



City Manager Report

The City of OKLAHOMA CITY

NO: 720

DATE: OCTOBER 15, 2015

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: HOTEL TAX COLLECTIONS THROUGH SEPTEMBER 30, 2015

Hotel Tax collections are up \$136,564 or 3.6% through the first quarter of FY 2016.

Hotel tax collections started the fiscal year above the first quarter last year and this year's first quarter projections. According to the Smith Travel Research Report, hotel room rates and room supply have increased by a city-wide average of 2.8% and 4.2%, respectively. The large increase in room supply is evidenced by the total number of hotels rising from 165 to 168 since the first quarter of FY 2015.

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 FY 2016 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	\$ 1,384,922	\$ 1,442,270	\$ 57,348	
State Fairgrounds	\$ 2,077,383	\$ 2,163,406	\$ 86,022	
Event Sponsorship	\$ 346,231	\$ 360,568	\$ 14,337	
Total	\$ 3,808,536	\$ 3,966,243	\$ 157,707	4.1%

QUARTERLY PERFORMANCE

QUARTERLY PERFORMANCE			
Sector of City	Q1 FY 2016	Q1 FY 2015	Percent Change
Central	1,168,434	982,600	18.9%
Northeast	162,756	169,056	(3.7%)
Northwest	1,069,032	1,128,718	(5.3%)
Southeast	212,831	225,673	(5.7%)
Southwest	1,353,191	1,323,632	2.2%
TOTAL	3,966,243	3,829,679	3.6%

Central: The Central sector has experienced strong collections this fiscal year, increasing 18.9% over the first quarter of FY 2015. The first quarter growth in this sector is substantial when compared to the 6.9% growth in the first quarter of FY 2015 and 8.9% growth in the first quarter of FY 2014. In August, the North American Youth Congress of the United Pentecostal Church International took place in downtown with over 45,000 people attending the three day event.

Northeast: Collections for the Northeast sector decreased 3.7%. The majority of this decrease is due to a missing payment from a hotel this quarter.

Northwest: Twelve out of the 51 hotels in this sector make up 50% of total sales. Only three of these 12 hotels experienced a minimal increase this quarter compared to last year for the same period, with the overall sector experiencing a 5.3% drop.

Southeast: This sector experienced the largest first quarter decline, down 5.7%. Some of this decline is due to the closure of one hotel after suffering damage from a tornado during the previous quarter.

Southwest: The Southwest sector started the first quarter with a modest increase of 2.2% over last year.

Delinquencies: As of September 30, 32 correction notices remain unpaid representing an outstanding balance of \$9,881. City staff works closely with hotel operators to ensure corrections and missing payments are addressed in a timely manner.

Respectfully submitted,



James D. Couch
City Manager