



MEMO

To: Chris Hillman, City Manager
From: Bret W. Starr, Chief Financial Officer
Date: June 20, 2025
Subject: Hotel Occupancy Tax Collections Report – June 2025

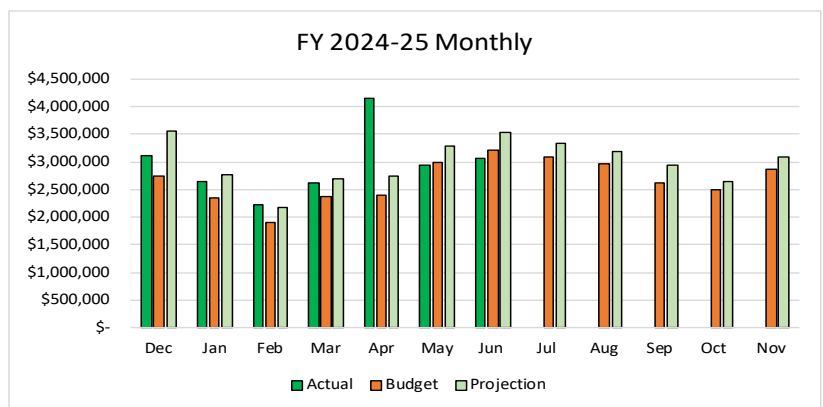
As shown in the table and graph below, total Hotel Occupancy Tax (HOT) collections for June 2025 (for April sales) were \$3,054,647, \$147,697 or 4.6% below the projected budget of \$3,202,344. This is the seventh month of collections for FY 2024-25. The FY 2024-25 budget projection was held constant from the prior year with monthly projections and allocations based on collection patterns for the prior three years and revenue and occupancy forecasts by Tourism Economics as of March 2024. Collections for the month include \$65,676 in prior period collections, penalties, and interest and 71,459 in audit collections. Collections from short term rentals (STR) account for \$69,705 or 2.28% of the total.

HOT collections to date for FY 2024-25 are above prior year collections by \$2,338,847 or 15.78%, and above budget by \$2,780,122 or 15.49%.

FY2024-25 HOT Cash Flow Projections vs Actuals

Updated on 6/16/2025

Month	FY 2024-25 Budget	FY 2024-25 Actual	FY 2024-25 Projection	Percent Difference
Dec	2,746,121	3,111,709	3,562,845	13.3%
Jan	2,346,712	2,645,334	2,763,349	12.7%
Feb	1,904,348	2,214,712	2,176,640	16.3%
Mar	2,377,994	2,611,610	2,701,381	9.8%
Apr	2,393,163	4,148,597	2,738,416	73.4%
May	2,982,209	2,946,403	3,280,468	-1.2%
Jun	3,202,344	3,054,647	3,526,881	-4.6%
Jul	3,093,553	-	3,338,988	0.0%
Aug	2,965,433	-	3,185,444	0.0%
Sep	2,608,674	-	2,934,611	0.0%
Oct	2,501,664	-	2,654,076	0.0%
Nov	2,875,340	-	3,100,398	0.0%
	31,997,554	20,733,012	35,963,496	-35.2%



ICVB has engaged Tourism Economics, an Oxford Economics company, to prepare a custom forecast of key indicators for the City of Irving. The analysis relies on historical data developed in Tourism Economics' prior research on the Dallas tourism economy, Smith Travel Research hotel data, economic forecasts prepared by Oxford Economics, and

assumptions on the future path of tourism sector recovery. They will be preparing semi-annual estimates of key lodging measures (supply, demand, room revenue, occupancy, ADR, RevPAR) over the next several years.

Their latest report was presented to the ICVB Board in May 2025 and included hotel data collected through April 2025. This report projected hotel revenue to grow 0.6% in 2025, which is below previously forecasted growth of 2.8%. The next update is scheduled to be presented to the ICVB Board in January 2026 which will be incorporated into the FY 2026-27 Budget.

Key assumptions from the report include:

- Economic growth will slow in 2025 and the economy is vulnerable and has little margin for error.
- Income growth will sustain some spending growth and higher inflation will weigh on real disposable incomes.
- Business uncertainty poses a major risk, a weaker corporate investment will impact business travel and international travel has begun its expected decline.
- Irving ADR will also drive impact; we assume 2026 ADR will grow 19.1% in June and 17.6% in July, as well as expecting ADR to be the primary driver behind the impact of the World Cup.

