



City Manager Report

The City of
OKLAHOMA CITY

NO: 1182

DATE: MAY 22, 2018

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: HOTEL TAX COLLECTIONS THROUGH MARCH 31, 2018

Hotel Taxes for FY 2018 are up \$747,277 or 7.4% through the third quarter of FY 2018.

Growth has been positive through the third quarter of this fiscal year. Hotel tax collections are up 7.4% over last year and 6.0% over projections. Oklahoma City continues to see an increase in the total number of hotels with two 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 third 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	\$3,720,987	\$3,943,923	\$222,936	
State Fairgrounds	\$5,581,482	\$5,915,884	\$334,402	
Event Sponsorship	\$930,246	\$985,981	\$55,735	
Total	\$10,232,715	\$10,845,788	\$613,073	6.0%

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE						
Sector of City	Q3 FY 2018	Q3 FY 2017	Percent Change	YTD FY 2018	YTD FY 2017	Percent Change
Central	1,050,639	970,580	8.2%	3,422,269	3,268,956	4.7%
Northeast	99,913	93,034	7.4%	381,294	328,625	16.0%
Northwest	764,655	716,432	6.7%	2,759,753	2,578,650	7.0%
Southeast	147,575	135,020	9.3%	493,915	487,686	1.3%
Southwest	1,044,637	977,481	6.9%	3,738,133	3,434,594	8.8%
Home Sharing	30,103	-	-	50,422	-	-
TOTAL	3,137,522	2,892,548	8.5%	10,845,788	10,098,511	7.4%

Central: Business this quarter for hotels in the Central sector was positive, up 8.2% for the quarter and 4.7% for the fiscal year. The City continues to experience growth and increased business travel in its core area.

Northeast: The Northeast sector continues to perform well this fiscal year, outpacing the other sectors in year-over-year growth for two of the three quarters so far this year, leading all sectors with a 16.0% year-over-year growth for FY 2018.

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.

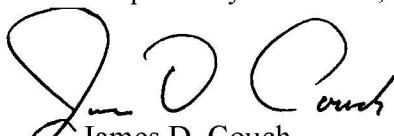
Southeast: The Southeast sector improved by 9.3% for the quarter and 1.3% for the fiscal year. A delinquent hotel paid four months of delinquent payments in March, contributing to the strong quarter.

Southwest: A majority of the hotels in the Southwest had improved revenues this quarter, which contributed to the 6.9% quarter and 8.8% fiscal year-to-date increase.

Home Sharing: A new sector was created this 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 March 31, 2018, 30 correction invoices remain unpaid representing an outstanding balance of \$7,185. In addition, there was an estimated outstanding balance of \$93,182 from 47 instances of unreported taxes. 67% 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