



MEMORANDUM

Council Agenda
Item No. XI. AB
5/21/2024

The City of OKLAHOMA CITY



TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Ordinance No. 27,610 on final hearing, amending the Oklahoma City Hotel Tax ordinance, relating to Taxation, codified as Article III – Hotel Tax of Chapter 52 of the Oklahoma City Municipal Code, 2020; enacting new Sections 52-63.2 and 52-81.2 of said Article III, Chapter 52, to levy an additional excise tax of three and three-fourths percent (3.75%) upon the gross proceeds or gross receipts from all rent for every occupancy of a hotel room or rooms in this city (the Hotel Tax) and to specify that said additional hotel tax levied shall be set aside and used exclusively for the purpose of encouraging, promoting and/or fostering the convention and/or tourism (visitor) development of the city, by the following expenditures: 75.0% of the tax revenues shall be expended for any projects, items, costs and/or expenses that encourage, promote and/or foster the convention and/or tourism (visitor) development of the city, and 13.3% of the tax revenues shall be expended for the sponsorship and/or promotion of events recommended by the Oklahoma City Convention and Visitors Commission and anticipated to enhance the local economy through increased convention and/or tourism (visitor) activity in the city, and 6.7% of the tax revenues shall be expended for improvements to the Oklahoma City Fairgrounds, not including operational costs, and 5% of the tax revenues shall be expended for improvements to the Oklahoma City Convention Center, not including operational costs; setting forth a proviso to allow certain expenditures to defray any or all reasonable and necessary expenses and costs of the city or its agent(s) or contractor(s) in collecting, enforcing, and/or administering the additional tax and expenditures; providing for codification; providing an effective date for Sections 1 and 2 of this ordinance which effective date shall be 12:00 a.m. on October 1, 2024; and providing that this ordinance is operative only if approved by city voters prior to said time.

Purpose:

Ordinance to levy an additional 3.75% excise tax to the current Hotel/Motel Tax.

Background:

The City has been working with the Greater OKC Chamber of Commerce and Visit OKC on the benefits of raising the hotel/motel tax.

These benefits include increased monies for tourism marketing for the OKC Convention and Visitors Bureau (Visit OKC); increased revenue for the Event Sponsorship Fund (grant monies); additional capital improvement for the OKC Fairgrounds; and a dedicated capital improvement revenue source for the OKC Convention Center.

Currently, the hotel/motel tax is 5.5%. Visit OKC receives 4/11ths of the current hotel/motel tax collections (1/11ths equals 0.5%). This equates to approximately \$6,200,000. Visit OKC has 25 employees, the City has approximately 700,000 residents; hotel room count is 19,445; and convention center space of 500,000 sf.

Peer cities such as Kansas City has a budget of \$14,000,000; 43 employees; 509,000 residents; 36,000 hotel rooms and 800,000sf of space. Fort Worth's budget is \$18,000,000; 42 employees; 956,000 residents; 16,5000 hotel rooms and convention center space of 373,000sf.

The increase will allow Visit OKC, and ultimately the City of Oklahoma City, to become more competitive to the comparable cities in the market.

The current hotel/motel tax is 5.5%.

- 2%, or 4/11's, is direct funding for Visit OKC (CVB) distributed by the Greater OKC Chamber
- 0.5%, or 1/11th, is for the event sponsorship/grant fund (this fund is monitored by Visit OKC and gives grants to offset costs to events that come/are recruited to OKC)
- 3%, or 6/11's, is dedicated to the OKC Fairgrounds

These funds will not be changed.

The request is to add 3.75% making the total hotel/motel tax to 9.25%.

The breakdown in percentages of the additional 3.75% is as follows:

- 75.0% will be used to increase the budget of Visit OKC to increase tourism spending, marketing and awareness
- 13.3% will be allocated to the Event Sponsorship Fund
- 6.7% for OKC Fairgrounds
- 5.0% will be dedicated to Oklahoma City Convention Center for use of capital improvements and maintenance not including operations.

Review:

City Manager's Office

Recommendation: Ordinance be adopted.