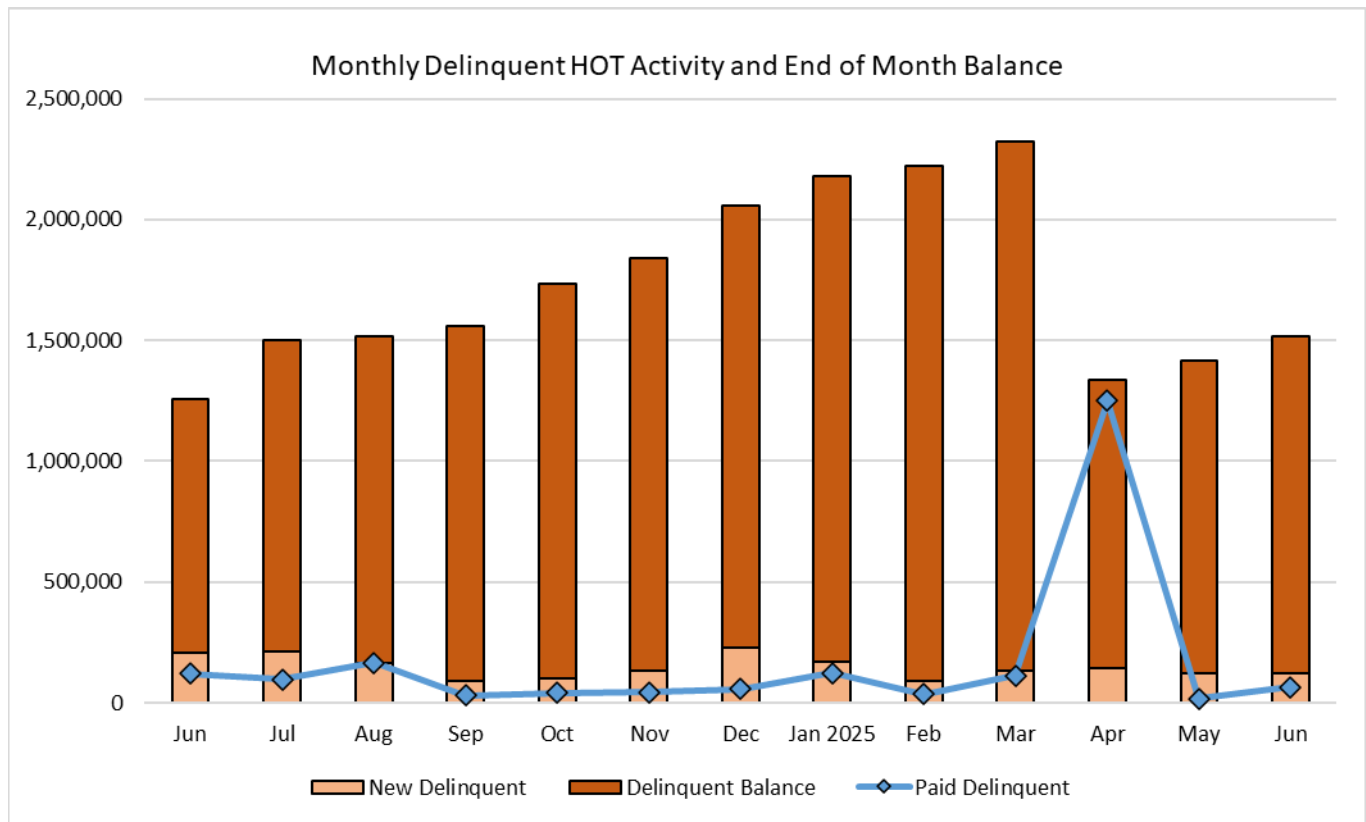
Key data points from the report include:

- Expect Irving hotel room revenue to grow 1.0% in fiscal year ending September 2025.
- We expect room revenue to grow 4.7% in fiscal year ending September 2026.
- Tariffs and the surrounding uncertainty are economic headwinds in the short term. Leisure, business and group travel are not insulated from this uncertainty.
- The recent trade wars and travel warnings are significant headwinds for US international inbound travel. Overall, international travel is expected to decline this year.
- FIFA World Cup in 2026 is expected to positively affect hotel performance throughout the Dallas area, including Irving.

Staff will continue to remain conservative in their projections as the outlook continues to improve.

For June 2025 the outstanding delinquent collections balance, including penalty and interest, was \$1,514,305 of which \$119,773 is newly delinquent for the month with the remainder outstanding from prior months. One property continues to have significant outstanding balances due from prior months and represents almost the entire delinquent balance. On June 8, 2023, Council authorized the city's tax collection contractor, Linebarger, to file suit for the recovery of unpaid taxes, penalties, interest, and legal fees associated with collection efforts. Collection efforts, including litigation, continue for the property.

The chart below shows total delinquent amounts for June 2025, the delinquent amounts added in the current month, and the amount collected on prior delinquent amounts. Monthly balances and collections are shown for the prior twelve months as a reference.



The HOT revenue budget of \$32.0 million for FY 2024-25 represents the total 9 percent city HOT assessed. Of the city's 9 percent tax, 2 percentage points are allocated to the Convention Center Complex Fund to repay debt issued for the purchase of the land for the Convention Center, Convention Center hotel, and entertainment venue, as well as the construction costs of the Convention Center. An additional 2 percentage points are allocated to the construction and maintenance of the Entertainment Venue in the Convention Center complex.

The remaining 5 percentage points are allocated to the operations of the Irving Convention and Visitors Bureau (ICVB), Irving Arts Center (IAC), and Museums, as well as to preservation and redevelopment efforts and debt service for the Convention Center. Revenue is distributed to each area as follows: 57.0 percent to the ICVB, 35.5 percent to the IAC, 4.0 percent to debt service, 2.5 percent to Museums, and 1.0 percent to historic preservation. State law further limits how much HOT revenues can be spent on the arts, so the IAC distribution may be reduced marginally to comply with required maximums, with any excess funds dedicated to the Museum fund.