



City Manager Report

The City of
OKLAHOMA CITY

NO: 562
DATE: JANUARY 27, 2015
TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL
SUBJECT: HOTEL TAX COLLECTIONS THROUGH DECEMBER 31, 2014

Hotel Taxes for FY 2015 are up \$247,412 or 3.4%.

Hotel tax collections rebounded the second quarter up 1.8% above target for the quarter. However, after starting the year slow, collections remain 1.3% below target for the fiscal year-to-date. The City continues to experience strong development in the hotel industry evidenced by the total number of hotels rising from 159 to 166 since the same quarter last year. According to the Smith Travel Research Report, room supply has increased by an average of 2.8% and room revenue has increased by an average of 6.2% citywide.

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 second quarter of fiscal year 2015 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:

FISCAL YEAR-TO-DATE COMPARISON

	<u>Target</u>	<u>Revenue</u>	<u>Over/Under Target</u>	<u>% Over/Under Target</u>
Convention and Tourism	\$ 2,756,451	\$ 2,720,621	\$ (35,830)	
State Fairgrounds	\$ 4,134,677	\$ 4,080,932	\$ (53,745)	
Event Sponsorship	\$ 689,113	\$ 680,155	\$ (8,958)	
Total	\$ 7,580,241	\$ 7,481,709	\$ (98,532)	-1.3%

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE

QUARTERLY PERFORMANCE			
Sector of City	Q2 Prior FY	Q2 Current FY	Percent Change
Central	865,630	1,036,462	20%
Northeast	100,562	133,700	33%
Northwest	1,068,729	1,011,193	(5%)
Southeast	165,304	209,364	27%
Southwest	1,137,946	1,261,310	11%
TOTAL	3,338,172	3,652,029	9%

FISCAL YEAR-TO-DATE PERFORMANCE			
Sector of City	FYTD Prior FY	FYTD Current FY	Percent Change
Central	1,784,901	2,019,061	13%
Northeast	238,292	302,757	27%
Northwest	2,310,846	2,228,822	(4%)
Southeast	384,810	435,037	13%
Southwest	2,515,448	2,496,032	(1%)
TOTAL	7,234,297	7,481,709	3%

Central: Business was vigorous this quarter for hotels in the Central sector with many hotels showing solid sales growth over last year. A new hotel is expected to open in January of this fiscal year.

Northeast: This sector experienced the largest growth in the City for both the quarter and the fiscal year. This growth is entirely attributed to the boundary adjustments made by the Convention and Visitors Bureau, which moved four smaller hotels that were previously being reported in the Central Sector to the Northeast sector. This will level out next quarter since it will have been a year since the boundary adjustment became effective.

Northwest: The Northwest sector saw declines in both the quarter and fiscal year-to-date. The majority of this decrease is from one hotel that is no longer associated with a major national hotel chain. It was down 67% when compared to the second quarter of last year. Another smaller hotel in this sector has not remitted hotel tax for the entire quarter.

Southeast: This sector has continued to show growth for three straight quarters. According to the Smith Travel Research Report, room rates in the Southeast have increased by 8.3% over the last calendar year.

Southwest: The sector’s close proximity to the Will Rogers Airport allows it to serve most of the airport’s traffic. The Southwest is up 11% for the quarter; however, it is down 1% for the fiscal year.

Delinquencies: As of December 31st, 46 correction notices remain unpaid representing an outstanding balance of \$6,574. 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