



# City Manager Report

The City of  
**OKLAHOMA CITY**

**NO: 307**

**DATE: JULY 30, 2013**

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

**SUBJECT: HOTEL/MOTEL TAX COLLECTIONS THROUGH JUNE 30, 2013**

Hotel/Motel Taxes for FY 2013 finished \$1,139,591 or 9% above FY 2012.

Growth was strong this fiscal year for the hotel industry. Fourth quarter hotel tax collections were 10% above last year for the same period; and year-to-date collections increased by 9% compared to FY2012. Hotel occupancy and room rates continued to grow steadily this fiscal year. According to the Smith Travel Research Report, occupancy rates have increased by an average of 6% and room rates have increased by an average of 5% city-wide. Oklahoma City continues to experience tourism growth evidenced by all hotel sectors sustaining positive growth for the second year in a row.

## 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 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	\$ 4,473,486	\$ 4,779,839	\$ 306,353	
State Fairgrounds	\$ 6,710,229	\$ 7,169,758	\$ 459,529	
Event Sponsorship	\$ 1,118,371	\$ 1,194,960	\$ 76,589	
<b>Total</b>	<b>\$ 12,302,086</b>	<b>\$ 13,144,557</b>	<b>\$ 842,471</b>	<b>7%</b>

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

<b>QUARTERLY PERFORMANCE</b>			
<b>Sector of City</b>	<b>Q4 Prior FY</b>	<b>Q4 Current FY</b>	<b>Percent Change</b>
Central	886,642	941,227	6%
Northeast	104,687	97,876	(7%)
Northwest	1,032,224	1,174,378	14%
Southeast	170,927	196,685	15%
Southwest	1,190,374	1,302,414	9%
<b>TOTAL</b>	<b>3,384,854</b>	<b>3,712,580</b>	<b>10%</b>

<b>FISCAL YEAR-TO-DATE PERFORMANCE</b>			
<b>Sector of City</b>	<b>FYTD Prior FY</b>	<b>FYTD Current FY</b>	<b>Percent Change</b>
Central	3,122,654	3,344,187	7%
Northeast	314,957	341,846	9%
Northwest	3,633,420	4,034,561	11%
Southeast	614,838	689,510	12%
Southwest	4,319,097	4,734,453	10%
<b>TOTAL</b>	<b>12,004,966</b>	<b>13,144,557</b>	<b>9%</b>

Central: Despite the impact of the Oklahoma City Thunder having a shorter playoff run than last year, the Central Sector still experienced growth. Contributing factors to this growth was a record breaking number of registrations for the Oklahoma City Memorial Marathon and the highest attended opening session in the country for a NCAA Division I Women’s Basketball Regional.

Northeast: Several factors contributed to the 7% decline for this sector, including a late/missing payment from one hotel and another hotel that was completely closed for several months due to remodel construction. The Women’s College World Series had the second all-time highest attendance in Oklahoma City, but is being compared against last year’s record attendance.

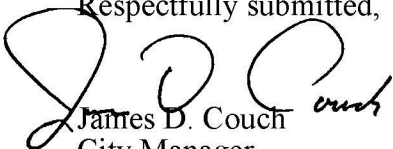
Northwest: Five out of the 51 hotels in this sector make up 30% of total sales. These five hotels had a growth of 24% this quarter compared to last year for the same period. Out of the remaining hotels, three-fourths reported a growth for the period as well.

Southeast: This sector experienced the largest growth in the City. Collections for the quarter came in 15% higher than the previous year. June rentals were up 24% over June collections in FY12. This is attributed to the May 20<sup>th</sup> tornado that displaced many South Oklahoma City and Moore residents and brought in people assisting with the aftermath of the storms.

Southwest: This sector continues to see steady growth. As noted in previous reports, this sectors growth can largely be attributed to the continued increase of traffic at Will Rogers Airport which includes the addition of more direct flights.

Delinquencies: As of June 30, 69 correction notices remain unpaid representing an outstanding balance of \$39,893. In addition to outstanding correction notices, there were two missing payments for the quarter. 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