



City Manager Report

The City of OKLAHOMA CITY

NO: 1136

DATE: JANUARY 30, 2018

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: HOTEL TAX COLLECTIONS THROUGH DECEMBER 31, 2017

Hotel Taxes for FY 2018 are up \$502,303 or 7.0% through the second quarter of FY 2018.

Growth has been positive through the second quarter of this fiscal year for hotels. Hotel tax collections are up 7.0% over last year and 5.9% over projections. Oklahoma City continues to see an increase in the total number of hotels with an additional four new hotels that opened in December. In addition, the City began receiving hotel tax collections for home sharing properties. A new sector was created to account for these collections.

HOTEL TAX COLLECTIONS

Hotel taxes are collected by businesses meeting the ordinance definition of a “hotel” and remitted to the City the month after being collected. This report summarizes hotel tax collections for the second quarter of fiscal year 2018 and is limited exclusively to hotel tax. Any sales tax collected by hotels is reported separately in the monthly sales and use tax City Manager report.

The distribution of collections from the City’s 5.5% hotel tax is set by ordinance, with 4/11 used to promote convention and tourism, 6/11 for fairgrounds improvements, and 1/11 to sponsor and promote local events. The current rate has been in effect since January 1, 2005. The following table represents year-to-date revenue collections and annual projections for each of these purposes:

FISCAL YEAR-TO-DATE COMPARISON				
	<u>Projection</u>	<u>Revenue</u>	<u>Over/Under Projection</u>	<u>% Over/Under Projection</u>
Convention and Tourism	\$2,646,837	\$2,803,006	\$156,169	
State Fairgrounds	\$3,970,255	\$4,204,508	\$234,253	
Event Sponsorship	\$661,709	\$700,751	\$39,042	
Total	\$7,278,801	\$7,708,265	\$429,464	5.9%

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE						
Sector of City	Q2 FY 2018	Q2 FY 2017	Percent Change	YTD FY 2018	YTD FY 2017	Percent Change
Central	1,195,637	1,158,286	3.2%	2,371,630	2,298,376	3.2%
Northeast	122,125	101,267	20.6%	281,381	235,591	19.4%
Northwest	969,310	855,000	13.4%	1,995,098	1,862,217	7.1%
Southeast	166,407	161,275	3.2%	346,341	352,665	(1.8%)
Southwest	1,318,525	1,196,392	10.2%	2,693,497	2,457,113	9.6%
Home Sharing	20,319	-	-	20,319	-	-
TOTAL	3,792,323	3,472,219	9.2%	7,708,265	7,205,962	7.0%

Central: Business this quarter for hotels in the Central sector was positive, up 3.2% for both the quarter and fiscal year. The City continues to experience growth and increased business travel in its core area.

Northeast: For the second quarter in a row, this sector experienced the largest growth in the City. As noted in the previous report, one of the larger hotels in the sector was shut down by the Oklahoma Tax Commission on September 14, 2017 and defaulted on their payment plan. City staff is continuing to work on pursuing further legal actions against the hotel.

Northwest: The Northwest sector saw strong collections for both the quarter and fiscal year-to-date. Delinquent hotel taxes have decreased significantly in this sector, with two hotels remitting under payment plans.

Southeast: After a slow start to FY 2018, the Southeast Sector is up 3.2% for the quarter. However, the sector is down 1.8% for the fiscal year.

Southwest: Over 72% of hotels in the Southwest had improved revenues this quarter, which contributed to the 10.2% quarter and 9.6% fiscal year-to-date increase.

Home Sharing: A new sector was created this quarter for hotel tax collections on home sharing properties. Home sharing refers to situations where people share their entire home or portions of their home by using a home sharing network in exchange for compensation. This type of rental is subject to hotel taxes as outlined in the City ordinance.

Delinquencies: As of December 31, 2017, 35 correction notices remain unpaid representing an outstanding balance of \$4,347.54. In addition, there was an estimated outstanding balance of \$105,520.95 from 39 instances of unreported taxes from nine hotels however, 72% of this total is under a payment plan. City staff is working closely with these hotel operators to ensure corrections and unreported taxes are addressed in a timely manner.

Respectfully submitted,


James D. Couch
City Manager