



MEMO

To: Chris Hillman, City Manager
 From: Bret W. Starr, Chief Financial Officer
 Date: May 22, 2026
 Subject: Hotel Occupancy Tax Collections Report – May 2026

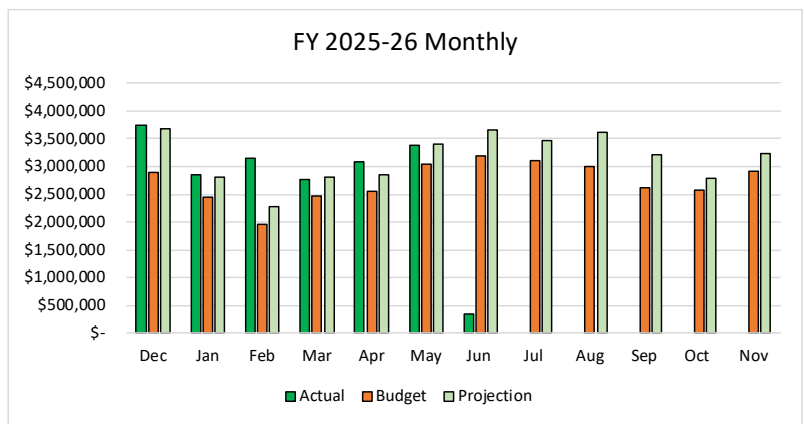
As shown in the table and graph below, total Hotel Occupancy Tax (HOT) collections for May 2026 (for March 2026 sales) were \$3,372,822, \$532,439 or 11.2% above the projected budget of 3,200,106. This is the sixth month of collections for FY 2025-26. The FY 2025-26 budget projection increased by 1.7% from the prior year with monthly projections and allocations based on collection patterns for the prior four years and revenue and occupancy forecasts by Tourism Economics as of May 2025. Collections for the month include \$329,113 in prior period collections, penalties, and interest and \$8,969 in audit collections. Collections from short-term rentals (STR) account for \$93,061 or 2.76% of the total. An additional \$352,470 in delinquent collections were received just after the allocation date and will be included on the June report. That amount has been added to this report to reduce the total amount of delinquent collections reported.

HOT collections to date for FY 2025-26 are above prior year collections to date by \$1,289,105 or 10.76%, and above budget by \$3,626,641 or 23.64%.

FY2025-26 HOT Cash Flow Projections vs Actuals

Updated on 5/22/2026

Month	FY 2025-26 Budget	FY 2025-26 Actual	FY 2025-26 Projection	Percent Difference
Dec	2,887,264	3,740,810	3,687,570	29.6%
Jan	2,438,007	2,844,307	2,810,058	16.7%
Feb	1,968,125	3,155,115	2,275,802	60.3%
Mar	2,461,197	2,769,231	2,806,891	12.5%
Apr	2,552,745	3,085,185	2,844,781	20.9%
May	3,033,491	3,372,822	3,407,827	11.2%
Jun	3,200,106	352,470	3,664,354	-89.0%
Jul	3,112,420	-	3,469,470	0.0%
Aug	2,989,779	-	3,617,573	0.0%
Sep	2,618,911	-	3,220,768	0.0%
Oct	2,567,555	-	2,780,288	0.0%
Nov	2,922,395	-	3,225,002	0.0%
	<u>32,751,995</u>	<u>19,319,940</u>	<u>37,810,382</u>	<u>-41.0%</u>



The Irving Convention & Visitors Bureau has engaged Tourism Economics, an Oxford Economics company, to prepare a custom forecast of key sector indicators for Irving. The analysis relies on historical data developed in Tourism Economics' prior research on the Dallas region's tourism economy, Smith Travel Research/CoStar hotel data, economic forecasts prepared by Oxford Economics, and assumptions on the future path of the tourism sector. They continue to prepare annual estimates of key lodging measures (supply, demand, room revenue, occupancy, ADR, RevPAR). This data is used to project hotel occupancy tax revenues for budget purposes. As well, historically in Irving, the performance of the visitor economy has served as a leading indicator for Irving's overall economic performance.

The latest information was presented to the ICVB Board in April 2026 and included hotel data collected through March 2026. This report projects hotel revenue to grow 4.3% in the fiscal year ending September 2026, which is below the previously forecasted growth rate of 5.4%.

