



Agenda Item Report

Legislative Board: City Council
Date: February 17, 2026
Contact: Michelle Henley
Agenda Item ID / Number: 2026-181- / H.5

ITEM TITLE: Approval of a Hotel Occupancy Tax Reimbursement Grant requested by the Buda Lions Club for the 29th Annual Buda Lions Club Country Fair and Wiener Dog Races held April 25-26, 2026 at the Buda Amphitheater and City Park (Community Relations and Destination Services Director Lysa Gonzalez)

1. EXECUTIVE SUMMARY

The City of Buda received an application requesting funds for a Hotel Occupancy Tax Reimbursement Grant in the amount of \$10,000 from the Buda Lions Club for the Buda Lions Club Country Fair and Wiener Dog Races that will be held April 25-26, 2026, at Buda Amphitheater and City Park.

2. BACKGROUND/HISTORY

The purpose of the City of Buda Hotel Occupancy Tax Reimbursement Grant (HOT grant) is to provide hotel occupancy tax funds as a resource to organizations that are hosting tourism-related events and activities that will bring visitors to Buda for overnight stays in Buda hotels.

In order to qualify for HOT grant funding, the organization's event/activity expenditures must also fit into one of the nine allowable uses of the tax as required by Texas state law. The Hotel Occupancy Tax Reimbursement Grant is reimbursement only. Funding is limited and is awarded on a first come, first served basis starting at the beginning of the City's fiscal year, which runs October 1 to September 30. Additionally, funding is determined based on the applicant's ability to provide evidence of return on investment for the City of Buda hotel occupancy tax funds. Applications are accepted four times a year.

The Texas Tax Code provides a set of rules that states how the revenue from the HOT may be used. According to the Texas Tax Code, the use of HOT revenue is limited to expenditures that meet the following two-part test: First, every hotel occupancy tax revenue expenditure must directly enhance and promote tourism and the hotel and convention industry. See Tex. Tax Code 351.101(b). In other words, the expenditure must be likely to attract visitors from outside Buda into the city or its vicinity. If the expenditure is not reasonably likely to accomplish this result, it is not eligible for funding by HOT revenues. Second, each hotel occupancy tax revenue expenditure must fit into one of the nine categories shown below: Expenditure Categories. See Texas Tax Code §§ 351.101(a) and 351.110. (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 tourists and convention delegates to the county or its vicinity (4) Expenditures that promote the arts. Please note that it is not enough that a facility or event promote the arts; state law requires that the expenditure also must be likely to directly promote tourism and the hotel and convention industry.

Since the purpose of the HOT grant is to attract visitors to Buda for overnight stays in Buda hotels, the funds will not be awarded for tourism-related events or activities that occur during times of peak hotel occupancy. All date restrictions will be identified prior to the fiscal year in which HOT grant funds are being awarded and are listed below: (1)Formula 1 (2) Austin City Limits (3) Budafest (4)

Buda's Birthday (5) SXSW (6) MotoGP

Applicants who qualify to receive HOT grant funds will be awarded a set amount of funding per room night based on the average daily room rate for Buda hotels. The average daily room rate is established and set at the beginning of the fiscal year by the Buda City Council.

FY2025 Average Daily Room Rate: \$100.00 (1) Funding is capped at \$10,000 per event. (2) Evaluation for funding is determined by room nights obtained as a direct result of the tourism-related event or activity. The number of room nights is determined through past event data provided by the applicant and may be verified by the City of Buda Destinations Services Department. For example, if an event has historically obtained 50 room nights as a direct result of their event, then the funding would equate to \$100 multiplied by 50 room nights for a total of \$5,000 in HOT grant funding.

3. ANALYSIS

The Buda Lions Club Country and Wiener Dog Races festival has been a part of Buda for going on 29 years. The event has live entertainment, craft vendors, food vendors, activities for kids, a BBQ cook off, a bake off and their main attraction, the wiener dog races. The organization requested \$10,000 for advertising, as outlined in the exhibit.

The event is expecting 15,000 people to come to the event over the 2 days, but the organization did not provide a number of hotel rooms they are expecting to generate. Staff used Placer.ai to see the number of people that came to the event and to review their visitor journey for 2025. In 2025, the event had an estimated 14,300 people attend. The visitor journey shows that 91 phones came from a hotel to the event but that none left the event and went to a hotel. Additionally, staff were able to confirm 12 room night stays through the aRes link that was provided to the Buda Lions Club and placed directly on their website.

4. FINANCIAL IMPACT

\$10,000 from the Hotel Occupancy Tax Fund.

5. STRATEGIC PLAN/GOALS

FUN EXPERIENCES FOR ALL

6. STRATEGIC PLAN OBJECTIVES

Have a successful Amphitheater with a variety of performances with resident attendance

7. PROS AND CONS

Pros: Helps Buda organizations host tourism initiatives.

Cons: Reduces facility rental revenue.

8. ALTERNATIVES

Council may fund these grants as they see fit.

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION

The Hotel Occupancy Grant Committee will meet on Feb. 10 to consider a recommendation related to the Buda Lions Club request for \$10,000 requested for advertising.

Attachments:

[Buda Lion's Club 2026_Redacted.pdf](#)

[Buda Lion's Club supporting documents_Redacted.pdf](#)