



Hotel Occupancy Tax (HOT) Program Year 2026

Finance

Program Overview

General Relevance

- Texas Tax Code 351
- 351.101 Use - tax may be used only to promote tourism and the convention and hotel industry.
- Nine (9) expenditure categories.
- The Art and Historical categories expenses in a fiscal year cannot exceed 15% each of the total HOT revenue
- City of Denton Resolution 2013-021 requires at least 2.4% of total HOT revenue be allocated to the Public Art.
- Program runs by calendar year.

Recipient Requirements

- The applicant must be a tax-exempt non-profit organization or public agency.
- Applicant and event must be based in the City of Denton.
- Nondiscrimination practice.
- Successfully fulfilled prior contracts.
- Must be compliant with the Special Event Ordinance.

Program Updates for 2026

Opportunities to further align the program with the Texas Tax Code 351 which dictates the allowed uses for hotel tax revenue.

- “Revenue from the municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry.”
- Tourism - The guidance or management of tourists.
- Tourist - An individual who travels from the individual’s residence to a different municipality, county, state, or country for pleasure, recreation, education, or culture.

Prioritize qualified events and programs.

- Limit applications to events with a minimum of 200 attendees (aligns with Special Event Criteria).
- Require applicants to have alternative funding sources besides City HOT or Sponsorship funds.
- Event must successfully have taken place in prior years (no first-time events).
- Events must demonstrate a positive economic impact to the City of Denton.
- Applicants will be required to submit a full application online via Neighborly Software.
- Recommendations are based on scoring criteria.

Application Statistics

- 48 Applications started
 - 7 duplicates
 - 3 started but not completed
 - 38 submitted
 - 7 HOT only
 - 21 HOT and Sponsorship
 - 10 Sponsorship only
- 37 Eligible applicants
- 1 Ineligible
- Total HOT Funding requested \$5,005,705



Application Scoring Rubric

Section	Description	Points
A. Eligibility & Compliance	Project clearly fits a state-approved HOT use category (convention center, arts, historic preservation, advertising). Applicant must be a government entity, or non-profit Texas corporation and federally tax-exempt under the Internal Revenue Code, based in the City of Denton, and Non-discriminatory practices	0
B. Tourism Impact	Clear documented evidence the project will increase overnight visitors, generate hotel stays, or attract non-local attendees.	25
C. Economic Impact	Demonstrates measurable benefit to local businesses, restaurants, and the city's economy beyond hotels. The Event or Program must have a minimum of 200 attendees.	15
D. Marketing Plan	Applicant has hosted events in the past and was a success.	15
E. Budget & Fiscal Responsibility	Budget is detailed, reasonable, aligns with request, includes other funding sources.	15
F. Organizational Capacity	Proven track record or capability to execute the project successfully (staff, volunteers, partnerships). Have an active governing body.	10
G. Community Benefit & Alignment	Supports Denton's cultural, historic, or arts goals; adds value to community identity; equitable and inclusive.	10
H. Reporting & Evaluation Plan	Applicant has clear plan to track attendance, measure hotel impact, and submit final reports with data and if previously funded, have successfully fulfilled all prior contractual obligations.	10
TOTAL		100

Application Scoring

HOT Scoring		
Score	Percent	Spread
95-100	100%	6
90-94.99	80%	2
85-89.99	60%	3
80-84.99	40%	2
75-79.99	20%	2
0-74.99	0%	12

Name	Avg Score	Funding Requested	Baseline Recommendation	Funding Level
Discover Denton - CVB	99.50	\$1,964,250	\$1,964,250	100%
North Texas State Fair Association	98.75	417,200	417,200	100%
Tejas Storytelling Association	97.50	59,055	59,055	100%
Denton Halloween 2026	97.25	250,000	250,000	100%
Denton Black Film Festival Institute	95.50	62,500	62,500	100%
Texas Filmmakers Corporation	95.50	75,000	75,000	100%
Denton Main Street Association	91.25	152,100	121,680	80%
Denton Day of the Dead Festival	90.25	100,000	80,000	80%
Denton Arts and Jazz	88.00	140,000	84,000	60%

Application Scoring

Name	Avg Score	Funding Requested	Baseline	Funding Level
			Recommendation	
Denton Black Chamber of Commerce	87.50	\$80,000	\$ 48,000	60%
Theatre Denton	85.00	58,500	35,100	60%
Denton Parks Foundation - Juneteenth	84.25	77,000	30,800	40%
Downtown Ambassador Program*	83.50	393,000	-	40%
Greater Denton Arts Council	80.50	160,400	64,160	40%
Denton Holiday Festival Association, Inc.	78.25	100,000	20,000	20%
Denton County Office of History and Culture	77.50	305,000	61,000	20%