Key assumptions from the report include:

- The oil price shock is still expected to be temporary and should normalize when the Strait of Hormuz reopens, limiting the longer-term damage to the U.S. economy.
- U.S. economic growth will continue, but with a weak labor market, creating a "jobless expansion" with less protection against downside risks.
- Consumer spending will remain bifurcated, with high-income households continuing to drive discretionary spending and support the broader economy.
- The FIFA World Cup should positively affect Irving hotel ADR, especially in June and July 2026, even with concerns about high ticket prices and geopolitical tensions.
- Irving hotel room revenue growth is expected to moderate after 2026, with the forecast assuming 4.3% growth for the fiscal year ending September 2026 and only 0.8% growth for fiscal year ending September 2027.

Key data points from the report include:

- Hotel occupancy is expected to remain relatively stable, with limited movement from 2025 through 2027.
- ADR is the primary source of expected hotel performance improvement, especially around major event periods.
- Broader U.S. hotel performance remains bifurcated, with higher-end hotels expected to outperform while economy hotels lag.
- Travel demand assumptions are mixed, with overseas visitation improving, Canadian visitation still down, and reduced U.S. outbound travel potentially supporting domestic hotel demand.

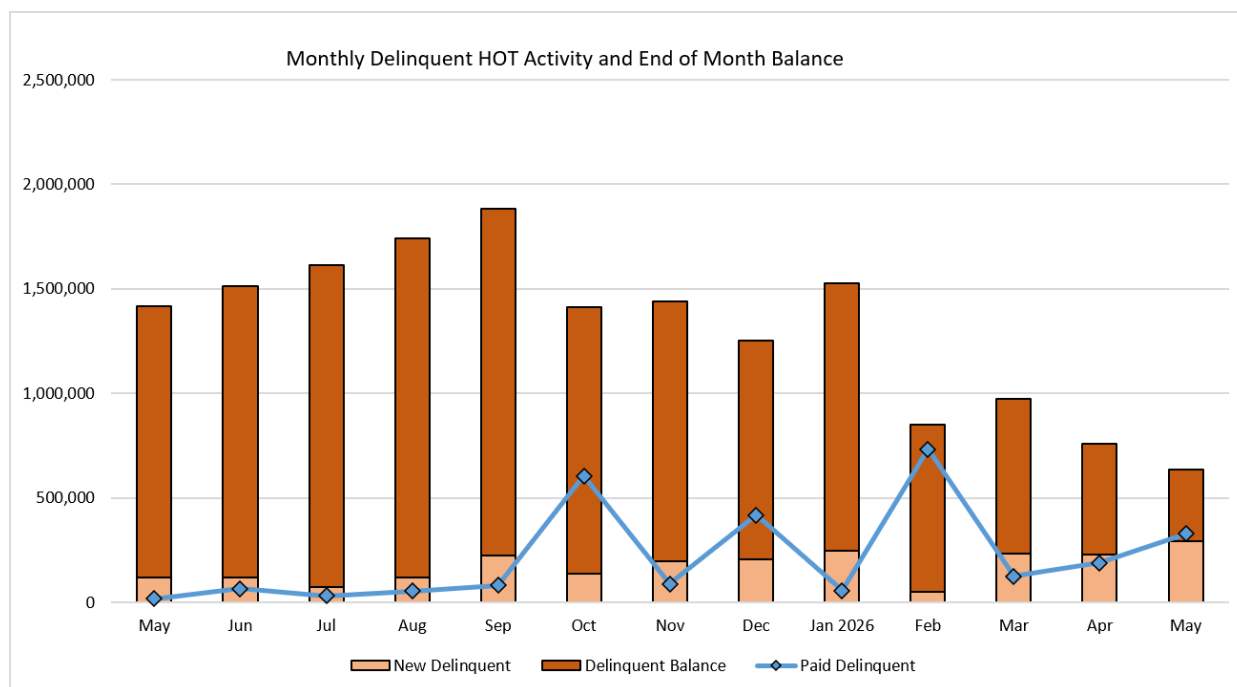
The broader economic outlook assumes a temporary 40% global oil price surge, while consumer spending remains concentrated among higher-income households; the top 20% account for 40% of spending.

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

For May 2026 the outstanding delinquent collections balance, including penalty and interest, was \$637,079 of which \$292,966 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 August 19, the city entered into a mediated settlement agreement with the taxpayer to fully repay all delinquent taxes, penalties, interest, audit amounts, and attorney fees outstanding as of May 31, 2025, over a fourteen-month period. The first eight payments under this settlement have been received on schedule, and the remaining balance of \$425,954 will be paid off over the next five months, according to the agreement. Current payments for this property are one month delinquent with the total amount of \$542,093 outstanding for the property. Delinquent taxes for a related property have been brought current for May, but residual penalty and interest charges in the amount of \$304 remain due as of this report.

The chart below shows total delinquent amounts for May 2026, 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 \$32.55 million for FY 2025-26 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.