



# City Manager Report

The City of  
**OKLAHOMA CITY**

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**NO:** 257  
**DATE:** APRIL 23, 2013  
**TO:** THE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**SUBJECT:** HOTEL/MOTEL TAX COLLECTIONS THROUGH MARCH 31, 2013

Hotel/Motel Taxes through the third quarter of FY 13 are up 9.4% and are \$678,253 over target.

The hotel industry in Oklahoma City continues to show positive growth. Hotel occupancy and room rates have continued to grow this year. According to the Smith Travel Research Report, occupancy rates have increased by an average of 3% and room rates have increased by an average of 6% city-wide. Third quarter hotel tax collections were 6% above last year for the same period; and year-to-date collections increased by 9% compared to the first three quarters for FY2012. Tax revenue growth can be attributed to the increased cost for a hotel room and the growing business community and tourism industry in Oklahoma City.

## 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 through the third quarter of fiscal year 2013 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	\$ 3,183,172	\$ 3,429,810	\$ 246,638	
State Fairgrounds	\$ 4,774,757	\$ 5,144,714	\$ 369,957	
Event Sponsorship	\$ 795,794	\$ 857,452	\$ 61,658	
<b>Total</b>	<b>\$ 8,753,723</b>	<b>\$ 9,431,976</b>	<b>\$ 678,253</b>	<b>7.70%</b>

**QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE**

QUARTERLY PERFORMANCE			
Sector of City	Q3 Prior FY	Q3 Current FY	Percent Change
Central	683,938	736,818	8%
Northeast	59,660	57,170	(4%)
Northwest	766,461	808,772	6%
Southeast	127,211	140,712	11%
Southwest	924,451	962,138	4%
<b>TOTAL</b>	<b>2,561,720</b>	<b>2,705,610</b>	<b>6%</b>

FISCAL YEAR-TO-DATE PERFORMANCE			
Sector of City	FYTD Prior FY	FYTD Current FY	Percent Change
Central	2,236,012	2,402,960	7%
Northeast	210,270	243,970	16%
Northwest	2,601,196	2,860,183	10%
Southeast	443,911	492,825	11%
Southwest	3,128,723	3,432,039	10%
<b>TOTAL</b>	<b>8,620,112</b>	<b>9,431,976</b>	<b>9%</b>

Central: Increased tourism in the core area of the City has been prevalent with the Central sector showing significant growth in every quarter this fiscal year.

Northeast: Although collections for this sector are down it should be noted that the majority of hotels in the sector experienced solid growth for the quarter. The 4% decline is a direct result of a late/missing payment from one hotel and *another hotel which is completely closed due to remodel construction.*

Northwest: Three-fourths 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 sectors growth can largely be attributed to the continued growth in medical treatment services offered in this area.

Southeast: A previously delinquent hotel that is under new ownership is now remitting hotel tax which has played a big part in this sector’s improvement over last year. The previous owner is also remitting the delinquent taxes due under a court ordered payment plan which began in November.

Southwest: This sector serves most of the Will Rogers Airport traffic. Two new direct flights added this year have increased travel by 4%. Growth in this particular area seems to be slowing evidenced by a sharp drop off from 12% growth over the previous two quarters.

Delinquencies: From January through March 2013, The City Treasurer’s office issued 154 correction notices totaling \$34,484 to hotels that submitted erroneous returns. As of March 31, 38 correction notices are unpaid representing outstanding balances of \$10,680. In addition to the correction notices outstanding, the City also had three outstanding or missing payments for the quarter.

Respectfully submitted,



James D. Couch  
City Manager