*Council request

Application Scoring

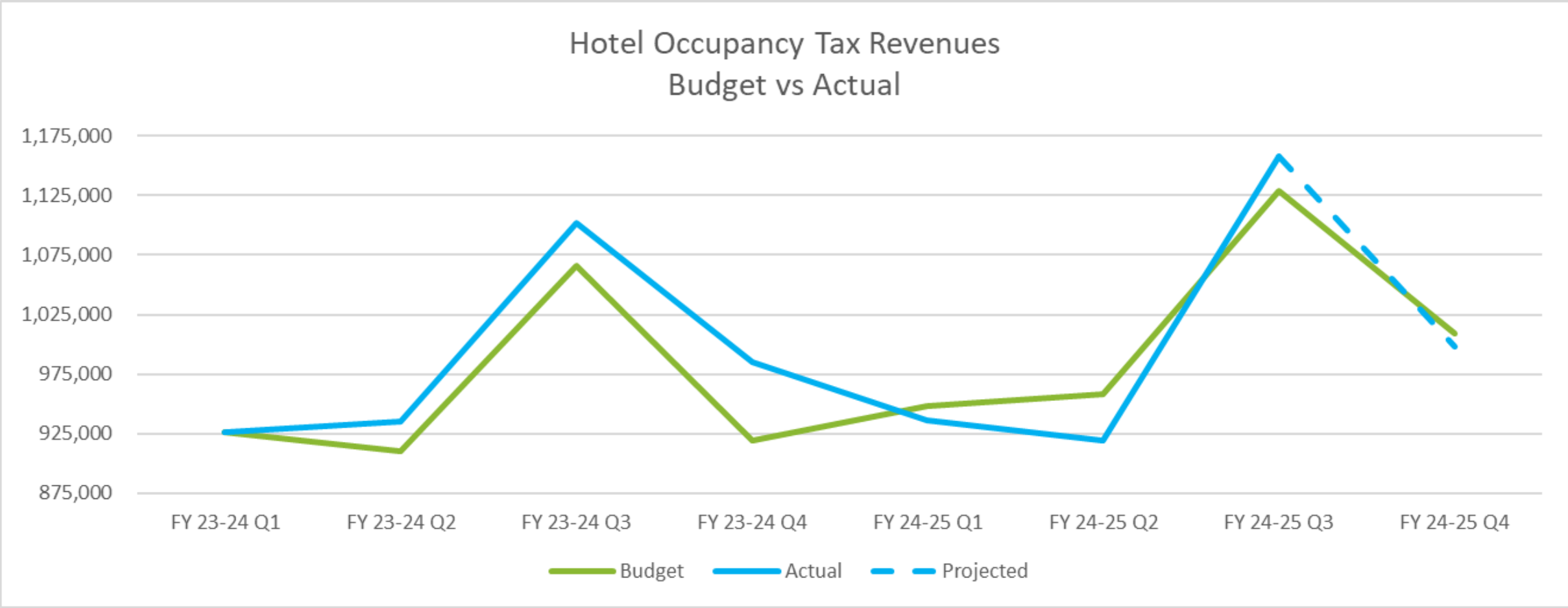
Name	Avg Score	Funding Requested	Baseline Recommendation	Funding Level
DMAC Monster Dash	73.25	\$ 16,500	\$-	0%
Cinco de Mayo	73.00	62,000	-	0%
DMAC Amplify	72.50	11,000	-	0%
Turkey Roll - Denton Breakfast Kiwanis	71.50	8,000	-	0%
Joan of Bark - Denton Music and Art Collaborative	71.25	10,000	-	0%
Denton Community Market	69.75	80,200	-	0%
Denton Parks Foundation - Dog Days	67.50	57,000	-	0%
Texas Veterans Hall of Fame	66.50	97,000	-	0%
Instant Film Society - PolaCon	64.75	5,000	-	0%
Real Waves Radio Network	57.50	10,000	-	0%
Denton Bach Society	46.50	5,000	-	0%
Fry Street Charities	0.00	150,000	-	0%
Public Art 2.4% (Resolution 2013-021)	-	100,000	70,728	-
TOTAL		\$5,005,705	\$3,443,473	

Program Financials

Forecasted Resources	\$ 5,562,105
Embassy Suites 380 Agreement rebate	1,125,966
Baseline Recommendation	3,443,473
Total Expenditure	\$ 4,569,439
Remaining fund balance	992,666
Available for allocation or fund balance	\$ 492,666

- In Fiscal Years 2023 and 2024, the Community Partnership Committee has provided direction to maintain a \$500,000 fund balance.

HOT Revenue



Next steps

- Review applications and discuss funding recommendations.
- Funding recommendations included in the City's overall budget process and considered by City Council.
- Award agreements processed in December.

A photograph of the Denton City Hall sign, which is a blue triangular structure with a white star emblem at the top. The sign is mounted on a brick wall. Below the sign is a flower bed with red flowers and a black light fixture. The background shows green trees and a clear sky.

**DENTON
CITY HALL**