the City of Gatesville. This determination shall be made by the City Finance Office, and the City Manager shall have final approval on any contended funds.
3. Failure to return overage funds granted to an organization by the end of the fiscal year (September 30) for which they were granted will result in elimination of consideration for future funds.

**VII. Contact Information**

For questions or to submit applications:

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