



City Manager Report

The City of
OKLAHOMA CITY

NO: 1304

DATE: FEBRUARY 12, 2019

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: HOTEL TAX COLLECTIONS THROUGH DECEMBER 31, 2018

Hotel Tax collections are up \$416,874 or 5.4% through the second quarter of FY 2019.

Hotel tax collections have continued to grow this fiscal year with second quarter hotel tax collections 5.4% above last year and 2.6% above projections. Oklahoma City continues to see an increase in the total number of hotels with three new hotels opening during the second 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	\$2,879,893	\$2,954,596	\$74,703	
State Fairgrounds	\$4,319,839	\$4,431,894	\$112,055	
Event Sponsorship	\$719,972	\$738,649	\$18,677	
Total	\$7,919,704	\$8,125,139	\$205,435	2.6%

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE						
Sector of City	Q2 FY 2019	Q2 FY 2018	Percent Change	YTD FY 2019	YTD FY 2018	Percent Change
Central	1,264,132	1,195,637	5.7%	2,575,776	2,371,630	8.6%
Northeast	183,934	122,125	50.6%	383,984	281,381	36.5%
Northwest	912,682	969,310	(5.8%)	1,927,042	1,995,098	(3.4%)
Southeast	198,465	166,407	19.3%	421,747	346,341	21.8%
Southwest	1,310,464	1,318,525	(0.6%)	2,736,079	2,693,497	1.6%
Home Sharing	39,828	20,319	96.0%	80,512	20,319	296.2%
TOTAL	3,909,505	3,792,323	3.1%	8,125,140	7,708,266	5.4%

Central: Business for hotels in the Central sector was positive, up 5.7% for the second 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 second quarter of FY19, with a growth of 50.6%. This growth is largely contributed to the addition of four hotels in the previous year.

Northwest: The Northwest sector saw a decrease of 5.8% over the second quarter of the current fiscal year primarily due to an overpayment from a large hotel in the prior year.

Southeast: The Southeast sector improved by 19.3% for the quarter due to the addition of a new hotel.

Southwest: The Southwest sector remained consistent with a slight decrease of less than 1%.

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. The Home Sharing sector showed an increase of 96% over the second quarter of last fiscal year.

Delinquencies: As of December 31, 2018, 19 correction invoices remain unpaid representing an outstanding balance of \$13,981. In addition, there was an estimated outstanding balance of \$94,860 from 52 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,



Craig Freeman
City Manager