



City Manager Report

The City of OKLAHOMA CITY

NO: 1267

DATE: NOVEMBER 20, 2018

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: HOTEL TAX COLLECTIONS THROUGH SEPTEMBER 30, 2018

Hotel Tax Collections are up \$299,700 or 7.7% through the first quarter of FY 2019.

Hotel tax collections have started off strong this fiscal year with first quarter hotel tax collections 7.7% above last year and 3.0% above projections. Oklahoma City continues to see an increase in the total number of hotels with four new hotels opening during the quarter.

HOTEL TAX COLLECTIONS

Hotel taxes are collected by local hotels and remitted to the City the month after being collected. This report summarizes hotel tax collections for the first quarter of fiscal year 2019 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	\$1,488,197	\$1,532,958	\$44,761	
State Fairgrounds	\$2,232,296	\$2,299,437	\$67,141	
Event Sponsorship	\$372,049	\$383,239	\$11,190	
Total	\$4,092,542	\$4,215,634	\$123,092	3.0%

QUARTERLY PERFORMANCE			
Sector of City	Q1 FY 2019	Q1 FY 2018	Percent Change
Central	1,311,643	1,175,993	11.5%
Northeast	200,050	159,256	25.6%
Northwest	1,014,361	1,025,788	(1.1%)
Southeast	223,281	179,934	24.1%
Southwest	1,425,615	1,374,971	3.7%
Home Sharing	40,684	0	N/A
TOTAL	4,215,634	3,915,943	7.7%

Central: Business this quarter for hotels in the Central sector was positive, up 11.5% for the first quarter. The City continues to experience growth and increased business travel in the core area.

Northeast: The Northeast sector continued to exceed expectations during the first quarter of FY19, leading all other sectors with a growth of 25.6%.

Northwest: The Northwest sector saw a slight decrease over the first quarter of the fiscal year. Two new hotels were added to the Northwest sector during the first quarter, so it is anticipated to see an increase in the next reporting period.


Southeast: The Southeast sector improved by 24.1% for the quarter due to the addition of new hotels.

Southwest: A majority of the hotels in the Southwest had improved revenues this quarter, which contributed to the 3.7% increase during the first quarter.

Home Sharing: A new sector was created during the second quarter of last fiscal year 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. These types of rentals are subject to hotel taxes as outlined in the City ordinance.

Delinquencies: As of September 30, 2018, 22 correction invoices remain unpaid representing an outstanding balance of \$13,200. In addition, there was an estimated outstanding balance of \$103,591 from 47 instances of unreported taxes. 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