



City Manager Report

The City of
OKLAHOMA CITY

NO: 471
DATE: APRIL 22, 2014
TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL
SUBJECT: HOTEL/MOTEL TAX COLLECTIONS THROUGH MARCH 31, 2014

Hotel/Motel Taxes for FY 2014 are up \$656,707 or 7.0%.

The hotel industry in Oklahoma City continues to show positive growth for both this quarter and fiscal year-to-date. According to the Smith Travel Research Report, occupancy has increased by an average of 2.4% and room rates have increased by an average of 7.8% city-wide this calendar year. With the opening of two new hotels in Bricktown this quarter, the Convention and Visitors Bureau modified the sector boundaries to better represent the central area hotels. This adjustment resulted in four hotels moving to the Northeast Sector that were previously being reported in the Central Sector.

HOTEL/MOTEL 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 2014 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 targets for each of these purposes:

	<u>Target</u>	<u>Revenue</u>	<u>Over/Under Target</u>	<u>% Over/Under Target</u>
Convention and Tourism	\$ 3,663,167	\$ 3,668,612	\$ 5,445	
State Fairgrounds	\$ 5,494,749	\$ 5,502,918	\$ 8,169	
Event Sponsorship	\$ 915,791	\$ 917,153	\$ 1,362	
Total	\$ 10,073,707	\$ 10,088,684	\$ 14,977	0.1%

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE

QUARTERLY PERFORMANCE			
Sector of City	Q3 Prior FY	Q3 Current FY	Percent Change
Central	736,818	807,651	10%
Northeast	57,170	99,183	73%
Northwest	808,772	849,664	5%
Southeast	140,712	137,189	(3%)
Southwest	962,138	960,699	(0%)
TOTAL	2,705,610	2,854,386	5%

FISCAL YEAR-TO-DATE PERFORMANCE			
Sector of City	FYTD Prior FY	FYTD Current FY	Percent Change
Central	2,402,960	2,592,552	8%
Northeast	243,970	337,475	38%
Northwest	2,860,183	3,160,510	11%
Southeast	492,825	521,999	6%
Southwest	3,432,039	3,476,147	1%
TOTAL	9,431,976	10,088,684	7%

Central: Hotels in the Central Sector have continued to show positive growth for the quarter and fiscal year. Bricktown welcomed the addition of two new hotels in January and three additional hotels are expected to open by the end of the calendar year.

Northeast: The Northeast Sector experienced significant growth this quarter due to the boundary adjustments which moved four hotels from the Central Sector to this sector. These four hotels accounted for over one-third of the total sales for the third quarter.

Northwest: Two-thirds of the hotels in this sector improved their sales this quarter compared to last year for the same period. As noted in prior reports, this sector's growth can largely be attributed to the continued growth in medical treatment services offered in this area.

Southeast: This sector is down 3% for the quarter; however, it is up 6% for the fiscal year. One hotel has recently changed ownership and has been closed for upgrades since October. This hotel is expected to resume business next quarter.

Southwest: Sales were flat for this sector compared to the third quarter last year. Fiscal year-to-date, sales growth was modest at 1%.

Delinquencies: As of March 31, 47 correction notices remain unpaid representing an outstanding balance of \$6,875. City staff works closely with hotel operators to ensure corrections and missing payments are addressed in a timely manner.

Respectfully submitted,


 James D. Couch
 City Manager