



City Manager Report

The City of
OKLAHOMA CITY

NO: 1100

DATE: NOVEMBER 7, 2017

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: HOTEL TAX COLLECTIONS THROUGH SEPTEMBER 30, 2017

Hotel Tax Collections are up \$182,200 or 4.9% through the first quarter of FY 2018.

Hotel Taxes have started off strong this fiscal year with first quarter hotel tax collections 4.9% above last year and 2.8% above projections. Four out of the five sectors showed positive gains. According to the Smith Travel Research Report, occupancy has increased by an average of 2.2% and room revenue has increased by an average of 2.1% city-wide.

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 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	\$1,385,269	\$1,423,979	\$38,710	
State Fairgrounds	\$2,077,904	\$2,135,969	\$58,065	
Event Sponsorship	\$346,317	\$355,995	\$9,678	
Total	\$3,809,490	\$3,915,943	\$106,453	2.8%

QUARTERLY PERFORMANCE			
Sector of City	Q1 FY 2018	Q1 FY 2017	Percent Change
Central	1,175,993	1,140,090	3.1%
Northeast	159,256	134,324	18.6%
Northwest	1,025,788	1,007,218	1.8%
Southeast	179,934	191,390	(6.0%)
Southwest	1,374,971	1,260,721	9.1%
TOTAL	3,915,943	3,733,743	4.9%

Central: The Central sector welcomed a new hotel during the first quarter. This contributed to the 3.1% increase. One hotel failed to remit their August report or payment; however, the hotel became current shortly after the quarter ended.

Northeast: This sector had the largest growth in the City for the first quarter at 18.6%. This growth occurred despite one large hotel being shut down by the Oklahoma Tax Commission on September 14, 2017 and remains closed. This hotel was on a payment plan and has since defaulted on this plan. City staff is working to pursue further legal actions against the hotel.

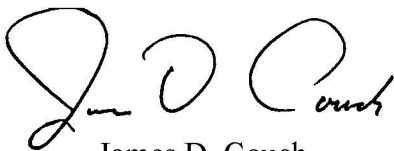
Northwest: The Northwest was up a modest 1.8% to begin this fiscal year. Two hotels in this sector entered into payment plan agreements for their delinquent hotel taxes last quarter and have continued to remit under the terms of their agreements.

Southeast: The Southeast was the only sector to experience a decline in the first quarter, down 6.0%. Only five out of the 21 hotels in the Southeast sector improved sales in the first quarter compared to last year for the same period.

Southwest: The top 10 hotels in the sector make up 42% of the sector's revenue. All 10 of these hotels experienced a positive increase this quarter assisting in the quarterly rise of 9.1%.

Delinquencies: As of September 30, 2017, 32 correction notices remain unpaid representing an outstanding balance of \$6,336. In addition, there is an estimated outstanding balance of \$108,769 of unreported taxes from eight hotels; however, 66% 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