



City Manager Report

The City of
OKLAHOMA CITY

NO: 875

DATE: JULY 19, 2016

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: HOTEL TAX COLLECTIONS THROUGH JUNE 30, 2016

Hotel Tax Collections for FY 2016 are down \$7,188 or 0.05%.

Hotel tax collections ended FY 2016 above projections by 3.1%. However, collections are down 2.7% for the fourth quarter and 0.05% for the fiscal year. Despite declines by the majority of hotels this year, the City continues to move in a positive direction in the Central Sector, which experienced 10% growth this fiscal year.

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 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				
	<u>Projection</u>	<u>Revenue</u>	<u>Over/Under Projection</u>	<u>% Over/Under Projection</u>
Convention and Tourism	\$5,155,625	\$5,315,431	\$159,805	
State Fairgrounds	\$7,733,438	\$7,973,146	\$239,708	
Event Sponsorship	\$1,288,906	\$1,328,858	\$39,951	
Total	\$14,177,969	\$14,617,434	\$439,465	3.1%

QUARTERLY AND FISCAL YEAR-TO-DATE PERFORMANCE						
Sector of City	Q4 FY 2016	Q4 FY 2015	Percent Change	YTD FY 2016	YTD FY 2015	Percent Change
Central	1,311,497	1,247,175	5.2%	4,637,771	4,215,359	10.0%
Northeast	141,154	159,028	(11.2%)	533,147	588,201	(9.4%)
Northwest	999,994	1,079,310	(7.3%)	3,785,739	4,146,050	(8.7%)
Southeast	188,955	212,905	(11.2%)	741,458	827,671	(10.4%)
Southwest	1,266,421	1,318,151	(3.9%)	4,919,320	4,847,339	1.5%
TOTAL	3,908,021	4,016,569	(2.7%)	14,617,434	14,624,621	(0.05%)

Central: The Central sector has experienced strong collections this quarter, increasing 5.2% over the fourth quarter last year. Central is the only sector to experience positive growth for both the fourth quarter and the fiscal year.

Northeast: Only one-fifth of the hotels in this sector had improved sales during the fourth quarter. One hotel did not submit a hotel tax report or payment for two out of the three months in this quarter.

Northwest: Half of the decline for the fourth quarter in the Northwest Sector was due to a larger hotel changing ownership in early May. The new management failed to remit a report and payment in the month of June. This issue has been addressed and is being corrected early next quarter. In addition, a smaller hotel in this sector has not remitted hotel tax for 18 out of the last 22 months. City staff is currently working with the hotel on a payment plan, which should begin next quarter.

Southeast: The Southeast sector saw the largest declines in both the quarter and the fiscal year. Only two of the 21 hotels in this sector had growth in the fourth quarter.

Southwest: This sector is up 1.5% for FY 2016. Over 37% of all hotels are located in this sector and benefit from the close proximity to the Will Rogers World Airport.

Delinquencies: As of June 30, 2016, 27 correction notices remain unpaid representing an outstanding balance of \$4,938. In addition, there is an estimated outstanding balance of \$71,633 from 25 instances of unreported taxes from four hotels. City staff is working closely with these hotel operators to ensure corrections and unreported taxes are addressed in a timely manner.

Respectfully submitted,



James D. Couch
City Manager