

Local Hotel Occupancy Tax Information

Use of Local Hotel Occupancy Tax Revenues:

Two part test for every expenditure:

1. Every expenditure must directly enhance and promote tourism and the convention and hotel industry.
2. Every expenditure of the hotel occupancy tax must clearly fit into one of seven statutorily provided categories for expenditure of local hotel occupancy tax revenues that apply to the City.

Seven categories of expenditures:

1. Funding the establishment, improvement, or maintenance of a convention center or visitor information center.
2. Paying the administrative costs for facilitating convention registration.
3. Paying for advertising, solicitations, and promotions that attract tourist and convention delegates to the City or its vicinity.
4. Expenditures that promote the arts.
5. Funding historical restoration or preservation programs.
6. Funding costs in certain counties to hold sporting events that substantially increase hotel activities.
7. Signage directing tourists to sights and attractions that are visited frequently by hotel guests in the municipality.

Expenditures Limits - Cities with populations of less than 125,000:

1. Minimum expenditures on Advertising and Promotion:
 - City adopted a rate of more than 3%
 - Must spend at least 1% of rate,
 - City with 7% rate that would mean 1/7 of collections
 - Equals 14.29% of collections
2. Maximum expenditures for the Arts 15%.
3. Maximum expenditures for Historical Restoration and Preservation 50%.