

visit
McKinney

Grant Committee Recommendation

Presented by
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Project Based Grant Committee

Carol Sullivan

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About HOT TAX

Visit McKinney (dba McKinney Convention & Visitors Bureau - “Visit McKinney”) is funded by the City of McKinney, Texas (“City”), via a portion of the local hotel occupancy tax (HOT) the City collects from overnight accommodations in the city limits in accordance with [Texas Tax Code § 351.101](#).



State Requirements for HOT Tax Usage:

CRITERIA #1:

Every expenditure must **DIRECTLY** enhance and promote tourism **AND** the convention and hotel industry.

CRITERIA #2:

Every expenditure of the hotel occupancy tax must clearly fit into one of nine statutorily provided categories for expenditure of local hotel occupancy tax revenues.



“If the funded event or facility is not reasonably likely to directly enhance tourism and the hotel and convention industry, local hotel occupancy tax revenues cannot legally fund it. However, it is important to note that events and facilities that do not qualify for hotel occupancy tax funding are often still legally eligible for city funding from most of the other funding sources available to the city (general property tax revenues, general sales tax revenues, franchise fee revenues, etc.). State law is stricter in terms of how the local hotel occupancy tax revenues can be spent.”

Why We Reviewed the Grant Program

\$81,750

DISTRIBUTED SINCE 2021

72

ROOM NIGHTS GENERATED

\$571

HOT ROI · 7% TAX

**One event accounts for 65 of those 72 room nights.*

GRANT COMMITTEE FINDING · JUNE 12, 2026

The program is outdated and underutilized and has not kept pace with how groups choose McKinney today.

The committee recommends redirecting the annual grant allocation into the incentive program, which is already generating **significant room nights per dollar**.

The Incentive Program Is Working

2,057

ROOM NIGHTS GENERATED

\$17,855

INVESTED IN INCENTIVES

\$16,317

HOT TAX RETURNED • 7%

CATEGORY	TYPE OF INCENTIVE	ROOM NIGHTS	INCENTIVE
Youth Sports Event	\$5 per room night	789	\$3,945
Youth Sports Event	\$5 per room night	474	\$2,370
Youth Sports Event	\$5 per room night	490	\$4,310
Sports Event	Facility cost coverage	136	\$5,000
Conference	Deal closer	67	\$1,000
Sports Event	Staff room assistance	15	\$500
Corporate	Transportation assistance	86	\$730

Group names withheld and shown by category. HOT ROI estimated at the 7% local hotel occupancy tax rate.

Recommendation

Move the underutilized \$30,000 grant allocation into the incentive fund.

\$30,000

GRANTS · UNDERUTILIZED

+

\$50,000

INCENTIVES · FY26

=

\$80,000

CONSOLIDATED FUND

Highest and best use: grow the pool already proven to attract groups and events that generate significant room nights and economic impact for McKinney.

Q&A

