



City Manager Report

The City of
OKLAHOMA CITY

NO: 359

DATE: OCTOBER 22, 2013

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: HOTEL TAX COLLECTIONS THROUGH SEPTEMBER 30, 2013

Hotel Tax collections are up \$374,691 or 10.64% through the first quarter of FY 2014.

Hotel Taxes have started off strong this fiscal year with all sectors showing positive gains. First quarter hotel tax collections were 11% above last year and 25% above FY 2011 for the same period. According to the Smith Travel Research Report, hotel occupancy and room rates have both increased by an average of 5.4% city-wide. However, there has been a slight decrease of 0.1% in the Oklahoma City room supply. There are currently nine new hotels under construction which will add 1,059 rooms increasing the room supply by 7%. Strong first quarter growth is evidence that tourism and business travel remain strong in Oklahoma City.

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 first 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	\$ 1,367,612	\$ 1,416,773	\$ 49,161	
State Fairgrounds	\$ 2,051,418	\$ 2,125,159	\$ 73,741	
Event Sponsorship	\$ 341,902	\$ 354,193	\$ 12,291	
Total	\$ 3,760,932	\$ 3,896,126	\$ 135,194	4%

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE

QUARTERLY PERFORMANCE			
Sector of City	Q1 Prior FY	Q1 Current FY	Percent Change
Central	843,942	919,271	9%
Northeast	109,833	137,730	25%
Northwest	1,091,328	1,242,117	14%
Southeast	191,852	219,506	14%
Southwest	1,284,481	1,377,502	7%
TOTAL	3,521,435	3,896,126	11%

Central: Business this quarter for hotels in the Central sector has started off strong showing similar growth to last fiscal year.

Northeast: The Northeast sector experienced the largest growth this quarter mostly due to the May hailstorms and tornados. Roofers and insurance adjusters tend to stay in hotels located in the Northeast and Southeast sector due to the generally lower room rates in these areas. The Northeast sector increased 25% from the first quarter last year. This is significant considering last year this sector was up 40% over the previous year. The sector is up \$59,295 or 76% over the first quarter in FY 2011.

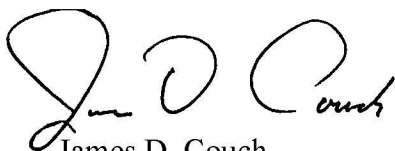
Northwest: First quarter collections from hotels located in the Northwest sector were strong with the majority of hotels showing solid growth over the first quarter of FY 2012. Six out of the 51 hotels in this sector make up 35% of total sales. These six hotels had a growth of 21% this quarter compared to last year for the same period.

Southeast: The Southeast sector is much like the Northeast sector in that many roofers and insurance adjusters heavily occupied hotels in this area during the first quarter.

Southwest: This sector serves most of the Will Rogers Airport traffic. The 7% first quarter growth in this sector is substantial when compared to the 12% growth in the first quarter of the previous year. This constant growth shows that Oklahoma City continues to experience increased business and tourism travel.

Delinquencies: As of September 30, 62 correction notices remain unpaid representing an outstanding balance of \$15,421. 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