



City Manager Report

The City of OKLAHOMA CITY

NO: 1385

DATE: AUGUST 13, 2019

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: HOTEL TAX COLLECTIONS THROUGH JUNE 30, 2019

Hotel Tax collections are up \$532,575 or 3.5% through the end of FY 2019.

Hotel tax collections have continued to grow this fiscal year with year-to-date hotel tax collections 3.5% above last year and 2.2% above projections. Oklahoma City continues to see an increase in the total number of hotels with five new hotels opening during the fourth 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 fourth 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	\$5,599,610	\$5,722,348	\$122,738	
State Fairgrounds	\$8,399,415	\$8,583,522	\$184,107	
Event Sponsorship	\$1,399,900	\$1,430,587	\$30,687	
Total	\$15,398,925	\$15,736,456	\$337,531	2.2%

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE						
Sector of City	Q4 FY 2019	Q4 FY 2018	Percent Change	YTD FY 2019	YTD FY 2018	Percent Change
Central	1,481,235	1,457,722	1.6%	5,117,636	4,879,991	4.9%
Northeast	251,170	178,981	40.3%	779,558	560,276	39.1%
Northwest	1,103,353	1,075,952	2.5%	3,777,005	3,835,705	(1.5%)
Southeast	221,935	190,881	16.3%	797,640	684,797	16.5%
Southwest	1,354,950	1,417,032	(4.4%)	5,063,668	5,155,165	(1.8%)
Home Sharing	65,509	37,426	75.0%	200,949	87,848	128.7%
TOTAL	4,478,152	4,357,994	2.8%	15,736,456	15,203,782	3.5%

Central: Business for hotels in the Central sector was positive, up 1.6% for the fourth 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 fourth quarter of FY19, with a growth of 40.3%. This growth is largely attributed to the addition of five hotels in the previous year.

Northwest: The Northwest sector saw a slight increase of 2.5% over the fourth quarter of the current fiscal year primarily due primarily to the addition of a new hotel.

Southeast: The Southeast sector improved by 16.3% for the quarter due to the addition of two new hotels.

Southwest: The Southwest sector saw a decrease of 4.4%. This was primarily due to the timing of payments in the current year.

Home Sharing: A 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 host rent their entire home or portions of their home online using a home sharing network. These rentals are subject to hotel taxes as outlined in the City ordinance. The Home Sharing sector showed an increase of 75% over the fourth quarter of last fiscal year.

Delinquencies: As of June 30, 2019, 32 correction invoices remain unpaid representing an outstanding balance of \$35,982. In addition, there was an estimated outstanding balance of \$129,450 from 65 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