



City Manager Report

The City of
OKLAHOMA CITY

NO: 766
DATE: FEBRUARY 9, 2016
TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL
SUBJECT: HOTEL TAX COLLECTIONS THROUGH DECEMBER 31, 2015

Hotel Taxes for FY 2016 are up \$142,311 or 1.9% through the second quarter of FY 2016.

Growth has been positive through the second quarter of this fiscal year for hotels. Hotel tax collections are up 1.9% over last year and 5.4% above projections. Oklahoma City continues to see an increase in the total number of hotels with the addition of two new hotels this quarter. According to the Smith Travel Research Report, room rates have increased by an average of 2.6% and room revenue has increased by an average of 3.1% city-wide in calendar year 2015.

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 2016 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 projections for each of these purposes:

FISCAL YEAR-TO-DATE COMPARISON TO PROJECTION

	<u>Projection</u>	<u>Revenue</u>	<u>Over/Under Projection</u>	<u>% Over/Under Projection</u>
Convention and Tourism	\$ 2,629,799	\$ 2,772,371	\$ 142,572	
State Fairgrounds	\$ 3,944,699	\$ 4,158,556	\$ 213,857	
Event Sponsorship	\$ 657,450	\$ 693,093	\$ 35,643	
Total	\$ 7,231,948	\$ 7,624,020	\$ 392,072	5.4%

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE BY SECTOR

QUARTERLY PERFORMANCE			
Sector of City	Q2 FY 2016	Q2 FY 2015	Percent Change
Central	1,162,501	1,036,462	12.2%
Northeast	126,091	133,700	(5.7%)
Northwest	942,884	1,011,193	(6.8%)
Southeast	184,635	209,364	(11.8%)
Southwest	1,241,666	1,261,310	(1.6%)
TOTAL	3,657,777	3,652,029	0.2%

FISCAL YEAR-TO-DATE PERFORMANCE			
Sector of City	YTD FY 2016	YTD FY 2015	Percent Change
Central	2,330,935	2,019,061	15.4%
Northeast	288,847	302,757	(4.6%)
Northwest	2,011,916	2,228,822	(9.7%)
Southeast	397,466	435,037	(8.6%)
Southwest	2,594,857	2,496,032	4.0%
TOTAL	7,624,020	7,481,709	1.9%

Central: The Central Sector is the only sector to gain positive growth in the second quarter and is up 15.4% fiscal year-to-date. According to the Smith Travel Research Report, room demand in this sector has increased by 18.5% over the last calendar year.

Northeast: This sector is down 5.7% for the quarter and 4.6% fiscal year-to-date. The decrease is due to one of the larger hotels in the sector not submitting hotel tax payments for the entire quarter. A lien has been filed on this property and City staff is currently working to pursue further actions against the hotel.

Northwest: The Northwest sector saw the largest fiscal year-to-date decline of 9.7%. Five out of the 51 hotels in the sector make up one-fourth of hotel tax collections. These five hotels had a 16.4% decline in collections this quarter.

Southeast: Only four out of 22 hotels in the Southeast Sector experienced growth for the second quarter. As mentioned in the previous two reports, a hotel that suffered damage from a tornado in May 2015 remains closed, which attributed to some of this sector's decline.

Southwest: The Southwest sector welcomed a new hotel in late October, but was still down 1.6% for the quarter. However, due to strong collections during the first quarter, the sector is up 4.0% halfway through FY 2016.

Delinquencies: As of December 31, 2015, 44 correction notices remain unpaid representing an outstanding balance of \$13,769. In addition, there is an estimated outstanding balance of \$26,557 from 19 instances of unreported taxes. City staff is working closely with hotel operators to ensure corrections and missing payments are addressed in a timely manner.

Respectfully submitted,


 James D. Couch
 City Manager