



# City Manager Report

The City of  
**OKLAHOMA CITY**

**NO: 1346**

**DATE: MAY 7, 2019**

**TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**SUBJECT: HOTEL TAX COLLECTIONS THROUGH MARCH 31, 2019**

Hotel Tax collections are up \$412,420 or 3.8% through the third quarter of FY 2019.

Hotel tax collections have continued to grow this fiscal year with year to date hotel tax collections 3.8% above last year and 1.0% above projections. Oklahoma City continues to see an increase in the total number of hotels with two new hotels opening during the third 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:

<b>FISCAL YEAR-TO-DATE COMPARISON</b>				
	<b><u>Projection</u></b>	<b><u>Revenue</u></b>	<b><u>Over/Under Projection</u></b>	<b><u>% Over/Under Projection</u></b>
<b>Convention and Tourism</b>	<b>\$4,055,033</b>	<b>\$4,093,893</b>	<b>\$38,860</b>	
<b>State Fairgrounds</b>	<b>\$6,082,551</b>	<b>\$6,140,839</b>	<b>\$58,288</b>	
<b>Event Sponsorship</b>	<b>\$1,013,756</b>	<b>\$1,023,473</b>	<b>\$9,717</b>	
<b>Total</b>	<b>\$11,151,340</b>	<b>\$11,258,205</b>	<b>\$106,865</b>	<b>1.0%</b>

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE						
Sector of City	Q3 FY 2019	Q3 FY 2018	Percent Change	YTD FY 2019	YTD FY 2018	Percent Change
Central	1,060,527	1,050,639	0.9%	3,636,303	3,422,269	6.3%
Northeast	144,404	99,913	44.5%	528,388	381,294	38.6%
Northwest	746,609	764,655	(2.4%)	2,673,652	2,759,753	(3.1%)
Southeast	153,958	147,574	4.3%	575,705	493,915	16.6%
Southwest	972,640	1,044,637	(6.9%)	3,708,718	3,738,133	(0.8%)
Home Sharing	54,928	30,103	82.5%	135,440	50,422	168.6%
<b>TOTAL</b>	<b>3,133,066</b>	<b>3,137,521</b>	<b>(0.1%)</b>	<b>11,258,206</b>	<b>10,845,786</b>	<b>3.8%</b>

Central: Business for hotels in the Central sector was positive, up 0.9% for the third 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 third quarter of FY19, with a growth of 44.5%. This growth is largely contributed to the addition of four hotels in the previous year.

Northwest: The Northwest sector saw a decrease of 2.4% over the third 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 4.3% for the quarter due to the addition of a new hotel.

Southwest: The Southwest sector saw a decrease of 6.9%. This was primarily due to the timing of payments in the current year.

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 82.5% over the third quarter of last fiscal year.

Delinquencies: As of March 31, 2019, 27 correction invoices remain unpaid representing an outstanding balance of \$24,787. In addition, there was an estimated outstanding balance of \$178,910 from 53 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